



prince george airport authority 

**A Year of Unbridled
Activity and Excitement**
2015 Annual Report

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Our Mission is:

Operate a safe secure airport with quality customer oriented passenger facilities and services and a developing cargo business in an economically sustainable and environmentally responsible manner that contributes to regional economic development.

Our Vision is:

To be the 'best in class' airport.

Introduction

2015 was a remarkable year at the Prince George Airport (YXS). It is as a result of the hard work and dedication of the people involved at YXS, that a number of important events and milestones came successfully to fruition.

- After over four years of planning, the 2015 Canada Winter Games were finally underway! In the first few months of the year, the airport was the busiest it has ever been and all visitors, participants and carriers enjoyed a safe, smooth and efficient experience.
- After the development of a constructive relationship between Pacific Coastal Airlines and Prince George Airport Authority (PGAA), the BC-based company commenced a scheduled non-stop service to Victoria, BC. This is the only direct flight connecting Northern BC with Vancouver Island, making it more accessible.
- After considerable time and effort to develop a viable plan, this year a cargo warehouse was built on airport lands by the Authority. The state-of-the-art facility is a key component for its air cargo program.

2015 Highlights

2015 Canada Winter Games

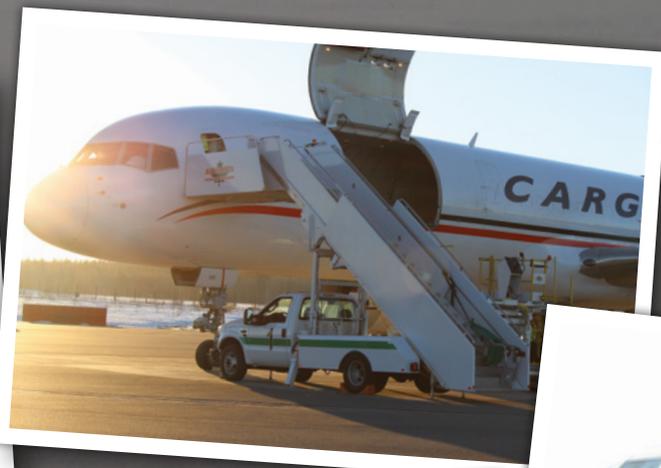
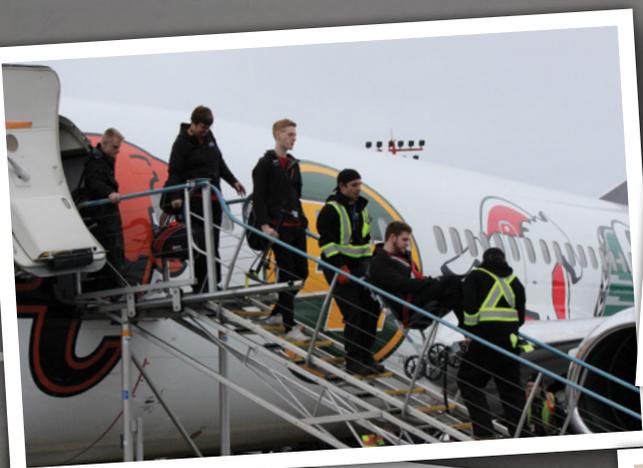
Prince George was awarded the 2015 Canada Winter Games (CWG) September 17th, 2010. Since then, the Prince George Airport Authority (PGAA) spent a significant amount of time ensuring a safe and efficient operation as well as a memorable experience for the expected 15,000 visitors from across the nation.

The Games ran February 13 – March 1. Athletes participating in the first week of sport arrived at the Prince George Airport (YXS) on February 12th. The busiest day on record for YXS took place on the Games 'Transition Day,' Saturday February 21st. This is the day when the week one athletes left Prince George and week two athletes arrived. The final day of travel associated with the Games was the evening of March 1 and into the morning hours of March 2.

The Prince George Airport recorded 131 charter flights associated with the CWG with over 5,600 participants on those flights. To reduce passenger congestion, majority of these flights were handled on Apron Five while only a handful went through the terminal.

During the Games, CargoJet brought in a B767F and B757F which handled over 120,000 lbs of cargo. These flights allowed ground handlers and the PGAA to demonstrate its ability to handle cargo flights efficiently.

A number of volunteers assisted in the CWG experience at YXS in both customer service and operations. A welcome centre was set up in the arrivals area of the terminal where dozens of volunteers covered 160 shifts. The Operations side saw approximately 300 people volunteer their time over three days.



2015 Highlights

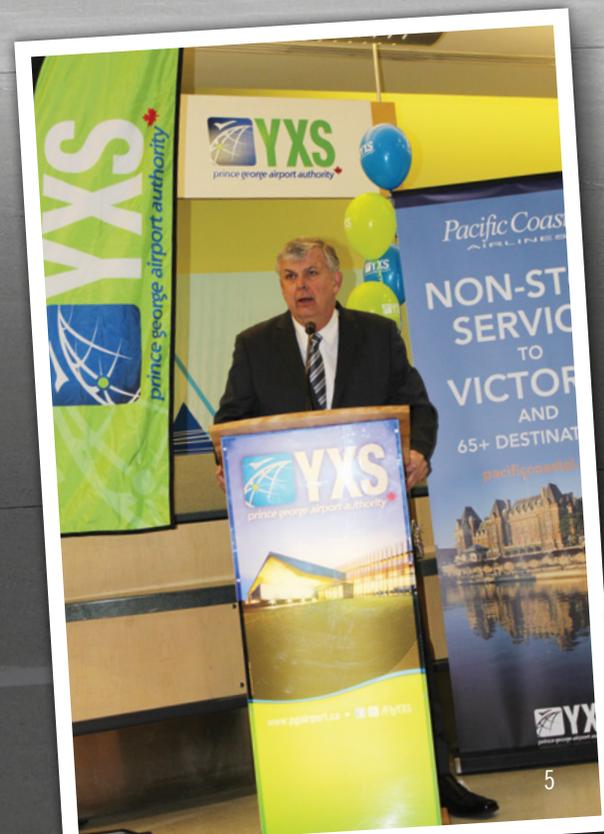


Pacific Coastal Airlines Joins YXS

The year kicked off on a very high note as the Prince George Airport (YXS) family grew. Pacific Coastal Airlines set up shop early in the year with their first flight leaving Prince George non-stop to Victoria on January 12th. The service operates one flight a day, six days a week on a 30 seat Saab 340A.

An inaugural flight celebration was held at YXS where local dignitaries and community supporters were on hand to welcome a special delegation from Victoria which included the CEO of the Victoria Airport, Tourism Victoria, and Pacific Coastal Senior Management.

Throughout the year Pacific Coastal in partnership with the Prince George Airport Authority hosted a number of contests and promotions promoting the new route.



2015 Highlights



Pictured (L-R): Kelly Cameron – Rosenau Transport, John Gibson – Prince George Airport Authority, Terry Rhode, Rosenau Transport, Al Ridgway – Prince George Airport Authority, Les Waldie –Prince George Airport Authority.

YXS Cargo Warehouse

In the spring of 2015, shovels went into the ground as construction of the Prince George Airport Authority's new cargo warehouse commenced. The 2,323m² (25,000 sq.ft.) state-of-the-art facility opened its doors in November 2015.

Rosenau Transport Ltd. occupies 60% of the building while the remaining space is available for lease. Rosenau provides road feeder service and can provide cargo container build up and break down. They offer their core trucking services for all potential air cargo shipments and can perform all of the handling in the warehouse for shipments moving in and out of Prince George.

The facility is being approved as a Canada Customs Bonded facility in order to handle international shipments and provide Customs clearance at the airport.

Features include 11 truck dock doors and three ground level doors and one ramp accessible door.



Board Chair's Report

2015 was a year of further building and developing the business while being responsive to the ever changing developments in the aviation industry.

This report will focus on the overall strategic plan objectives and our CEO's report will cover the main operational and service developments accomplished in 2015.

The governance and policy Board for the Prince George Airport continued to develop policies and processes which allow the Board to fulfill its fiduciary responsibilities with management charged with the development and implementation of established strategic and operational initiatives.

A major focus for the Board is the Mission Statement included in the opening section of this report, and the five key elements identified in our strategic plan.

1. Strategic Excellence: We will continue to nurture a results-oriented culture which focuses on team work and collaboration:

We welcomed three new Board members - Jennifer Brandle-McCall in December 2014), and Emily Cheung and Michelle Marrelli in January 2015. All three have worked hard to get up to speed and all have made great contributions to the work of the Board, complementing the solid efforts and contribution of the rest of the Board members.

Management continues to nurture a productive respectful workplace atmosphere with all employees, air carriers and public and private service providers on site.

2. Build Capacity: Protect and enhance our physical infrastructure and ensure we have the right people in the right roles working on our behalf:

In 2015 our main thrust with respect to infrastructure was a major upgrading of runway 6-24 (our cross wind runway) and the development of the cargo building. The CEO's report will expand on these two initiatives.

The Board's only direct employee is the CEO. He is completing his second and final year as the Chair of the Canadian Airports Council, which has complemented his substantial aviation and business experience and made valuable connections for the Prince George Airport in federal government circles.

The Board's Human Resources Committee is charged with oversight of the CEO's development plans for staff and that work is ongoing.

3. Sustainable and effective business: To the extent that the market will allow, we will expand and enhance our passenger service, build on the cargo and tech stop initiative and explore secondary business opportunities to increase our net revenue:

With respect to passenger service, the market we serve is of a size which limits our ability to attract rapid expansion. Management has been aggressive in their efforts to work with airlines and we have had some success.

The development of cargo and/or tech stop opportunities which we knew would take considerable time after the main runway extension was completed continues to provide encouraging potential and we anticipate that 2016 will see our first demonstrable results.

The Board approved the retention of an economic development firm which focuses primarily but not exclusively on aviation to work with the CEO in 2016 aggressively to explore potential secondary business opportunities that will have a net positive revenue impact for the Authority.

4. Partnerships: Build partnerships with our community, businesses and stakeholders and advocate secondary growth for the region:

Board members and management continue to develop and nurture positive relationships with all our community partners.

As the airport is a key component for economic development for the City and region, the Board had no difficulty approving the appointment of the CEO to the City of Prince George's Economic Development Advisory Committee.

5. Socially Responsible: Be a socially responsible operation by operating a safe and secure facility in an environmentally responsible manner while managing risk:

The Board requested that an independent specialist in enterprise risk management undertake a risk assessment for the Authority. All businesses have various degrees of risk, and this comprehensive report has helped focus key areas where the likelihood and consequence of specific risks need priority attention. While the overall results reinforced our overall approach, as in most aspects of business there is room for continuous improvement. The report has helped focus attention on some opportunities.

We continue to realize positive financial operating results, as we have for the past six years. However, our long term capital requirements to maintain the infrastructure we inherited exceed our financial capacity. Efforts to solicit government assistance, while focussed and intense this past year, have yet to produce tangible results. That work continues.

As I conclude my term on the Board in 2016, I want to express my grateful appreciation to Board members for their commitment, support and patience as we moved a number of initiatives forward. I am also very grateful for the support and input of John Gibson, our CEO, who continues to be a strong advocate for the Prince George Airport Authority and region. John, along with his staff, is dedicated to the success of the organization and we are well served by them all.

Respectfully submitted.



Les Waldie
Board Chair, Prince George Airport Authority

CEO Report

2015 was a fabulous year for the Prince George Airport (YXS). A new record of 470,849 passengers travelled through the terminal, representing a 5.6% growth in the number of passengers over 2014. This will be a hard record to break in 2016, as traffic numbers were aided by approximately 15,000 passengers attributed to the Canada Winter Games and a very robust economy in the first three quarters. Aircraft movements were flat over 2014 with a total of 45,230.

2015 brought excitement and major changes to YXS. The year started with the Canada Winter Games which brought with it major flight activity. As many as eight jet charters full of athletes and one wide-body cargo aircraft were at the airport at the same time. Another highlight of the year is the addition of Pacific Coastal Airlines which started non-stop service to Victoria.

The Prince George Airport Authority (PGAA) posted net earnings before other income of \$1,004,320. This is the sixth straight year that the airport has exceeded its financial objective for the year. The net earnings after all revenues and costs were accounted for were \$3,389,035. The surplus can be attributed to: increased parking revenue associated with passenger traffic growth and continued cost management. A mild winter also kept winter maintenance costs low.

2015 represented a major capital development year. Early in the year, Rosenau Transport was announced as the anchor tenant for our new cargo warehouse facility. Construction started in May and was ready for occupancy in November. The capital cost for the facility was \$5.45 million.

Repaving and re-lighting of runway 06/24 took up a major portion of our capital rehabilitation program as the runway had not been resurfaced since the mid-1980s. The Omni-directional Approach Lighting Systems on 06/24 were replaced, the Field Electrical Center was upgraded and the approach lighting system (SSALR) for runway 15 was also replaced. The capital costs for these projects were approximately \$10,370,000. The vehicle fueling facility was replaced for \$289,000. All projects which require a Canadian Environmental Assessment Act review have been conducted. Assessment reviews are available on request.

JetMark International Fuel Services a division of the PGAA obtained two more fueling contracts. In response to JetMark's growth plans, two more fuel trucks were ordered with delivery anticipated for early 2016 bringing the fleet to four. The PGAA also acquired a new collection sweeper in order to keep hard surfaces clean.

The Airport Authority strives to offer 'best in class' customer service for our customers. In 2015, the PGAA installed multi-use seating, complete with laptop stations for the Departure Lounge and upgraded the WiFi signal in the terminal. Both these initiatives allow customers to stay connected. We started a program with our restaurant provider to refresh the menu and upgrade the facility moving forward.

The PGAA retooled a program where volunteers from the airport community and the PGAA prepare gardens at the terminal building and new Welcome Sign. In return, the PGAA opened up some fertile land for community gardens for the airport community. Twelve individual plots were planted providing fresh food to the participants.

Cargo development reached some major milestones in 2015 as the last of the infrastructure obstacles was completed. The fuel storage and in-to-plane capacity brought fueling agreements with key international fuel suppliers. In conjunction with the completion of the cargo facility, a key partnership was developed with Rosenau Transport to provide road feeder service for future cargo operators. Two memorandums of understanding were signed with Chinese companies looking to develop an air cargo program through the Prince George Airport.

The PGAA stays connected with the community through social media and presentations to local organizations, Boards, City and Regional Councils. The PGAA continues to work with the Immigrant and Multicultural Services Society, Tourism Prince George, Initiatives Prince George and Northern Development Initiatives Trust in growing the economy of Prince George and Northern BC.

The Prince George Airport Authority is also a tremendous community supporter through various charitable work. The airport won the People's Choice Award at the 2015 Festival of Trees fundraiser which raises money for the Spirit of the North Healthcare Foundation. This was the first year all four PG airlines participated in this great annual event by hosting their own trees. Through our annual charity golf tournament, over \$10,000 was raised for Hope Air. Earlier in the year, Hope Air awarded the PGAA with their Outstanding Philanthropist Award.

Board members and staff represent the airport both in the community and throughout Canada on a number of Boards and Committees. Among these are the Canadian Airports Council (CAC) of Chairs; the CAC Board of Directors; CAC Cargo, Human Resources, Marketing and Public Relations, Environmental, Security, Finance and Operations/Safety and Technical Affairs sub committees; the British Columbia Aviation Council, Tourism Prince George, amongst others.

We are especially pleased that Cuyler Green, Director of Operations, is Chair of International Association of Airport Executives (Canada). Consultant for Cargo Business Development, Allan Ridgway, sits on the British Columbia Guangdong Business Council & the Vancouver - Guangzhou Friendship Society.

Looking ahead to next year, we continue to develop our cargo, fueling and land development businesses. We also aim to grow our passenger business by targeting new routes. With my role as Canadian Airports Council Chair, we are pushing the Federal Government for funding for safety related capital programs which would support operations at YXS.

We thank our Board members, our employees and our partners for helping develop our 'best in class' vision for the airport.



A handwritten signature in black ink that reads "John B. Gibson". The signature is written in a cursive style and is positioned above a horizontal line.

John Gibson
President and CEO, Prince George Airport Authority

Executive Team



Back Row (L-R): Robin Smith – Executive Assistant, Jamie Smith – Manager of Operations, Veronica Laass – Accounting Manager,
Lindsay Cotter – Manager of Marketing and Communications

Front Row (L-R): Cuyler Green – Director of Operations, John Gibson – President and CEO, Diane Bertram – Director of Finance and Administration,
Allan Ridgway – Consultant Cargo Business Development

Missing from photo: Michelle Kenny – Manager of Corporate Services

Board of Directors



Les Waldie
Chair
Nominated by City of Prince George
Attendance 10/10 Board*



Emily Cheung
Chair – Major Projects and
Environmental Committee
Nominated by Regional District of
Fraser-Fort George
Attendance 10/10 Board, 8/8 Committee



Blair Mayes
Vice Chair
Nominated by Prince George Airport Authority
Attendance 10/10 Board, 8/13 Committee



Ranjit Gill
Chair – Airline and Community
Consultation Committee
Nominated by Prince George
Chamber of Commerce
Attendance 7/10 Board, 7/7 Committee



Al Leier
Secretary
Nominated by Prince George Airport Authority
Attendance 9/10 Board, 8/12 Committee



Jennifer Brandle-McCall
Director
Nominated by Prince George Airport Authority
Attendance 10/10 Board, 9/9 Committee



Dean Mason
Treasurer
Chair – Finance & Audit Committee
Nominated by City of Prince George
Attendance 9/10 Board, 16/17 Committee



Andy Clough
Director
Appointed by Federal Government
Attendance 9/10 Board, 10/12 Committee



Don Zurowski
Chair – Governance Committee
Nominated by Provincial Government
Attendance 8/10 Board, 14/15 Committee



Tejinder Grewal
Director
Nominated by City of Prince George
Attendance 9/10 Board, 12/14 Committee



Carol Brown
Chair – HR Committee
Nominated by Regional District of
Fraser-Fort George
Attendance 10/10 Board, 6/6 Committee



Michelle Marrelli
Director
Nominated by Federal Government
Attendance 8/10 Board, 9/10 Committee

*The Board Chair attends all committee meetings as required.

Corporate Governance

Board Governance

The Prince George Airport Authority Inc. (PGAA) was incorporated on July 27, 2000 under the Canada Corporations Act.

On July 28, 2014 the Society received its Certificate of Continuance with the Canada Not-for-profit Corporations Act, under which it is currently incorporated.

Conflict-of-Interest Rules and Code of Conduct Rules

The PGAA is acutely aware of the trust that has been placed in it by the community and all stakeholders involved in the airport industry. The principles of public accountability and conflict of interest are detailed in the Transport Canada lease and the PGAA policies and guidelines. The Bylaws of the Authority state clearly that every member of the Society is bound by the Authority's conflict of interest guidelines.

In addition, the Board has a Conflict of Interest policy that requires each Board member to disclose any real, perceived or potential areas of conflict. The disclosure must be in writing and each Board member updates acknowledgement of these guidelines annually. The policy also addresses the appropriate procedures to be followed should a Director propose independently to provide services to the Authority on a contractual basis. The Board ensured that all Directors, Officers and employees complied with these rules in 2015.

Code of Conduct guidelines for Board members is an integral component of the Authority's policy direction.

Public Tenders

Bylaw 17.3 (a) states that contracts in excess of a total value of \$75,000 (subject to an annual adjustment for inflation according to the Consumer Price Index based on 1994 dollars) shall be awarded based on a public tendering process. For 2015, the adjusted value was \$108,275 and all contracts valued at or over the adjusted value were awarded by bid.

Goals and Objectives

1. Support of Staff

- The Prince George Airport Authority (PGAA) supports its staff by ensuring the establishment of organizational values, individualized training plans and career development plans.
- The PGAA is committed to maintaining a workplace where respect and fairness is demonstrated openly and all staff strives towards providing professional first class service. The PGAA involves staff in strategic planning and decision making.

2. Operate in a Safe, Secure and Environmentally Responsible Manner

- The PGAA is committed to meeting or exceeding all requirements for the safety and security of all users of the airport (YXS). In addition, the PGAA maintains an effective and proactive environmental programme.

3. Provide Our Customers with A User-Friendly, First-Class Facility

- The Prince George Airport Authority is dedicated to providing a user-friendly first-class facility which promotes good service and a positive experience for customers.
- The PGAA maintains and plans for upgrades of existing airside and groundside facilities to support growth and new opportunities.
- The PGAA maintains a competitive cost environment for airlines and strives to drive down the cost of travel using the YXS Gateway.

4. Operate as a Financially Viable Entity

- The PGAA operates as a financially viable entity by maximizing all sources of revenue, providing cost effective service, and minimizing expenditures without compromising safety, security or customer service.
- The PGAA operates within established budgets and generated revenues. Capital programs are funded through the Airport Improvement Fee.

5. Ensure Public Accountability

- The PGAA will maintain its public accountability through the interaction of Board committees (e.g. Airline and Community Consultation Committee, and the Major Projects and Environment Committee) annual reporting and regular communication and engagement with community groups.

6. Maintain Partnership Stakeholder Relationships with the Community, Airport Tenants and Users

- The PGAA has formed a partnership stakeholder relationship with the community, airport tenants and users. As well, a Protocol Agreement with the City of Prince George has been established. This protocol illustrates the philosophy of co-operation, good communications and addresses a common vision. The partnership aims at maintaining and growing existing relationships with the Regional District of Fraser Fort George, City of Prince George, The Northwest Corridor Development Corporation, Northern BC Tourism Association, Prince George Chamber of Commerce and other organizations with the goal of improving the economic climate of Northern British Columbia.
- As well, the PGAA has developed a strong relationship with Northern Development Initiatives Trust, whose mandate is economic development and job creation in central and Northern British Columbia.
- The PGAA also ensures that good communication and cooperation are maintained with airline partners through the continuation of the Airline and Community Consultation Committee.
- The PGAA encourages open communication with community members through the Airline and Community Consultation Committee.

7. Pursue Marketing Initiatives and Economic Development

- The PGAA will pursue marketing initiatives and economic growth through a strategic marketing plan which includes retaining and strengthening existing air services, the promotion of new national and international markets, and developing airport land while supporting community objectives
- The PGAA continues to actively pursue its Cargo and Tech Stop initiatives.

8. Cultivate and Promote the Airport's Role and Image with the Community

- The PGAA will cultivate and promote the airport's role and image within the community directly and through strengthening media relationships with the establishment of focused information campaigns, tradeshow, promotion of school programs, and by continuing to develop expertise on northern transportation issues.

Governance Guidelines

Introduction

The Prince George Airport Authority believes it has a responsibility to model Governance practices as if the PGAA were a listed company on a Canadian Securities Exchange. Following is the PGAA's application of those guidelines.

1. Board Mandate

Guideline

The Board should explicitly assume responsibility for the stewardship of the organization by:

- 1.1 Overseeing the operation of the organization and satisfying itself as to the integrity of the management team
- 1.2 Adopting a strategic planning process
- 1.3 Identifying the principal risks and ensuring the implementation of appropriate systems to manage these risks
- 1.4 Having a management succession plan in place
- 1.5 Adopting a communications policy
- 1.6 Having internal controls and management information systems operational
- 1.7 Having governance guidelines and principles in place

Disclosure

- 1.1 The mandate of the Board is to act primarily as a policy and governance board. The Board approves all significant decisions that affect the organization before implementation, as well as monitoring and reviewing outcomes.
- 1.2 The PGAA has a strategic planning process, which includes a long-term Master Plan, a five year Strategic Operating Plan and annual operating and capital budgets with goals and expectations reviewed and revised annually. The Board is actively involved in the strategic planning process and is responsible for reviewing and approving the plan.
- 1.3 While management is mandated to keep the Board apprised of risks facing the PGAA, the Board also arranged for management to undertake an independent Enterprise Risk Management audit the results of which form the basis for a continuous improvement process to address identified risks. Board members and management also monitor industry risks by participating in a network of industry groups such as Canadian Airport Council (CAC) and Airport Council International (ACI) both of whom have several technical subgroups which deal with specific aspects of the airport industry. The Finance and Audit Committee meets regularly to monitor the financial risks, and ensure proper management systems are in place. Operational risks are mitigated through continual updates and implementation of necessary changes to safety and security management functions relating to aircraft and passenger movement and protection of airport assets through:

- a) An environmental management plan and policies that address all airport environmental issues including aircraft de-icing and the use and application of fertilizers and pesticides.
 - b) An airport emergency evacuation plan, a disaster recovery plan and Airport Safety and Security plans.
 - c) A comprehensive insurance program to protect the airport assets and its financial viability to meet the ground lease obligations.
 - d) An organizational structure with dedicated safety, security and emergency planning and response personnel.
 - e) Risk transfer through contract.
 - f) Incident reporting and response procedures.
 - g) An Airport Safety Committee.
- 1.4 The Board is responsible for hiring and overseeing the CEO. The PGAA is developing a formal management succession plan process. Senior management positions can be temporarily covered either from existing PGAA personnel or with a temporary replacement until a competition could be held. In addition, the Board Chair is available and capable of assuming an important role in the transition process.
 - 1.5 An extensive communication policy is in place identifying the prime contacts, their roles and responsibilities. The policy defines the process for stakeholders to contact the PGAA and for airlines and industry service providers to communicate with the PGAA. The Board approves all major communications such as annual reports and financing documents. The PGAA communicates with stakeholders through information on its website, and meetings held by the Board's Airline and Community Consultation Committee.
 - 1.6 The PGAA has an in-depth monthly, quarterly and annual reporting and performance measurement system, including regular Board presentations from management and the ongoing monitoring, comparison, analysis and explanation of results and expectations. External professional resources are employed to test the integrity of internal control systems.
 - 1.7 The Board, through the Governance Committee has implemented applicable governance guidelines and principles.

2. Composition of the Board

Guideline – The Board should have a majority of independent Directors, in that being independent means non-management or having no conflict.

Disclosure – The Board is composed exclusively of independent Directors. The Board Chair and other officers are elected biennially from the members of the Board.

3. Nomination of Directors

Guideline – The Board should appoint a Nominating Committee comprised exclusively of independent Directors who will have a clear mandate established for them including the manner in which they report to the Board.

Disclosure – The Governance Committee is responsible for the nominating process and proposing new nominees to the Board. New nominees must exhibit expertise in an area of strategic interest to the PGAA, the ability to devote the time required and a willingness to serve the organization.

The Nominating Committee communicates with the various nominating entities to seek Directors with the required skills. The Board Chair has implemented an annual one on one feedback session with each director.

In accordance with Bylaw No. 1, a bylaw relating generally to the transaction of the business and affairs of the Prince George Airport Authority Inc. and based on the principles of accountability and transparency desired by the Federal Government and endorsed by the Board of Directors, each of the following entities has consented to act as a nominator with the right to nominate candidates to be members as follows:

- Two members nominated by the Federal Government
- One member nominated by the Provincial Government
- Three members nominated by the City of Prince George
- Two members nominated by the Regional District of Fraser Fort George
- One member nominated by the Prince George Chamber of Commerce
- Three members nominated by the Prince George Airport Authority

The members represent consumer interests, the business community and organized labour.

It includes Directors having legal, engineering, accounting, commercial banking, human resources expertise and experience and skills from various industries and relevant professions.

4. Regular Board Assessments

Guideline – Every Board of Directors should implement a process for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.

Disclosure – The Governance Committee conducts a formal evaluation process annually in which each Director completes an assessment of the effectiveness of the Board and individual committees. The Governance Committee recommends changes to enhance the performance of the Board based on the survey feedback.

5. Orientation & Continuing Education

Guideline – Every organization should provide an orientation and education program for new Directors to the Board.

Disclosure – All new PGAA Directors take part in a comprehensive orientation session, and are provided with a copy of the Director's Manual which contains a record of the history of the Airport, the mission statement, goals and objectives, the current PGAA policies and procedures, the Director's role and responsibilities, an overview of the committees, Governance guidelines, the current bylaws and strategic plan and the latest PGAA annual report. In addition, a behind the scenes tour of the airport is provided.

The Director's Manual is online for all directors to access and is updated on a regular basis. Senior management makes regular presentations to the Board on the main areas of the organization's business. Management and staff receive initial job orientation and follow up specific job element training as required.

Board members have, and will continue to attend both Canadian and International Airline conferences.

6. Effective Board Size

Guideline – Every board of directors should examine its size and determine the appropriate number of directors to facilitate effective decision making.

Disclosure – The Governance Committee reviews the composition and size of the board once a year.

7. Compensation

Guideline – The board of directors should review the adequacy and form of the compensation of directors and ensure the compensation realistically reflects the responsibilities involved in being an effective director.

Disclosure – The Governance Committee reviews directors' compensation annually, and makes its recommendation to the Board. The committee takes into account all appropriate information including the compensation levels at similar airports to reach its determination.

The Human Resources Committee has the responsibility to bring a recommendation to the Board annually as to the method and level of compensation the CEO should receive, based on market comparisons and performance.

The annual remuneration for the Board during 2015 was as follows:

Chair	\$ 12,000
Vice Chair	\$ 5,000
Secretary	\$ 4,500
Treasurer and Chair Finance Committee	\$ 5,500
Chair Governance Committee	\$ 6,500
Chair Human Resources Committee	\$ 6,500
Chair Major Projects & Environment Committee	\$ 5,500
Chair Airline and Community Consultation Committee	\$ 4,500
Board Members	\$ 3,500

All Board members receive \$200 for each Board and Committee meeting attended. Combined compensation during 2015 for all Board Members was \$110,000.

The combined salaries of the Senior Managers [i.e.] President and CEO, Director of Finance and Administration and Director of Operations in the year 2015 were \$446,962.

8. Committees

Guideline – Committees of the Board of Directors should generally be composed of outside directors although some board committees, such as the executive committee may include one or more inside directors.

Disclosure – The Board had five committees in 2015, comprised entirely of independent directors:

- Airline and Community Consultation Committee
2 members with Ranjit Gill as Chair
- Audit and Finance Committee
4 members with Dean Mason as Chair
- Governance and Nominating Committee
4 members with Don Zurowski as Chair
- Human Resources Committee
4 members with Carol Brown as Chair
- Major Projects & Environment Committee
4 members with Emily Cheung as Chair

Committees are structured to support management and the Board of Directors and to act in accordance with the Board's requirements and decisions.

9. Approach to Corporate Governance

Guidelines – Every board of directors should expressly assume responsibility for or assign a committee of directors the responsibility for developing the corporation's approach to governance issues.

Disclosure – The Governance Committee is responsible for reviewing the overall governance principles of the organization, recommending any changes to these principles and monitoring their disclosure. The Committee is responsible for the statement of corporate governance.

10. Position Descriptions

Guideline – The board of directors should develop position descriptions for the board and CEO.

Disclosure – Terms of reference have been developed for Directors, Board Chair, and the committees, and are reviewed as required. Job descriptions are in place for the CEO, management team and staff.

The CEO Job Description is approved by the Board.

11. Meetings of Independent Directors

Guideline – Every board of directors should be able to function independent of management and should meet on a regular basis without management present.

Disclosure – The Board Chair is an independent director, voted in by the Board. Board members meet independent of management at the conclusion of all regularly scheduled Board meetings and other times as necessary.

12. Audit Committee

Guideline – The audit committee should be composed only of independent directors, with the roles and responsibilities specifically defined. The committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate and to ensure effective system of internal controls are in place.

Disclosure – The Finance and Audit Committee is comprised of independent directors, all are financially literate with the Chair a chartered accountant. The Committee responsibilities are outlined in the PGAA Committee Terms of Reference. The Committee and/or the Committee Chair have regular meetings with internal finance personnel and open communication with and/or without management present with external auditors whenever required.

13. Outside Advisors

Guideline – The board of directors enables an individual director to engage an outside advisor at the expense of the organization.

Disclosure – Outside advisors are engaged by the Board as a whole based on specific needs at any given time.

Independent Auditors' Report

To the Members of
Prince George Airport Authority Inc.

We have audited the accompanying financial statements of Prince George Airport Authority Inc., which comprised the statement of financial position as at December 31, 2015 and the statements of operations, 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 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 on 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 auditor considers internal controls 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 controls. 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, the financial statements present fairly, in all material respects, the financial position of Prince George Airport Authority Inc. as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountants

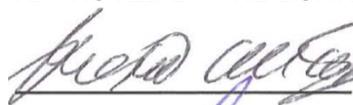
Prince George, British Columbia
April 1, 2016

Statement of Financial Position

Year ended December 31, 2015

	2 0 1 5	2 0 1 4
CURRENT ASSETS		
Cash	\$ 5,106,822	\$ 1,550,984
Investments (Note 3)	108	2,566,927
Accounts receivable	1,203,728	1,335,816
Government remittances receivable	60,578	-
Inventory	17,676	22,390
Prepaid expenses	363,586	320,441
	6,752,498	5,796,558
CAPITAL ASSETS (Note 4)	64,650,424	50,596,748
DEFINED BENEFIT ASSET (Note 13)	914,000	949,000
	\$ 72,316,922	\$ 57,342,306
CURRENT LIABILITIES		
Bank demand loan (Note 5)	\$ 11,470,833	\$ -
Accounts payable and accrued liabilities (Note 6)	2,680,492	839,930
Government remittances payable	5,068	26,611
Deferred revenue and deposits	145,180	26,059
Current portion of long-term debt (Note 7)	1,261,209	525,504
	15,562,782	1,418,104
LONG-TERM DEBT (Note 7)	10,825,374	12,086,583
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 8)	20,644,695	21,942,583
	47,032,851	35,447,270
COMMITMENTS (Note 9)		
CONTINGENCIES (Note 14)		
NET ASSETS		
Invested in capital assets (Note 10)	20,448,023	16,041,789
Restricted airport improvement fee (Note 11)	1,076,202	3,132,268
Unrestricted (Note 12)	3,759,846	2,720,979
	25,284,071	21,895,036
	\$ 72,316,922	\$ 57,342,306

APPROVED BY THE BOARD:

 Director
 Director

Statement of Operations

Year ended December 31, 2015

	2015	2014
Revenue		
Concessions	\$ 141,813	\$ 146,166
General terminal charges	1,516,464	1,539,501
Landing fees	2,617,815	2,789,034
Other	880,658	666,187
Parking	1,602,991	1,535,762
Rentals	873,142	801,140
	<u>7,632,883</u>	<u>7,477,790</u>
Expenses		
Administration	929,674	937,189
Insurance	195,794	178,633
Operations	2,186,335	2,055,766
Property taxes	239,369	254,012
Salaries and employee benefits	2,699,916	2,117,542
Utilities	377,475	391,832
	<u>6,628,563</u>	<u>5,934,974</u>
Operating surplus	<u>1,004,320</u>	<u>1,542,816</u>
Other revenue (expense)		
Airport improvement fee (net) (Note 11)	4,051,505	3,871,215
Amortization of deferred contributions related to capital assets (Note 8)	1,311,367	1,329,932
Amortization - capital assets	(2,612,668)	(2,328,009)
Gain on disposal of assets	26,868	-
Interest on long-term debt	(392,357)	(458,123)
	<u>2,384,715</u>	<u>2,415,015</u>
EXCESS OF REVENUE OVER EXPENSES	<u><u>\$ 3,389,035</u></u>	<u><u>\$ 3,957,831</u></u>

Statement of Changes in Net Assets

Year ended December 31, 2015

	Invested in Capital Assets (Note 10)	Restricted Airport Improvement Fee (Note 11)	Unrestricted	2 0 1 5	2 0 1 4
Balance, beginning of year	\$ 16,041,789	\$ 3,132,268	\$ 2,720,979	\$ 21,895,036	17,691,205
Excess of revenue over expenses	-	3,659,148	(270,113)	3,389,035	3,957,831
Capital asset additions	16,674,022	(16,674,022)	-	-	-
Book value of capital asset disposals	(7,679)	-	7,679	-	-
Net proceeds from bank demand loan and subsidies	(10,958,808)	10,958,808	-	-	-
Amortization of capital assets	(2,612,668)	-	2,612,668	-	-
Amortization of deferred contributions	1,311,367	-	(1,311,367)	-	-
Remeasurement of pension benefit assets	-	-	-	-	246,000
Balance, end of year	\$ 20,448,023	\$ 1,076,202	\$ 3,759,846	\$ 25,284,071	21,895,036

Statement of Cash Flows

Year ended December 31, 2015

	2 0 1 5	2 0 1 4
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 3,389,035	\$ 3,957,831
Items not affecting cash		
Amortization	2,612,668	2,328,009
Gain on disposal of assets	(26,868)	-
Amortization of deferred contributions related to capital assets	(1,311,367)	(1,329,932)
Defined benefit adjustment	35,000	(313,000)
	4,698,468	4,642,908
Changes in non-cash operating working capital		
Decrease (increase) in accounts receivable	132,088	(180,961)
Increase in government remittances receivable	(60,578)	-
Decrease in inventory	4,714	7,470
Increase in prepaid expenses	(43,145)	(51,997)
Increase (decrease) in accounts payable and accrued liabilities	1,840,562	(277,031)
(Decrease) increase in government remittances payable	(21,543)	9,308
Increase (decrease) in deferred revenue and deposits	119,121	(14,405)
	6,669,687	4,135,292
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital asset additions	(16,674,022)	(1,234,504)
Proceeds on disposal of capital assets	34,546	-
Decrease in investments	2,566,819	1,330,744
	(14,072,657)	96,240
CASH FLOWS FROM FINANCING ACTIVITY		
Bank demand loan proceeds	11,500,000	-
Repayment of bank demand loan	(29,167)	(3,798,365)
Repayment of long-term debt	(525,504)	-
Increase in deferred contributions related to capital assets	13,479	-
	10,958,808	(3,798,365)
NET INCREASE IN CASH	3,555,838	433,167
CASH, BEGINNING OF YEAR	1,550,984	1,117,817
CASH, END OF YEAR	\$ 5,106,822	\$ 1,550,984

Notes to the Financial Statements

Year ended December 31, 2015

1. NATURE OF OPERATIONS

The Prince George Airport Authority Inc. (the “Authority”) is incorporated under Part II of the Canada Corporations Act as a non-share capital, not-for-profit corporation and all earnings from operations are reinvested in airport development.

The Authority signed a 60-year ground lease with Transport Canada effective March 31, 2003 (“Canada Lease”) and assumed responsibility for the management, operations and development of the Prince George Airport. The lease provides for an option to extend the term a further 20 years.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) and include the following significant accounting policies:

Financial instruments

The Authority initially measures its financial assets and financial liabilities at fair value. The Authority subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, investments and accounts receivable.

Financial liabilities measured at amortized cost include bank demand loan, trade accounts payable and accrued liabilities, and long-term debt.

Inventory

The inventory of consumable supplies is recorded at the lower of cost, determined on a first-in first-out basis, and estimated net realizable value.

Canada Lease

The Canada Lease (see Note 1) is accounted for as an operating lease.

Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided when put in use, using the straight-line method at the following annual rates:

Leasehold improvements:	
Buildings	4%
Parking facilities and roadway systems	5%
Fuel farm	4%
Other	5%-33%
Computer hardware and software	33%
Vehicles	10%
Machinery and other equipment	10%-20%
Runway	5-50 years

Notes to the Financial Statements

Year ended December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Employee future benefits

The cost of the Authority's defined benefit pension plans is determined periodically by independent actuaries. The Authority uses the most recently completed actuarial valuation prepared for funding purposes (but not one prepared using a solvency, wind-up, or similar valuation basis) for measuring its defined benefit plan obligations. A funding valuation is prepared in accordance with pension legislation and regulations, generally to determine required cash contributions to the plan.

The Authority recognizes:

- a) the defined benefit obligation, net of the fair value of any plan assets, adjusted for any valuation allowance in the balance sheet; and
- b) the cost of the plan for the year.

The Authority also contributes to a defined contribution pension plan for which the Authority pays fixed contributions into a separate pension plan. The Authority has no legal obligation to pay further contributions if the plan is not fully funded.

Income taxes

The Authority is exempt from federal and provincial income taxes as well as capital tax.

Revenue recognition

The Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured and unrestricted interest is recognized as revenue when earned.

Revenues are recorded when services are performed, the facilities are utilized, or the amounts are earned pursuant to the related agreements. Airport Improvement Fee revenue (Note 11) is recognized when passengers depart the terminal building.

Government contributions

Contributions towards capital expenditures are accounted for under the deferral method whereby the contributions are deferred and brought into income on a basis consistent with the amortization of the related capital assets.

Notes to the Financial Statements

Year ended December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Key components of the financial statements requiring management to make estimates are potential collectability of accounts receivable, net realizable value of inventory, useful life of capital assets, and employee future benefits. Actual results could differ from the estimates.

3. INVESTMENTS

	2 0 1 5	2 0 1 4
Vanderhoof Co-op	\$ 108	\$ -
GICs	-	2,566,927
	<u>108</u>	<u>2,566,927</u>

4. CAPITAL ASSETS

	2 0 1 5		2 0 1 4	
	Cost	Accumulated Amortization	Net Book Value	
Land	\$ 15,654,236	\$ -	\$ 15,654,236	15,650,471
Leasehold improvements				
Buildings	21,038,866	6,492,538	14,546,334	9,748,262
Parking facilities and roadway systems	5,202,480	2,540,734	2,661,746	2,940,207
Fuel farm	2,480,373	250,187	2,230,186	2,333,004
Other	672,225	192,151	480,074	524,977
Runway	33,017,666	6,959,617	26,058,049	16,682,667
Computer hardware and software	349,984	178,636	171,348	165,940
Vehicles	153,405	57,125	96,280	111,621
Machinery and other equipment	5,560,892	3,203,175	2,357,717	1,852,943
Construction in progress/ equipment not in use	394,460	-	394,460	586,656
	<u>\$ 84,524,587</u>	<u>\$ 19,874,163</u>	<u>\$ 64,650,424</u>	<u>\$ 50,596,748</u>

Notes to the Financial Statements

Year ended December 31, 2015

5. BANK DEMAND LOAN

	2015	2014
CIBC demand revolving loan - repayable in monthly instalments of \$16,167 plus interest at prime rate (2.7% - December 31, 2015) and bankers acceptances stamping fee of 1.5%. Secured as described below, and maturing in 2036.	\$ 6,970,833	\$ -
CIBC demand instalment loan - repayable in monthly instalments of \$15,000 plus interest at prime rate (2.7% - December 31, 2015) and bankers acceptances stamping fee of 1.5%. Secured as described below, and maturing in 2041.	4,500,000	-
	<u>\$ 11,470,833</u>	<u>\$ -</u>

The Authority has a \$500,000 operating line of credit bearing interest at the prime rate (December 31, 2015 – 2.7%), and the demand revolving loan has an authorized limit of \$9,000,000. The line of credit is secured by a demand collateral first mortgage of the Authority's leasehold interest and assignment of rents for an unlimited amount. Under the terms of the agreements, the principle repayments required in each of the next five years are estimated as follows:

	2016	2017	2018	2019	2020
	\$ 374,004	\$ 374,004	\$ 374,004	\$ 374,004	\$ 374,004

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
Trade payables	\$ 2,306,598	\$ 515,073
Payroll accruals	373,894	324,857
	<u>\$ 2,680,492</u>	<u>\$ 839,930</u>

7. LONG-TERM DEBT

Northern Development Initiative Trust, unsecured, bearing interest at prime (December 2015 - 2.7%), interest only payments until August 2015, 120 monthly payments of principal plus interest.	\$ 12,086,583	\$ 12,612,087
Current portion	1,261,209	525,504
	<u>\$ 10,825,374</u>	<u>\$ 12,086,583</u>

Notes to the Financial Statements

Year ended December 31, 2015

7. LONG-TERM DEBT (continued)

Under the terms of the agreement, the principal payments required in each of the next five years are estimated as follows:

	2016	2017	2018	2019	2020
\$	1,261,209	\$ 1,261,209	\$ 1,261,209	\$ 1,261,209	\$ 1,261,209

8. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions represent the unamortized balance of contributions received from government and other entities to fund capital projects.

	2015	2014
Opening balance	\$ 21,942,583	\$ 23,272,515
Contributions received from		
Canadian Air Transport Security Authority	13,479	-
Amortization	(1,311,367)	(1,329,932)
	<u>\$ 20,644,695</u>	<u>\$ 21,942,583</u>

9. COMMITMENTS

The Authority has a 60 year lease of the Prince George airport facilities with Transport Canada which expires in 2063, with an option to renew for an additional 20 years. At the end of the renewal term, unless otherwise extended, the Authority is obligated to return control of the airport to the landlord. The rent is calculated based on a formula reflecting annual gross revenues less Government contributions, with the first \$5,000,000 exempt from the calculation. The formula is applied at a rate of 1% of adjusted gross revenues in excess of \$5,000,000 and 5% of adjusted gross revenues in excess of \$10,000,000, up to \$25,000,000. Rent charged for 2015 was \$149,138 (2014 - \$131,962).

Notes to the Financial Statements

Year ended December 31, 2015

10. INVESTED IN CAPITAL ASSETS

	2 0 1 5	2 0 1 4
Opening balance	<u>\$ 16,041,789</u>	<u>\$ 12,006,997</u>
Capital asset additions, including construction in progress	16,674,022	1,234,504
Capital asset disposals	(7,679)	-
(Proceeds) payment of: Long-term debt, accounts payable and deferred contributions related to additions	<u>(10,958,808)</u>	<u>3,798,365</u>
	<u>5,707,535</u>	<u>5,032,869</u>
Amortization	(2,612,668)	(2,328,009)
Amortization of deferred contributions related to capital assets	<u>1,311,367</u>	<u>1,329,932</u>
	<u>(1,301,301)</u>	<u>(998,077)</u>
Closing balance	<u>\$ 20,448,023</u>	<u>\$ 16,041,789</u>

11. AIRPORT IMPROVEMENT FEE (“AIF”)

On January 30, 2003 the Authority entered into an agreement (the “AIF Agreement”) with the Air Transport Association of Canada and major air carriers serving the Prince George International Airport. The AIF Agreement provides for a consultation process with the air carriers on airport development as well as the collection of an AIF by air carriers. AIF revenues can only be used to pay for airport passenger service facilities development and related financing costs. Earned AIF is net of a 7% handling fee withheld by the airlines.

12. UNRESTRICTED NET ASSETS

Of the \$3,759,846 (\$2,720,979 – December 31, 2014) of unrestricted net assets, \$914,000 (\$949,000 – December 31, 2014) is associated with the defined benefit asset as shown on the statement of financial position as of December 31, 2015. In accordance with the terms of the pension plan, the Authority is not able to utilize this asset to pay any regular or other contributions.

13. PENSION PLAN

The Authority sponsors a pension plan on behalf of its employees, which has defined benefit and defined contribution components. The defined contribution component of the pension plan currently has 24 (December 2014 – 21) participating employees. The defined benefit component of the pension plan has 2 participating employees. The Authority pension contributions for the defined contribution component was \$94,086 in 2015 (\$79,345 – 2014) and the defined benefit component was \$170,240 in 2015 (\$208,566 – 2014). The defined benefit component applies to employees employed by the Authority on the date of airport transfer, including former Transport Canada employees who may elect to transfer their pensionable service credits under the Public Service Superannuation Act plan to the Authority plan.

Notes to the Financial Statements

Year ended December 31, 2015

13. PENSION PLAN (continued)

Information about the Authority's defined benefit plan contained in the actuarial report prepared as at December 31, 2015 is as follows:

	2015	2014
Market value of plan assets	\$ 3,569,000	\$ 3,339,000
Accrued defined benefit obligation	<u>(2,655,000)</u>	<u>(2,390,000)</u>
Plan surplus	914,000	949,000
Valuation Allowance	<u>-</u>	<u>-</u>
Defined benefit asset, net of valuation allowance	<u>\$ 914,000</u>	<u>\$ 949,000</u>

The significant actuarial assumptions adopted in measuring the Authority's accrued benefit obligations are as follows:

	2015	2014
Discount rate	5.25%	5.50%
Rate of compensation increase	3.00%	4.00%
Rate of inflation	2.50%	2.50%

Other information about the Authority's defined benefit plan is as follows:

	2015	2014
Employer contribution	\$ 149,000	\$ 301,000
Employees' contribution	5,000	5,000
Benefits paid	133,000	524,000

Plan assets consist of:

Equity securities	59.2%	61.8%
Debt securities	32.8%	30.6%
Other	8.0%	7.8%

14. CONTINGENCIES

The Authority is subject to legal proceedings arising in the normal course of business. While the outcome of these matters is not currently determinable, management does not expect that the ultimate costs to resolve these matters will have a material adverse effect on the Authority's financial position, results of operations, or cash flows.

Notes to the Financial Statements

Year ended December 31, 2015

15. CAPITAL MANAGEMENT

The Authority's objectives when managing capital are to safeguard the entity's ability to operate and develop the airport in a high quality manner while maintaining reasonable rates and charges for its users. The Authority meets this objective by generating adequate resources from operations to minimize the need for long-term debt financing.

The Authority determines the amount of capital that may be required by monitoring the long-term airport infrastructure development plans to meet the needs of passengers, tenants and other airport users and stakeholders. The Authority maintains and manages an internally restricted fund in anticipation of those plans. Under its borrowing agreements, the Authority must satisfy certain restrictive covenants. During the year, the Authority complied with all such covenants.

16. FINANCIAL INSTRUMENTS

Interest rate risk

The interest rate risk is the risk to the Authority's earnings from fluctuations in interest rates and the degree of volatility of these rates. The Authority does not use derivative instruments to reduce its exposure to interest rate risk.

Liquidity risk

Liquidity risk is the risk of being unable to meet a demand for cash or fund obligations as they come due. It stems from the possibility of the lender demanding repayment in full of their demand loans.

The Authority manages its liquidity risk by constantly monitoring forecasted and actual cash flow and financial liability maturities, and by holding assets that can be readily converted into cash.

Accounts payable and accrued liabilities are generally repaid within 30 days. As at December 31, 2015, the most significant financial liabilities are bank demand loan, accounts payable and accrued liabilities and long-term debt.

Financial assets

The Authority's financial assets consist of cash, accounts receivable and investments. All of these financial assets are measured at amortized cost.

Credit risk

The Authority is subject to credit risk through its accounts receivable. A significant portion of the Authority's revenues, and resulting receivable balances, are derived from airlines. The Authority performs ongoing credit valuations of receivable balances and maintains provisions for potential credit losses. The Authority does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year.

17. OTHER INFORMATION

During the year ended December 31, 2015, the fees paid to the Board of the Authority for their services as directors amounted to \$110,000 (2014 - \$93,200).

18. COMPARATIVE FIGURES

Certain of comparative figures have been reclassified in order to be consistent with current year end presentation.

Capital Initiatives and Business Plan

During 2015 the Prince George Airport invested in capital projects totalling \$16.7 million; significant projects completed in 2015 included:

	Thousands \$
SSALR Rwy 15	785.0
Mill & pave 06-24, Twy D&C, Apron II	6,892.5
ODALS Rwy 06/24	625.6
Field Electrical Centre (FEC) & Constant Current Regulators (CCR)	832.3
Lighting Rwy 06/24	1,221.3
Utility rehabilitation	89.1
Cargo warehouse	5,450.0
Co-op fuel system	281.6
Collection sweeper	298.7
Security / IT	40.2

2015 Actual vs. Business Plan

Shown in thousands of dollars.

	Actual	Plan	Difference	Explanation
Revenues	11,741.3	11,314.4	426.9	Variance attributable to increased Airport Improvement Fees, and additional parking and billable services revenue.
Expenses	7,025.0	7,456.5	431.5	Variance mainly attributable to savings in employee salaries, fuel and contracted service costs.
Capital	16,666.3	21,973.3	5,307.0	Timing due to reallocation of projects to 2016 originally planned for 2015, and cost savings realized on airside capital projects.

Business Plan Cash Flow Forecast 2016 - 2020

Shown in thousands of dollars.

YEAR	2016	2017	2018	2019	2020
Revenues	13,132.0	13,394.6	13,662.5	13,935.8	14,214.5
Expenses	7,830.2	7,986.8	8,146.5	8,309.4	8,475.6
Capital	3,830.0	5,270.5	8,137.0	4,183.1	9,457.7

Assumptions:

1. Forecasted revenues and expenses assume annual growth of 2%.
2. Amortization is not included.

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