



YYJ

VICTORIA
INTERNATIONAL
AIRPORT

Victoria Airport Authority 2021 Annual Report



First Nations Acknowledgement

We wish to acknowledge that Victoria Airport Authority operates from the homeland of the **WSÁNEĆ** people whose historical relationship to the land continues to this day. We are committed to further strengthening our relationships with the Tseycum First Nation, Tsartlip First Nation, Tsawout First Nation and Pauquachin First Nation by finding opportunities for meaningful partnership in the airport's ongoing operations and future developments.



Photo credit: Victoria Airport Authority

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Photo credit: Mohammad Meidany

Message from the Board Chair



Gordon Safarik
Board Chair

2021 marked our second year of operating in a pandemic – another year that was totally unlike our many preceding years of financial stability, traffic growth and, for the most part, certainty that our projections and budgets would meet our targets.

COVID-19 struck without warning and, certainly, without precedent.

In 2020, we had a lot of questions. How were we to respond to a chain of events that led to disruption on a scale never before experienced? Was COVID-19 going to be a fleeting event that, although disruptive, was something from which we could recover quickly? Or would it transform our industry? How would the government, airlines, passengers and our employees react if it proved to be an ongoing catastrophe? Had our strategic plan become irrelevant in the context of

our present and future operations? Would we ever return to 'normal'?

At the onset of the crisis, we made many difficult decisions that, on the whole, have proven to be correct for the new and uncertain environment in which we are operating. At the same time, many decisions were made for us; in those cases, no other option would have enabled us to deliver our core services safely and follow regulatory requirements. The decisions we made in 2020 served us well in 2021.

Our decision to avoid layoffs in the early days of the pandemic was instrumental to our progress in 2021. We were fortunate to have a highly skilled, experienced and motivated staff whose flexibility, initiative and innovation enabled us to complete the year with many positive accomplishments. They were adept at implementing changes in regulatory requirements, often on a daily basis, and they adapted, improvised and moved forward in ways that mitigated the financial effects of the crisis and continued the airport's reputation for excellence.

Thanks to our strong financial position at the beginning of the crisis and assistance from both the federal and provincial governments, we maintained high health and safety standards and customer satisfaction levels. Our staff maximized every dollar spent by identifying and enacting money-saving initiatives in many areas of our operations that will continue to serve us well into the future.

After two years of the pandemic, we now realize that 'normal' no longer exists, and that's okay. Victoria International Airport has demonstrated tremendous resilience throughout these challenges. I am confident that YYJ will adapt to any circumstances we may face in the future. With our proven ability to adapt and innovate, we will maintain our place as one of the most successful airports in North America and, in fact, the world.

Gordon Safarik,
Board Chair

Message from the President and Chief Executive Officer



Geoff Dickson
President and
Chief Executive Officer

The COVID-19 pandemic continued to be felt throughout 2021. The impact of border closures, travel restrictions, cancelled flights and changing travel health requirements combined to create a great deal of uncertainty for the travelling public. Traffic levels approximated 10 percent of pre-COVID-19 traffic for the first six months of 2021; however, passenger demand began to increase in July, with the last six months of the year averaging over 50 percent of pre-COVID-19 levels.

Overall, year-end passenger volumes were 674,000, which is a 17 percent increase over 2020 passenger volumes of 575,000, and 35 percent of 2019.

There were some encouraging signs in 2021. YYJ passenger traffic had among the highest year-over-year increases in the country and among the highest ratio of traffic to 2019 levels. A significant number of new routes were added along with the introduction of service from new airline partners.

WestJet launched three new non-stop services: Saskatoon, Winnipeg and Ottawa. YYJ welcomed ultra-low-cost carriers Flair Airlines and Swoop. Flair introduced new non-stop Kitchener-Waterloo service along with Edmonton and Calgary flights. Swoop provided service to the Edmonton and Toronto markets. Overall, YYJ had non-stop services to 12 Canadian markets, which is the highest number of non-stop domestic markets ever achieved at YYJ. We were also pleased to welcome back Alaska Airlines when YYJ was re-designated to receive international flights in November, after close to a two-year hiatus.



Photo credit: Mohammad Meidany

We were successful in securing financial support from a number of federal and provincial sources. YYJ continues to access COVID-19 related government wage programs, including the Canadian Emergency Wage Subsidy (CEWS) and its successor program, the Tourism Hospitality Recovery Program (THRP). We also accessed the Airport Relief Fund and Regional Air Transportation Initiative. These combined programs will provide up to \$7.7 million in capital and operational funding. YYJ also has been approved for a further \$1.37 million from the Airport Critical Infrastructure Program for a 2022 project and welcomed \$720,000 in funding from the provincial government's Airport Infrastructure Program. Overall, YYJ has been approved for close to \$12 million in financial relief. It is, however, important to note that the impact of COVID-19 since 2020 has reduced YYJ's overall revenue by \$50 million.

Operating cost containment continued in 2021, and capital programs were minimal. Efforts were predominantly focused on capital planning for recovery and the prudent staging of investments in the near to medium term.

With the downturn in passenger traffic and activity, focus continued on revenue diversification. Two land development projects were completed – Western Canada Spill Response Corporation and Titan Boats. Blue Heron Aeropark began building a new hangar development that will be completed in 2022. A last mile distribution facility for Amazon was also announced and will be operational in 2022.

Victoria Airport Authority and Public Service Alliance of Canada (PSAC) successfully negotiated a four-year collective agreement, which was ratified in December.

Currently, the pandemic continues to create an environment of uncertainty. Signs indicate that 2022 will bring recovery and growth within our industry. The challenge will be to focus our efforts on recovery, while recognizing that our success will be in part a reflection of our flexibility in response to rapidly changing conditions and requirements.

I would also like to recognize the passing of one of our former board members, who served eight years on the Victoria Airport Authority board until 2016. Graeme Roberts passed away in June 2021. Graeme was invaluable in guiding YYJ with thoughtful and insightful contributions. More importantly to me, was the graciousness and kindness that he showed all the men and women working for Victoria Airport Authority. I considered Graeme a mentor, an inspiration and a friend. He will be deeply missed.



Geoff Dickson,
President and CEO

STRATEGIC DIRECTION



ACHIEVEMENTS AND AWARDS

- Airport Council International – Best Hygiene Measures in North America
- BC Top 100 Employers



Photo credit: Victoria Airport Authority

Strategic Direction

OUR MISSION - To provide a safe, secure and efficient airport that creates prosperity for our region by connecting Greater Victoria with the world

OUR VISION - To be the best airport anywhere

GUIDING PRINCIPLES

Safety, Security and the Environment

Ensure that safety, security and environmental responsibility are at the forefront of everything we do.

Customer Service

Deliver exceptional levels of service and value.

Partnership and Accountability

Work openly and constructively with our stakeholders and community.

Employer of Choice

Treat all employees with fairness, dignity and respect.

Responsible Stewardship

Manage our finances, infrastructure and environment prudently.

Economic Development

Promote sustainable economic development and tourism for/of the region.

Leadership and Innovation

Foster leadership and innovation.

Each year, YYJ participates in Canadian Airports Council's Safety Week, which includes several initiatives designed to promote YYJ's safety culture. As part of the 2021 Safety Week activities, airport employees conducted a FOD (foreign object debris) walk on the main apron, collecting items that don't belong on the airfield, such as litter and stones.



Photo credit: Victoria Airport Authority

OUR PEOPLE

Our People

VICTORIA AIRPORT AUTHORITY

Victoria Airport Authority is a unique place to work that offers a wide range of positions in management, administration, finance, operations, technology, security, environment and first response. Victoria Airport Authority employees' outstanding skills and dedication create an exceptional travel experience for customers.

6 NEW HIRES IN 2021 • 53 ACTIVE EMPLOYEES
441 combined years of service

COLLECTIVE AGREEMENT

Victoria Airport Authority and Public Service Alliance of Canada (PSAC) successfully negotiated a four-year collective agreement, which was ratified in December. Both parties worked hard to address key issues, and the new agreement positions the organization for continued success in the years ahead.



Photo credit: Victoria Airport Authority



Photo credit: Victoria Airport Authority

RED COAT VOLUNTEERS

The Red Coats, named for the bright red blazers they wear, are friendly airport ambassadors who greet guests and provide frontline customer assistance. These helpful volunteers can be found at the information desk in the Air Terminal Building, where they have cheerfully welcomed travellers and provided directions, recommendations and support for 31 years.

The Red Coats are an important and valued part of the airport. Victoria Airport Authority is thankful for the volunteers who generously dedicate their time to enhancing the airport experience.

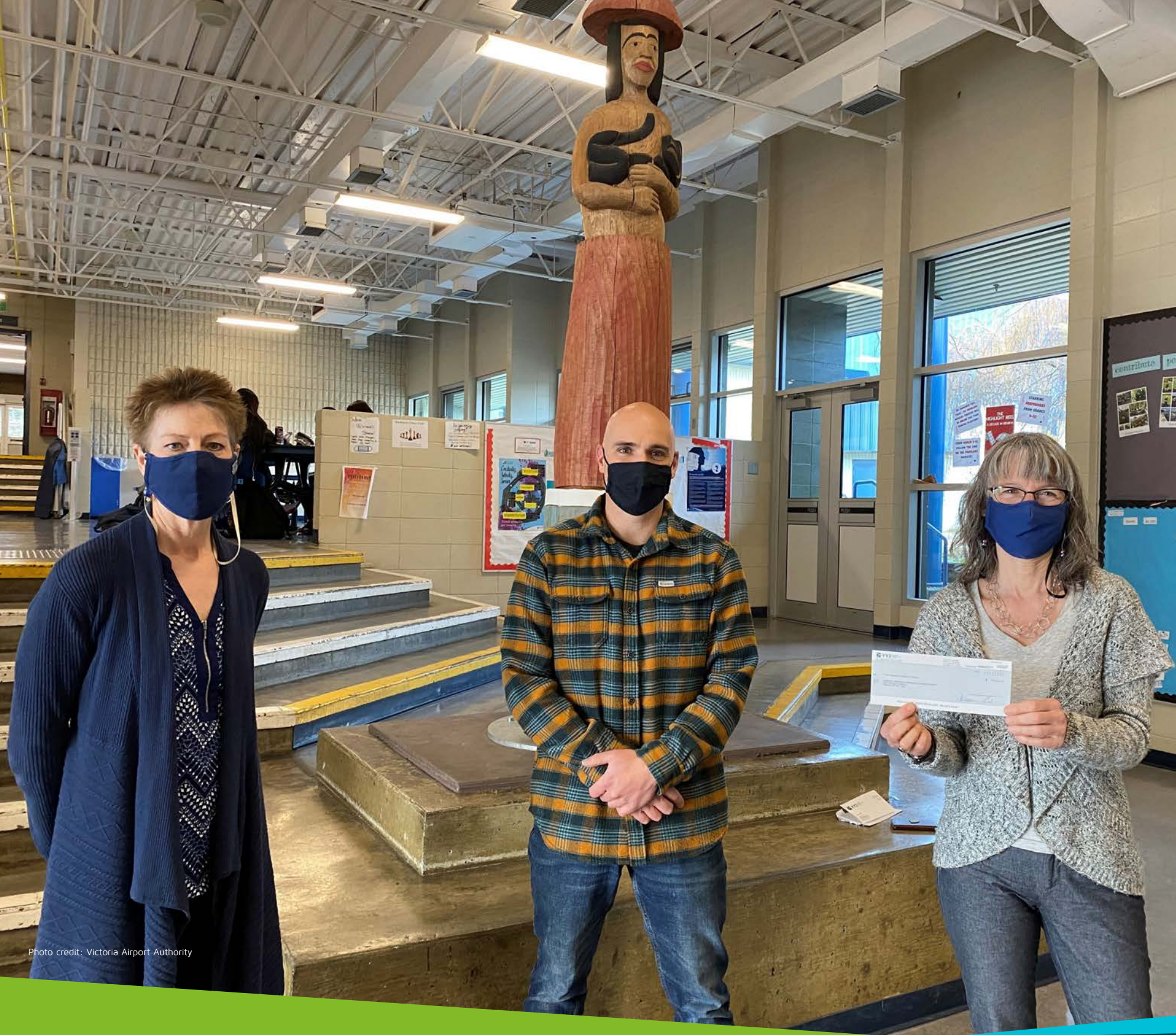


Photo credit: Victoria Airport Authority

Victoria Airport Authority encourages staff to be involved and give back to the community.

The VAA board of directors match all donations made by staff to a charity that is specially chosen. In 2021, \$4,560 was contributed to the Saanich Peninsula Food Bank.

A donation of \$10,000 to Saanich Peninsula Memorial Park Society to upgrade a Saanich Peninsula track facility and \$7,036 to BC Cancer for Pediatric AML Genome Sequencing was made possible through the efforts of VAA's Airport Fire Services (AFS) team, led by firefighter Jay Krieger. Late in 2020, a private aircraft was generously donated to VAA for use in emergency training scenarios. As the aircraft still contained a useable engine that was not needed for training, Jay and his team saw an opportunity to sell the engine and donate all of the funds raised.

Victoria Airport Authority Fire Captain Stacey Lee is also a volunteer with the Central Saanich Fire Department and, like many other VAA staff, he is passionate about giving back to his community. Stacey regularly participates in food drives and delivered Santa's Anonymous Hampers at Christmastime.



Photo credit: Victoria Airport Authority

PRESIDENT AND CEO CELEBRATES TEN-YEAR ANNIVERSARY AT YYJ

January 1, 2021 marked Geoff Dickson's ten-year anniversary as President and CEO of Victoria Airport Authority. Over those years, Victoria International Airport has evolved to serve the changing needs of its customers, partners and community. It also experienced tremendous growth in air traffic and passenger numbers, which grew 40 percent between 2011 and 2018, when YYJ achieved the 2-million-passengers milestone.

Under Geoff Dickson's leadership, Victoria Airport Authority has completed forward-looking airport facility enhancements, prudent land development and sustainable environmental remediation with bold vision. It was all accomplished with a fiscally conservative approach that supported the full retirement of VAA's debt in 2017. While YYJ has contributed significantly to the employment and economic prosperity of the local community, Vancouver Island and the province, it has also earned a special place in the heart of travellers.

Victoria Airport Authority Achievements

AWARDS

- BC's Top 100 Employers (2022, 2021, 2020)
- Best Hygiene Measures in North America, Airports Council International Airport Service Quality (2021, 2020)
- Best Airport in North America under 2 million passengers, Airports Council International Airport Service Quality (2020, 2014, 2012)
- Most Financially Efficient Airport in North America under 5 million passengers, Air Transport Research Society (2020, 2016, 2015)
- Gold Accessibility Certification, Rick Hansen Foundation (2020)
- Canada's Healthy Workplace Month Great Employers, Excellence Canada and Canada Life (2013-2020)
- Honorary Lifetime Membership to the Art Gallery of Greater Victoria (2019)
- Top 10 Most Loved Airports in the World, CNN Travel (2017, 2011)
- Crystal Award for Business Excellence, Saanich Peninsula Chamber of Commerce (2017, 2013)
- Business of the Year Award, Greater Victoria Chamber of Commerce (2015)

ENVIRONMENTAL LEADERSHIP

- Airports Council International Level 2 Airport Carbon Accreditation (2020)
- BC Aviation Council's Silver Wings Environmental Achievement Award (2018, 2013)
- Synergy Sustainability Institute's Eco Star Community Environmental Award, Ecological Stewardship (2017)
- Airports Council International – North Americas Environmental Achievement Award, Mitigation Category (2013)
- Coho salmon and cutthroat trout returned to TenTen and KĒLSET creeks after intensive remediation of historic pollution on airport lands





Photo credit: Alex Evans, TetraTech

PROJECTS | \$136 MILLION

With Geoff Dickson’s leadership, Victoria International Airport was enhanced through capital investments in facilities that support travellers, partners and the Vancouver Island region. The wide range of improvements to safety, operations, accessibility, sustainability and quality of experience were achieved through a fiscally responsible approach.

The following projects have notable impacts on the airport’s current operations:

- Expansion of the Lower Passenger Departure Lounge
- Development of the Flight Path (a 9.3-kilometre-long walking/biking trail around airport property)
- Resurfacing of Runway 09-27 and Runway 14-32
- Realignment of Willingdon Road
- Parking lot enhancements, including rain gardens, covered walkways, electric vehicle charging stations, a new automated parking system and doubling the capacity
- Renovation of the Air Terminal Building
- Two expansions of YYJ’s main apron and taxiway improvements
- Replacement of the hold baggage screening system
- Implementation of common use terminal equipment for airlines operating at YYJ
- Restoration of approximately 1,500 meters of KÉLSET and TenTen creeks
- Creation of a 9,300-cubic-meter detention pond to manage storm water flows

BUSINESS DEVELOPMENT

- Forty percent growth in traffic to two million passengers (pre-pandemic)
- Ten new air service markets and five new air carriers
- Seven new land development projects that generate over \$1 million in municipal taxes annually
- New local concessions, including Spinnakers On the Fly, Fresh Cup Café at YYJ and The Fickle Fig Market Café
- First airport distillery in North America: Victoria Distillers
- \$880 million of economic activity generated at YYJ (pre-pandemic)

VICTORIA AIRPORT AUTHORITY



Photo credit: Ray Shipka

Victoria Airport Authority

W̱SÁNEĆ FIRST NATIONS

2021 was a pivotal year for the Victoria International Airport in furthering its commitment to Indigenous reconciliation. Victoria Airport Authority has been working, in collaboration with the W̱SÁNEĆ Leadership Council, to explore ways in which the W̱SÁNEĆ Nations can be meaningfully involved in airport operations and future developments. While discussions are ongoing, Victoria Airport Authority has had the opportunity to learn and grow from building relationships with W̱SÁNEĆ Leadership Council staff, and looks forward to putting words into actions in the coming year.

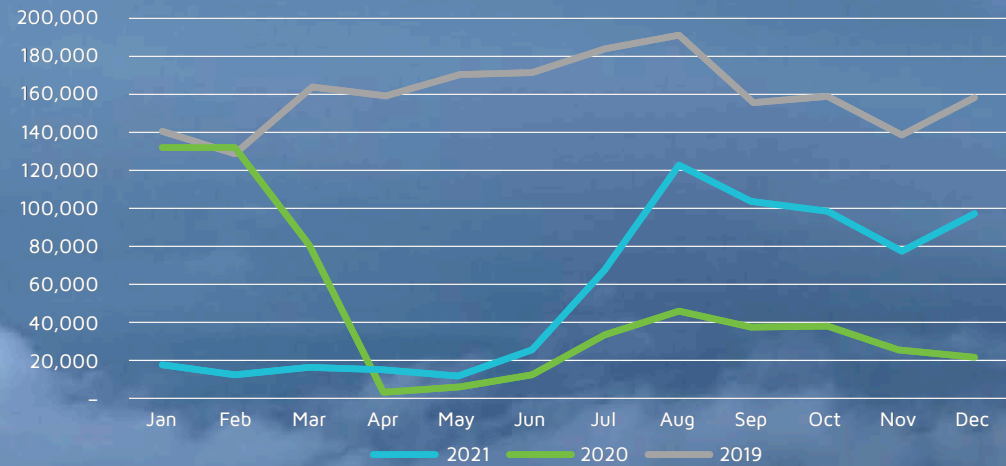
Victoria Airport Authority is committed to continuing to learn, and unlearn, while unravelling the meaning of the Truth and Reconciliation Call to Action #92 for Victoria International Airport. It is a different path for each organization, and Victoria Airport Authority is grateful to have the support and guidance of the W̱SÁNEĆ Leadership Council.

It is an honour to operate on the traditional lands of the W̱SÁNEĆ People. To learn more about the W̱SÁNEĆ Nations, visit www.wsanec.com.

AIR SERVICE

- YYJ offered 12 non-stop domestic destinations – a new high for the airport.
- YYJ welcomed ultra-low-cost carrier Swoop, with non-stop service to Edmonton and Toronto.
- Ultra-low-cost carrier Flair Airlines began service at Victoria International Airport in July, with new non-stop service to Kitchener-Waterloo, Edmonton and Calgary.
- WestJet introduced three new non-stop markets, with the launch of Saskatoon, Winnipeg and Ottawa.
- After the federal government lifted Victoria International Airport's pandemic-related restriction on international flights on November 30, 2021, travellers' options expanded with US and Mexico flights reinstated.

Passenger Traffic 2021, 2020 and 2019



Destinations/Routes 2021:

- YYC - Calgary
- YEG - Edmonton
- YLW - Kelowna
- YUL - Montreal
- YOW - Ottawa
- YXS - Prince George
- PVR - Puerto Vallarta
- YXE - Saskatoon
- SEA - Seattle
- YYZ - Toronto
- YVR - Vancouver
- YKF - Kitchener-Waterloo
- YXY - Whitehorse
- YWG - Winnipeg

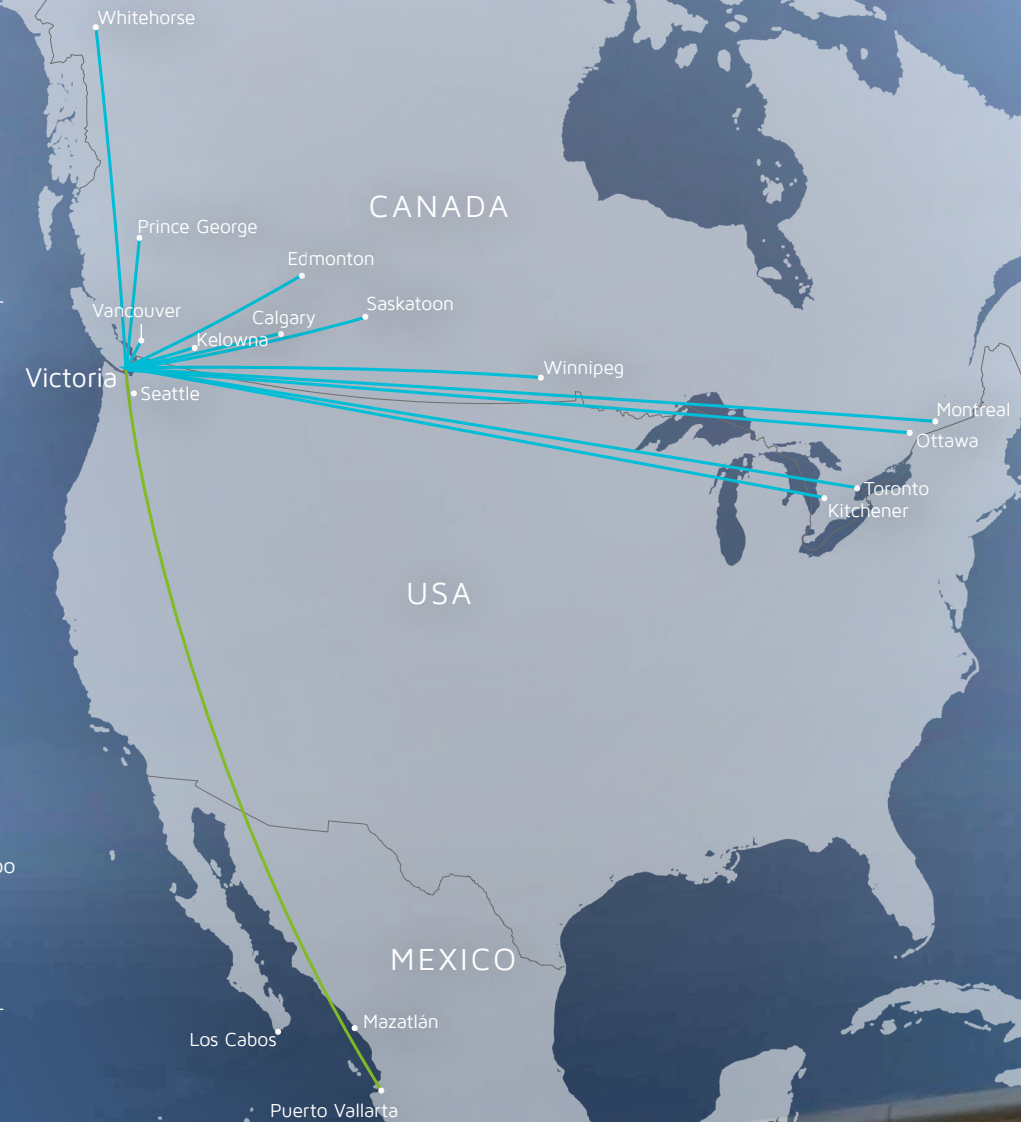


Photo credit: Victoria Airport Authority



Photo credit: York Realty Inc.

Titan Boats

Titan Boats, a local boat manufacturer, completed work on their new facility at the airport in the fall of 2021. The new facility houses a 1,628 square-metre fabrication shop and a 350 square-metre, two-storey office and staff facilities area.

For more than 20 years, Titan Boats has built world-class aluminum rigid hull inflatable boats for industries around the world. Clients include the RCMP, provincial police, fisheries, Environment Canada and Canadian Border Services Agency.

Western Canada Marine Response Corporation

Western Canada Marine Response Corporation (WCMRC) completed construction of a state-of-the-art 1,272 square-metre facility at YYJ.

WCMRC is the only Transport Canada-certified response organization on Canada's west coast. Their mandate is to prepare for and mitigate the impacts of a marine spill on BC's coast. This includes the protection of wildlife, the economy and the environment, as well as the safety of both responders and the public. The new building is one of several response bases on Vancouver Island.

BUSINESS DEVELOPMENT

Amazon Delivery Station

After several months of review, public engagement and significant design changes to address feedback from the public and the Town of Sidney, construction of a 10,683-square-metre warehouse on industrial-zoned airport land began in Fall 2021.

The facility, developed by York Realty, will be sub-leased to Amazon to be used as a last-mile delivery station. It is scheduled to be complete and in operation by the fall of 2022. The building exterior will incorporate enhanced landscape design elements and art installations that reflect the rich culture and heritage of the W̱SÁNEĆ people.

The development provides stimulus for local road infrastructure improvements. Through consultation with local residents and discussions with the Town of Sidney, VAA committed to leading the initiative for the design and construction of a roundabout at the intersection of Beacon Avenue and Galaran Road.



Photo credit: Western Canada Marine Response Corporation

Blue Heron Aeropark

Construction of the Blue Heron Aeropark began in fall 2021. Originally the development was planned to be built in two phases, but high demand for the hangars prompted the developer to construct both phases at once. The development will provide 22 privately-owned single aircraft hangars.

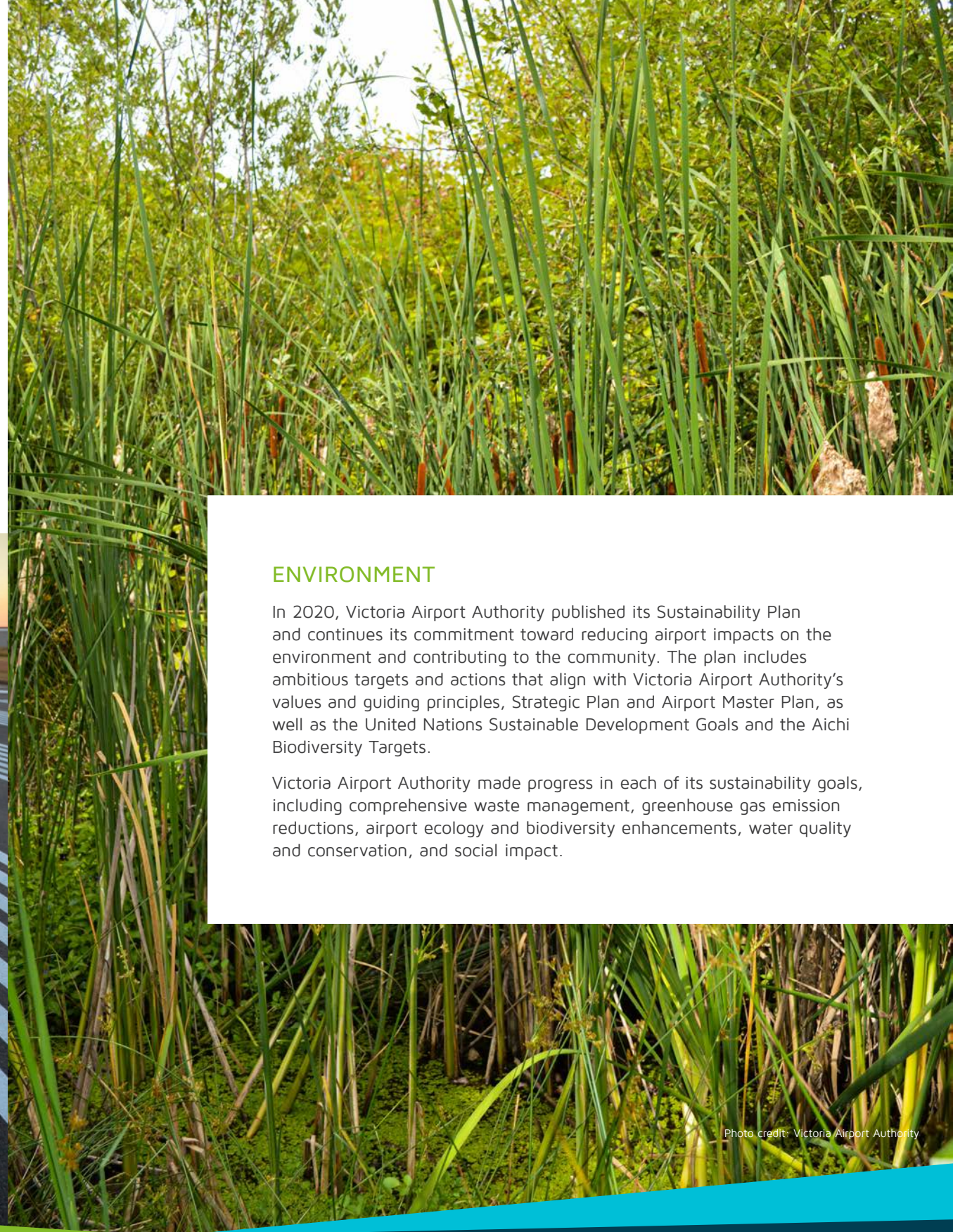
World Fuels Tank Farm

Airport tenant World Fuels installed a new tank farm that consists of three new double-walled horizontal tanks that can store up to 355,000 litres of aviation fuels. The project also includes new concrete support pads, receiving and dispensing equipment, and an oil/water separator.

The original fuel farm, which Imperial Oil built in the 1990s and sold to World Fuels in 2016, was decommissioned and safely removed.



Photo credit: Alex Evans, TetraTech



ENVIRONMENT

In 2020, Victoria Airport Authority published its Sustainability Plan and continues its commitment toward reducing airport impacts on the environment and contributing to the community. The plan includes ambitious targets and actions that align with Victoria Airport Authority's values and guiding principles, Strategic Plan and Airport Master Plan, as well as the United Nations Sustainable Development Goals and the Aichi Biodiversity Targets.

Victoria Airport Authority made progress in each of its sustainability goals, including comprehensive waste management, greenhouse gas emission reductions, airport ecology and biodiversity enhancements, water quality and conservation, and social impact.

Photo credit: Victoria Airport Authority



Photo credit: Victoria Airport Authority

Ecology and Biodiversity Enhancements

YYJ continued its ongoing focus on environmental stewardship:

- Developed a comprehensive Biodiversity Plan
- Collaborated with the University of Victoria's Environmental Studies Department and W̱SÁNEĆ Leadership Council to assess technological solutions for mapping, tracking and measuring biodiversity and to identify ways to incorporate the Aichi biodiversity targets into the Sustainability Plan
- Created a YYJ green team, the Carbon Neutrals, who hosted two events that focused on the removal of invasive plants from TenTen and KELSEY creeks
- Evaluated and designed a pollinator garden that is scheduled to be built and planted in spring 2022

The Carbon Neutrals hosted a virtual workshop with the Food Eco District (FED) Urban Agricultural Society to share the many benefits of a pollinator garden and promote sustainable food systems.

Waste Management

Throughout 2021, Victoria International Airport studied its waste collection and management efforts, looking for opportunities for improvement:

- Completed a comprehensive review of current practices that included an evaluation of waste streams and pick-up schedules and an audit of available data about the waste being generated
- Held an educational session with the YYJ concessions tenant group to share goals and targets, seek support and learn about existing diversion practices
- Conducted a waste audit that measured the effectiveness of waste sortation throughout the public areas of the Air Terminal Building

Greenhouse Gas Emission Reductions

YYJ reviewed opportunities for reducing greenhouse gases produced through airport operations. It conducted a conceptual design and infrastructure assessment of the incorporation of electric vehicles into the organization and an energy analysis and air source heat pump feasibility study. Airport staff identified five potential energy conservation measures that will be evaluated.



Photo credit: Victoria Airport Authority



Photo credit: Victoria Airport Authority

Water Quality and Conservation

YYJ's forward-looking practices emphasize the maintenance and protection of the region's water supply. A new rainwater harvesting program that uses existing infrastructure, equipment and supplies now captures and distributes rainwater to irrigate airport property. In addition, Operations staff designed enhancements to the glycol collection system to prevent glycol from entering creeks on airport land.

Social Impact

In recognition of the impact of airport operations on the wider community, YYJ conducted the following environmental audits to ensure that its practices continue to be safe and effective:

- Petroleum Storage Tank(s) Management
- Hazardous Materials Management
- Hazardous Waste Management
- Wastewater Management
- Ozone Depleting Substances Management
- Emergency Response Planning

Despite the limitation imposed by the pandemic, YYJ continued its support of the wider community through the sponsorship of five initiatives:

- Saanich Peninsula Memorial Park Society – track facility upgrade
- BC Cancer – Pediatric Acute Myeloid Leukemia
- Geronimo Canoe Club
- Central Saanich Fire Department – 70th Anniversary Event
- Movember - Grow a Moustache to Raise Awareness for Men's Health

The Noise Management Committee updated its Terms of Reference and engaged the public through two virtual Noise Management Committee meetings.

VAA is working together with North Saanich residents, Friends of North Saanich Parks, the District of North Saanich and Peninsula Stream Society to preserve Dickson Woods.

BUSINESS RESUMPTION

The pandemic had drastic impacts to the air travel industry. Victoria Airport Authority responded in 2020 by forming the Business Resumption Committee to implement strategies to prevent the spread of COVID-19 and address public health requirements.



In 2021, the committee continued to deliver mitigation strategies while investigating testing solutions, implementing requirements for the reintroduction of international flights and building passenger confidence in the safety of air travel.

Airports Council International recognized VAA's efforts with awards for Best Hygiene Measures in 2020 and 2021.

Initiatives throughout 2021:

- The LetsflyAgain campaign was launched through YYJ's TravelSafe program to support the recovery of the aviation industry and welcome travellers back to YYJ.
- YYJ was designated as a Northern Gateway Airport. To accommodate people travelling to and from remote communities to receive essential services, VAA was required to establish a COVID-19 testing program and testing location.
- Connectus Global, an accredited lab facility, opened at YYJ to help travellers meet their COVID-19 testing requirements.
- Victoria Airport Authority issued a COVID-19 Vaccination Policy to conform with federal legislation for mandatory vaccination requirements to ensure that people performing activities related to aviation are fully vaccinated.



Photo credit: Victoria Airport Authority

ACCESSIBILITY

Victoria International Airport's Air Terminal Building has undergone many enhancements that demonstrate VAA's commitment to create a more inclusive and accessible environment, including a state-of-the-art audio system that broadcasts flight information directly to hearing aids, an adult change station with a hoist and an airside relief area for service and guide dogs.

In 2021, VAA continued its efforts with the curbside assistance program and a visual paging enhancement to the airport monitors.

Airport Curbside Assistance Program

Victoria Airport Authority's Curbside Assistance Program supports travellers who require extra assistance to and from their flights.

Curbside assistance is provided by YYJ's Passenger Engagement and Safety Officers (PESO) who help people with disabilities or reduced mobility move through the terminal. At YYJ, the program is available to departing passengers from an outdoor curbside area to the indoor airline check-in service counters and for arriving passengers from the baggage claim area to the exterior curbside and parking areas.

PESOs provide help with baggage and wheelchairs, and guiding assistance for people who are blind or have low vision. YYJ's designated curbside assistance drop-off and pick-up area is equipped with accessible seating, signage and an intercom system. Wheelchairs are available upon request.

In 2021, the PESO team responded to over 700 requests and received positive feedback from the public.

The Curbside Assistance Program complies with the Accessible Transportation for Persons with Disabilities Regulations and is available 24/7 through the Airport Services Centre or by making a reservation online at www.victoriaairport.com/accessibility.

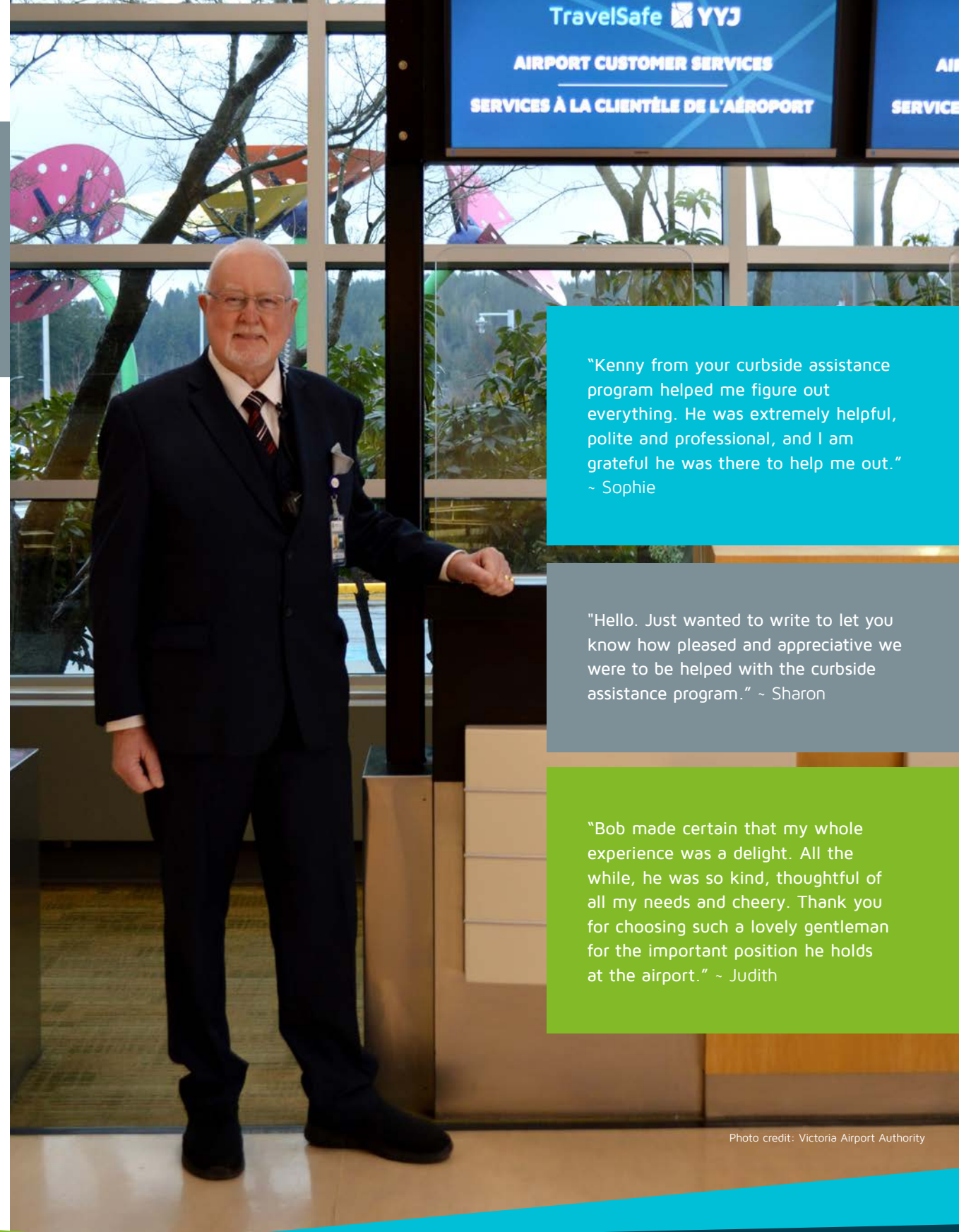
YYJ continues to remove barriers to travel and make the airport as accessible as possible.

Visual Paging System

In 2021, YYJ began displaying its public announcements in French and English on all of Victoria International Airport's Flight Information Display System (FIDS) monitors, which also provide up-to-the-minute flight information throughout the airport.

The visual display of public announcements provides another way for airport guests, including people who are deaf or hard of hearing, to access important information. With this enhancement, Victoria Airport Authority takes another step towards providing a safe, inclusive airport that is universally accessible for all travellers.

Victoria International Airport's Air Terminal Building was recognized as RHF Accessibility Certified Gold by the Rick Hansen Foundation's Accessibility Certification™ program in 2020.



"Kenny from your curbside assistance program helped me figure out everything. He was extremely helpful, polite and professional, and I am grateful he was there to help me out."
~ Sophie

"Hello. Just wanted to write to let you know how pleased and appreciative we were to be helped with the curbside assistance program."
~ Sharon

"Bob made certain that my whole experience was a delight. All the while, he was so kind, thoughtful of all my needs and cheery. Thank you for choosing such a lovely gentleman for the important position he holds at the airport."
~ Judith

Photo credit: Victoria Airport Authority

SAFETY AND SECURITY

Paladin Security

Victoria Airport Authority welcomed a new security partner to YYJ. Paladin Security Group was awarded the Security Services Contract and began providing on-site security services on August 1, 2021.

Victoria Airport Authority extends its most sincere gratitude to the Commissionaires – Victoria, The Island and Yukon Branch for the many years of service it provided to YYJ, its airline partners and the travellers who benefitted from their reliable, professional security services.

Runway Safety Committee

The Runway Safety Committee is comprised of representatives from Nav CANADA, ground handling associations, pilots from airlines and local pilot associations, VAA and other organizations that operate on the YYJ airfield. Based on the committee's recommendations, VAA enhanced the taxiway paint markings and identified a 'hot spot' in Canada Air Pilot, a NAV Canada civil aeronautical publication. Since these actions were taken, no further commercial aircraft incursions have occurred at this location.

Runway Conditions Report

The Global Reporting Format (GRF) is a new method for providing flight crews with information about runway conditions. The International Civil Aviation Organization (ICAO) developed the program as an incentive to enhance airfield safety, and it was implemented by airports worldwide in 2021.

Before the change to GRF, VAA Airside Operations provided a report that described the average condition for the full length of a runway. The new method provides information on conditions for three crucial sections of the runway: touchdown, mid-point and rollout. This allows flight crews to better anticipate braking action and aircraft performance in all segments of landing and during the transition from flight to ground operations.

During the change, VAA switched reporting software vendors to Snowbird, a Canadian organization based in Waterloo, Ontario. VAA Operations took part in operational trials during the 2019-2020 winter season, and GRF was fully implemented in Canada on August 12, 2021.

New Aircraft Rescue and Firefighting Truck

Victoria Airport Authority's Fire Services team acquired a new aircraft rescue and firefighting (ARFF) truck. The new vehicle, known as Red 6, is a Rosenbauer Panther 4x4.

This versatile and modern ARFF vehicle can be operated by one person and can quickly carry up to four fire fighters to the scene of an emergency. It accelerates from 0-80 kilometres per hour in less than 22 seconds and reaches a top speed of 112 kilometres per hour.

The ARFF vehicle provides two methods of quick and effective fire suppression: environmentally friendly water/foam and dry chemical powder. It can carry 6,057 litres of water/foam on board and discharge it in a 100-metre-long stream from roof-mounted or bumper turrets at a rate of 3,785 litres per minute. It also carries 220 kilograms of dry-chemical fire suppressant to extinguish fire quickly and safely.



Photo credit: Victoria Airport Authority



Photo credit: Mohammad Meidany

CORPORATE GOVERNANCE

Corporate Governance

BOARD COMPOSITION

The board of directors provide oversight to Victoria Airport Authority to ensure its purposes and objectives are realized and that Victoria International Airport operates in a safe, efficient and reliable manner.

As a governance board, all directors are expected to possess a high level of knowledge to advance the fiscal management and governance best practices of Victoria Airport Authority.

The 2021 board was comprised of twelve nominated members: two from the District of North Saanich, two from the Town of Sidney, one from the District of Central Saanich, one from the District of Saanich, one from the City of Victoria, one from the Capital Regional District, one from the Greater Victoria Chamber of Commerce, one appointed by the Province of British Columbia and two appointed by the Government of Canada.

Victoria Airport Authority has the option to appoint up to three additional directors at the discretion of the board. Each director may serve no more than nine years in total.

DIRECTOR CODE OF CONDUCT

Board members are required to comply with the Board Policy and Procedures Manual and sign an annual attestation acknowledging that they understand and will abide by the policies and bylaw requirements. An annual disclosure statement filed with the corporate secretary identifies any real or perceived conflicts of interest. Directors are required to abstain from any discussions or voting that may be a potential conflict. In 2021, there were no violations of the code of conduct.

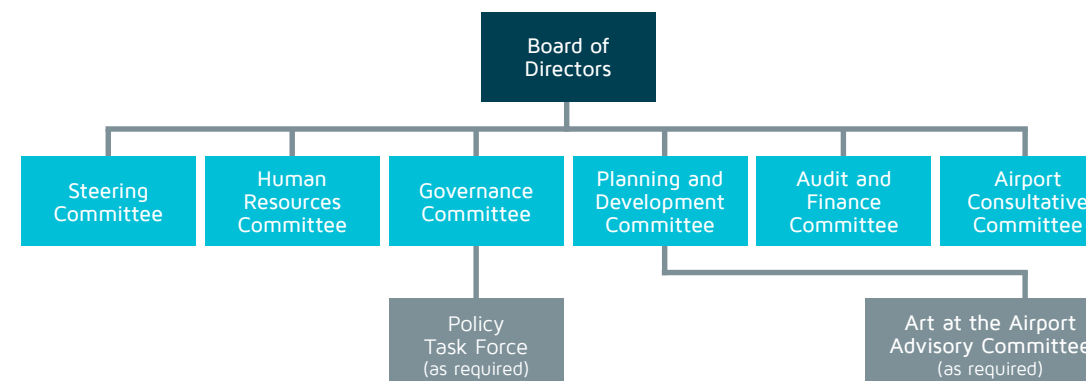
To view Victoria Airport Authority's Code of Conduct, please visit www.victoriaairport.com/accountability.

Officers of the Corporation and Committee Chairs for 2021:

Gordon Safarik	Board Chair; Chair, Steering Committee; and Ex Officio all Committees
Eric Donald	Board Vice-Chair; Chair, Airport Consultative Committee; Chair, Human Resources Committee
Cathie Ounsted	Board Secretary and Chair, Governance Committee
Paul Gerrard	Chair, Planning and Development Committee
Wendy Zink	Chair, Audit and Finance Committee

BOARD COMMITTEES

The board has six standing committees as well as ad-hoc committees, sub-committees and task forces, as required.



In 2021, the board of directors met ten times for committee and board discussions. There were three public meetings inviting feedback from stakeholders and the community. The board also participated in several public and private events and fundraisers as airport ambassadors.

Average attendance at Board and Committee meetings for 2021:

Board Meetings: **100%**
 Committee Meetings: **98%**
 Public Meetings: **100%**

NEW BOARD MEMBERS

Victoria Airport Authority welcomed Margaret Lucas and Dave Cowen to the board of directors.

Margaret Lucas has been a leader in the tourism and development industry for more than 30 years. She serves on the board of directors for the Greater Victoria Harbour Authority and chairs its Infrastructure, Planning and Development, and Ogden Point Master Plan committees. In the past, she was a councillor for the City of Victoria and served on many civic boards and committees for local organizations, including Camosun College, Greater Victoria Chamber of Commerce, Downtown Victoria Business Association, Victoria Hospice and Palliative Care Foundation, and Victoria Civic Heritage Trust. She brings a strong business acumen and understanding of regional perspectives to the board.

Dave Cowen, the CEO of The Butchart Gardens, is experienced in facility management, business development and governance, and is actively involved in leadership positions in the tourism and business communities. He has served on the boards of Gardens BC, Greater Victoria Harbour Authority, Tourism Victoria and the Pacific Northwest Economic Region’s Tourism Working Group. Dave is the proud recipient of the Robert Day Memorial Award, which recognizes his role in bringing collaboration between cross-border organizations and stakeholders.

2021 BOARD OF DIRECTORS AND CHIEF EXECUTIVE OFFICER



Gordon Safarik

- Board Chair
- Chair, Steering Committee
- Human Resources Committee
- Ex Officio, all committees

Nominated by the District of North Saanich



Eric Donald

- Board Vice-Chair
- Chair, Airport Consultative Committee
- Chair, Human Resources Committee
- Vice-Chair, Steering Committee
- Audit and Finance Committee
- Governance Committee
- Planning and Development Committee

Nominated by the City of Victoria



Cathie Ounsted

- Board Secretary
- Chair, Governance Committee
- Steering Committee
- Airport Consultative Committee
- Human Resources Committee

Nominated by the District of Central Saanich



Wendy Zink

- Chair, Audit and Finance Committee
- Steering Committee
- Governance Committee
- Planning and Development Committee
- Real Estate Task Group

Nominated by the Province of BC



Paul Gerrard

- Chair, Planning and Development Committee
- Steering Committee
- Governance Committee

Nominated by the Capital Regional District



Carol Brown

- Vice Chair, Audit and Finance Committee
- Governance Committee
- Human Resources Committee

Nominated by the Government of Canada



Dave Cowen

- Audit and Finance Committee
- Governance Committee
- Real Estate Task Group

Nominated by the District of North Saanich



Wendy Everson

- Vice Chair, Airport Consultative Committee
- Audit and Finance Committee
- Planning and Development Committee

Nominated by the Town of Sidney



Allan Haynes

- Airport Consultative Committee
- Audit and Finance Committee
- Governance Committee

Appointed by the District of Saanich



Frank Leonard

- Vice Chair, Governance Committee
- Chair, Real Estate Task Group
- Airport Consultative Committee
- Audit and Finance Committee
- Planning and Development Committee

Nominated by the Government of Canada



Charles Lovallo

- Airport Consultative Committee
- Audit and Finance Committee
- Governance Committee

Nominated by the Town of Sidney



Margaret Lucas

- Vice Chair, Planning and Development Committee
- Airport Consultative Committee
- Audit and Finance Committee
- Real Estate Task Group

Nominated by the Greater Victoria Chamber of Commerce



Geoff Dickson

- President and Chief Executive Officer

BOARD OF DIRECTORS AND EXECUTIVE COMPENSATION

Compensation of Victoria Airport Authority’s board of directors is reviewed annually. In 2021, the officers of the corporation and directors were compensated as follows:

Officer/Director	Compensation
Carol Brown	\$20,600
David Cowen	\$7,267
Eric Donald	\$28,300
Wendy Everson	\$17,300
Paul Gerrard	\$24,100
Allan Haynes	\$17,900
Frank Leonard	\$19,100
Charles Lovallo	\$17,900
Margaret Lucas	\$18,200
Cathie Ounsted	\$26,800
Gordon Safarik	\$49,900
Wendy Zink	\$25,000

Victoria Airport Authority’s senior management team, comprised of the president and chief executive officer and four senior managers, received \$893,495 in salary for the year ended December 31, 2021.

IN MEMORY – GRAEME ROBERTS

The Victoria International Airport community mourns the loss of former board member Graeme Roberts, who passed away in 2021.

The District of Central Saanich nominated Graeme to the Victoria Airport Authority board of directors in 2008. During his eight-year term, he was an active and valued member of the board and served as board vice-chair and chair of the airport Consultative Committee for two terms.

Using his vast experience with business and the public, Graeme provided insight and guidance that supported Victoria Airport Authority's vision to enhance every aspect of the airport and create prosperity for the region. Just as valuable was his good humour and friendly nature. He brought his great spirit, generosity and wisdom to the airport community, and he will be remembered for his leadership.



FINANCIAL INFORMATION

Photo credit: Ray Shipka

Financial Information

REVENUE AND EXPENSES

Normally, ninety percent of the revenue generated at Victoria International Airport is tied to passenger and aircraft activity. Passenger activity for the first six months of 2021 was down by 90 percent compared to a normal year pre-pandemic. In the last six months, passenger activity increased, but YYJ still ended the year with traffic levels 65 percent below pre-pandemic levels.

Revenue continued to be impacted. Aeronautical revenue, airport improvement fees (AIF) and concession revenues were the hardest hit, and the only stable revenue stream was land rent. Revenue for 2021 totalled \$24.1 million, which was a 32 percent increase over 2020. VAA was fortunate to receive \$6.5 million from government funding for operational support and one-time grants. Without this support, 2021 revenue would have been only 45 percent of what it was before the pandemic.

Although revenue at Victoria International Airport is closely tied to passenger and aircraft activity, the same is not true for expenses. A large portion of expenses are fixed and do not fluctuate with a decrease in passenger levels. VAA benefited in rent savings of approximately \$364,000 dollars when Transport Canada amended the Airport's ground lease. Victoria Airport Authority also continued the cost containment measures that were implemented in 2020; however, the decline in revenue was greater than the cost savings.

GOVERNMENT FUNDING

During 2021, VAA applied and was approved for government support under a number of programs. The programs included direct operational funding as well as funding support for capital programs. Certain aspects of the funding relate to both the 2021 and 2022 fiscal years.

Programs for which YYJ was approved include:

- Airport Relief Fund \$3,067,000
- Province of BC Covid Relief Grant \$720,000
- Regional Airports Transportation Initiative \$2,998,672
- Canadian Emergency Wage Subsidy/
Tourism and Hospitality Recovery Program \$1,651,865

LONG-TERM DEBT

To increase capital and operating liquidity, VAA entered into a new credit facility agreement with CIBC. In June 2021, VAA drew \$2 million on the capital facility. The amount is repayable over 10 years and there is an interest only option for the first 24 months.

CHARITABLE DONATIONS AND SPONSORSHIPS

Although the financial impacts from the pandemic still restrict Victoria Airport Authority's corporate donations and charitable contributions, VAA and the airport community continue their longtime support of the region.

Before the pandemic began, VAA contributed between \$40,000 to \$70,000 per year in support of events and community initiatives. In 2021, VAA donated \$24,846.39 toward charitable causes and community events noted below.

	2021
BC Aviation Council - Silver Wings Sponsorship	\$1,250
BC Cancer Foundation - Pediatric AML Genome Sequencing	7,036
CFAX Santa's Anonymous Society	1,000
Geronomo Canoe Club	500
Movember Canada - Donation	500
Saanich Peninsula Memorial Parks Society - Track Facility Upgrade	10,000
Saanich Peninsula Lions Food Bank - VAA Employee	2,280
Saanich Peninsula Lions Food Bank - VAA Corporate Matching	2,280
	\$24,846

CAPITAL PROGRAM

As a result of the pandemic, the 2021 capital program was limited in scope and totalled \$3.7 million. One third of the program related to the cost of an Airport Rescue Fire Fighting (ARFF) vehicle, which was ordered in 2019. Because of COVID-19 production related delays, the vehicle wasn't received until 2021.

More than \$225 million has been invested in capital improvements to YYJ since Victoria Airport Authority assumed operations in 1997.

SOLE SOURCE CONTRACTS OVER \$75,000

In accordance with Board Policy #205: Financial Conditions and Activities, as a general practice contracts for goods, services and construction services over \$75,000 will be awarded through a competitive process to the lowest bidder or to the proposal offering the best overall value, except in specified circumstances. Sole source contracts will only be entered into when there is good justification, such as:

1. The goods or services are of a proprietary nature, and there is only one qualified supplier.
2. Compliance with a product, services or equipment standardization program is required.
3. Only one qualified firm is available, when all factors are taken into account.
4. Prior experience with a firm in a specialized area makes it beneficial to continue the relationship.
5. Emergency situations preclude the normal competitive process.

In keeping with this policy, VAA publishes a list of the goods and services in excess of \$75,000 that were not awarded through a competitive process. In 2021, services totalling \$139,000 were obtained outside of the competitive process.

Contract Value	Contractor	Description	Multiyear Contract	Justification
\$139,400	Island Earth Landscape Service	Landscape Services Agreement	No	5

2021 Actual vs. Business Plan (Shown in Thousands \$)

As a result of the on-going pandemic and its effect on passenger activity, revenues from airport operations did not reach budget. However significant one-time COVID-19 related government grants and support were received which resulted in overall revenues exceeding the 2021 budget.

	Actual	Plan	Difference
Operations Revenue (note 1)	\$ 16,503.7	\$ 18,105.2	\$ (1,601.5)
Government Grants & Support	\$ 6,512.1	\$ 570.0	\$ 5,942.1
Total Revenue	\$ 23,015.8	\$ 18,675.2	\$ 4,340.6
Expenses (note 2)	\$ 17,581.6	\$ 17,916.4	\$ (334.8)
Capital	\$ 3,723.9	\$ 3,970.0	\$ (246.1)

Business Plan Forecast 2022 - 2026

Recovery from the pandemic could take several years and the timing of the return to pre-pandemic levels of passengers will be dependent on the speed of the recovery. As revenues are greatly tied to passengers, future financial forecasts will fluctuate depending on passenger levels. A current high level forecast is presented below.

	2022	2023	2024	2025	2026
Revenue (note 1)	\$ 29,931.0	\$ 35,568.0	\$ 39,006.0	\$ 41,911.0	\$ 43,135.0
Expenses (note 2)	\$ 20,992.0	\$ 22,361.0	\$ 23,492.0	\$ 24,569.0	\$ 25,619.0
Capital	\$ 9,800.0	\$ 18,610.0	\$ 24,030.0	\$ 24,740.0	\$ 31,700.0

NOTES:

1. Operations revenue includes all revenues earned from airport operations excluding non-cash items such as deferred capital contributions.
2. Expenses do not include non-cash items such as amortization.



Photo credit: Mohammad Meidany

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The most significant of these are set out in Note 2 to the statements.

Victoria Airport Authority's accounting procedures and related systems of internal control are designed to provide reasonable assurance that its assets are safeguarded and its financial records are reliable. These financial statements include some amounts based upon management's best estimates and judgments. Recognizing that the Authority is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been prepared within reasonable limits of materiality.

The Board of Directors has appointed an Audit and Finance Committee consisting of eight Board directors. The Committee meets periodically throughout the year to review with management and the auditors any significant accounting, internal control and auditing matters. They also review and finalize the annual financial statements of the Authority together with the independent auditor's report before their submission to the Board of Directors for final approval.

The financial information throughout the text of the Annual Report is consistent with the information presented in the financial statements.

On behalf of the Victoria Airport Authority



Geoff Dickson
President and CEO
April 11, 2022



KPMG LLP
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800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250-480-3500
Fax 250-480-3539

Independent Auditors' Report

To Members of Victoria Airport Authority

Opinion

We have audited the financial statements of Victoria Airport Authority ("the Authority"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

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

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



Victoria Airport Authority

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the annual report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the annual report as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountant

Victoria, Canada
April 11, 2022

VAA STATEMENT OF FINANCIAL POSITION

December 31, 2021, with comparative information for 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,602,746	\$ 4,920,975
Accounts receivable	3,315,916	1,390,868
Inventory	227,200	323,044
Prepaid expenses	278,876	263,249
	12,424,738	6,898,136
Tangible capital assets (note 3)	120,811,482	128,995,447
Other long-term assets	80,635	84,536
	\$ 133,316,855	\$ 135,978,119
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 2,443,835	\$ 2,735,025
Deferred revenue	1,206,775	332,006
Current portion of retirement allowance liability (note 6)	72,345	4,743
	3,722,955	3,071,774
Long-term debt (note 5)	2,000,000	-
Retirement allowance liability (note 6)	1,053,276	957,613
Deferred capital contribution (note 8)	6,762,443	6,810,880
Tenants' security deposits	135,310	94,460
	13,673,984	10,934,727
Net assets:		
Invested in tangible capital assets	112,049,040	122,184,567
Unrestricted net assets	7,593,831	2,858,825
	119,642,871	125,043,392
Commitments (note 7)		
Contingent liabilities (note 16)		
Subsequent event (note 18)		
	\$ 133,316,855	\$ 135,978,119

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

VAA STATEMENT OF OPERATIONS

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Concessions	\$ 4,483,585	\$ 4,257,038
Aeronautical	3,358,865	3,158,100
Rentals – real estate	3,135,160	3,071,832
Government assistance (note 9)	6,512,102	1,803,092
Deferred capital contribution revenue	1,073,174	1,028,183
Other	465,416	711,896
	19,028,302	14,030,141
Airport Improvement Fee ("AIF") (note 10)	5,060,655	4,191,060
	24,088,957	18,221,201
Expenses:		
Salaries and employee benefits	6,893,451	6,976,167
Services, supplies and administration	5,303,445	4,542,981
Security and terminal services	3,384,942	3,324,412
Rent (note 7(a))	15,639	339,968
Property taxes (note 11)	926,810	210,522
AIF administration and handling fees	362,848	297,804
Amortization	11,907,883	10,077,862
Utilities	680,806	640,223
Interest	13,654	3,743
	29,489,478	26,413,682
Deficiency of revenue over expenses	\$ (5,400,521)	\$ (8,192,481)

VAA STATEMENT OF CHANGES IN NET ASSETS

Year ended December 31, 2021, with comparative information for 2020

	Invested in tangible capital assets	Unrestricted	2021	2020
Balance, beginning of year	\$ 122,184,567	\$ 2,858,825	\$ 125,043,392	\$ 133,284,328
Deficiency of revenue over expenses	-	(5,400,521)	(5,400,521)	(8,192,481)
Net change in invested in tangible capital assets	(10,135,527)	10,135,527	-	-
Loss on actuarial valuation of retirement allowance liability	-	-	-	(48,455)
Balance, end of year	\$ 112,049,040	\$ 7,593,831	\$ 119,642,871	\$ 125,043,392

See accompanying notes to financial statements.

VAA STATEMENT OF CASH FLOWS

Year ended December 31, 2021, with comparative information for 2020

	2021	2019
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (5,400,521)	\$ (8,192,481)
Amortization, which does not involve cash	11,907,883	10,077,862
Recognition of deferred capital contribution	(1,073,174)	(1,028,183)
Gain on the disposal of tangible capital assets	(23,532)	(1,923)
Changes in non-cash operating working capital:		
Accounts receivable	(1,925,048)	1,934,275
Inventory	95,844	11,922
Prepaid expenses	(15,627)	41,501
Long term deposits	3,901	1,271
Accounts payable and accrued liabilities	(291,190)	(3,240,880)
Deferred revenue	874,769	64,761
Retirement allowance liability	163,265	60,476
Security deposits	40,850	28,985
	4,357,420	(242,414)
Investing:		
Purchase of tangible capital assets	(3,723,918)	(8,516,307)
Proceeds from the sale of tangible capital assets	23,532	1,923
	(3,700,386)	(8,514,384)
Financing:		
Deferred capital contribution	1,024,737	105,996
Increase in long-term debt	2,000,000	-
	3,024,737	105,996
Increase (decrease) in cash and cash equivalents	3,681,771	(8,650,802)
Cash and cash equivalents, beginning of year	4,920,975	13,571,777
Cash and cash equivalents, end of year	\$ 8,602,746	\$ 4,920,975

Cash and cash equivalents include cash operating accounts and high interest savings.

	2021	2020
Cash	\$ 6,125,174	\$ 704,339
High interest savings	2,477,572	4,216,636
Cash and cash equivalents	\$ 8,602,746	\$ 4,920,975

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2021

1. Nature of operations:

Victoria Airport Authority ("VAA" or "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. VAA has operated the Victoria International Airport since April 1, 1997 under a lease from Transport Canada ("ground lease").

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Since that time the VAA has experienced the following indicators of financial implications and undertaken the following actions in relation to the COVID-19 pandemic.

As a result of the impacts of COVID-19 and the associated travel advisories and pandemic health orders and restrictions, revenues dependent on passenger activity experienced significant reductions in 2020 and 2021. VAA provided contractual relief for operators of revenue concession contracts to assist with financial impacts of COVID-19 in both 2020 and 2021.

2. Significant accounting policies:

(a) Basis of accounting:

The financial statements of VAA are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Cash and cash equivalents:

Cash and cash equivalents are defined as cash, high interest savings and highly liquid investments consisting of term deposits with original maturities at the date of purchase of three months or less.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in excess of revenue over expenses in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Authority has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Authority determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Authority expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Inventory:

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

(e) Transport Canada Lease:

The Transport Canada Lease (see note 7(a)) is accounted for as an operating lease.

(f) Tangible capital assets:

Tangible capital assets are recorded at cost and amortized on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Asset	Rate
Terminal building	2%-33%
Airfield and roadways	1%-33%
Other buildings and structures	2%-25%
Vehicles	5%-20%
Computer & IT Equipment	7%-33%
Machinery and equipment	5%-25%
Furniture and fixtures	5%-33%

The interest cost of debt attributable to the construction of capital assets is capitalized during the construction period. No interest was capitalized in 2021 or 2020. Capital work-in-progress is not amortized until the asset is available for use.

When a capital asset no longer contributes to VAA's ability to provide services, its carrying amount is written down to its residual value with no reversals of such write downs in subsequent periods.

(g) Revenue recognition:

VAA follows the deferral method of accounting for contributions whereby unrestricted revenue is recognized when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured. When a portion of the contributions relates to a future period, it is deferred and recognized in that subsequent period.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Revenue is recognized as follows:

- Landing and general terminal fees are recognized as revenue when airport facilities are utilized.
- Concession revenue is recognized based on the greater of agreed percentages of reported concessionaire sales and specified minimum guaranteed amounts over the terms of the respective leases. Car parking revenue is recognized when car parking facilities are utilized.
- Rental revenue is recognized over the terms of the respective leases.
- Airport Improvement Fees ("AIF") (note 10), are recorded when passengers subject to the fee depart.

(h) Employee future benefits:

VAA and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

An unfunded retirement allowance benefit is also available to VAA's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits. Actuarial gains (losses) arise from changes in actuarial assumptions used to determine the accrued benefit obligation. All actuarial gains (losses) are recorded in net assets.

(i) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Areas requiring the use of management estimates include the determination of the retirement allowance, useful lives for amortization and provisions for contingencies. Actual results could differ from these estimates.

3. Tangible capital assets:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Terminal building	\$ 85,659,186	\$ 40,474,014	\$ 45,185,172	\$ 50,131,551
Airfield and roadways	100,731,700	41,676,106	59,055,594	63,811,213
Other buildings and structures	13,728,952	6,938,952	6,790,000	7,272,394
Vehicles	8,860,224	4,426,013	4,434,211	3,246,236
Computer & IT Equipment	2,866,741	2,082,368	784,373	877,199
Machinery and equipment	3,904,246	1,218,355	2,685,891	1,872,946
Furniture and fixtures	950,316	663,379	286,937	346,231
Capital work in progress	1,589,304	-	1,589,304	1,437,677
	\$ 218,290,669	\$ 97,479,187	\$ 120,811,482	\$ 128,995,447

During the year, VAA sold assets with a net book value totaling nil (2020 - nil) for proceeds of \$23,532 (2020 - \$1,923) resulting in a gain on sale of assets of \$23,532 (2020 - gain of \$1,923). This gain is included with other income on the statement of operations.

During 2021, a review and assessment for impaired assets resulted in a \$119,631 impairment of assets (2020 - \$32,844).

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$111,455 (2020 - \$74,949), which includes amounts payable for PST/GST remittances, employer health tax and WorkSafe BC premiums.

5. Long-term debt:

(a) Long-term debt:

	2021	2020
Bank loan	\$ 2,000,000	-
Less current portion of long-term debt	-	-
	\$ 2,000,000	-

VAA has a \$10,000,000 capital facility to fund assets over 10 years with various interest rate options including floating, Prime Rate minus 0.50%, Fixed Rate, including an interest rate swap and Banker's Acceptances, at the prevailing rates and fees;

VAA has an option to make interest only payments on any advance of funds for a period not to exceed 24 months from the date of the advance. Thereafter the advance will be amortized over a period equal to 10 years less the interest only payment period.

On June 29, 2021, VAA borrowed \$2,000,000 by way of a Bankers Acceptance, this amount was subsequently rolled over September 27, 2021, and December 29, 2021. The current BA has a maturity date of March 29, 2022. The effective interest rate for 2021, including stamping fee, was 1.195%.

The minimum scheduled principal repayments over the next five years are as follows:

2022	\$ -
2023	125,000
2024	250,000
2025	250,000
2026	250,000

(b) Other credit facilities:

VAA has a \$10,000,000 operating line of credit with CIBC bearing interest at CIBC prime rate less 0.50%. This facility is undrawn as at December 31, 2021.

Both of the facilities are secured by a general security agreement, a registered mortgage of VAA's leasehold interest and assignment of all book debts due and payable. The credit facilities require a debt service ratio of 1.2 to 1.0 that became effective with the quarter ended September 2021. The debt service ratio was 70.8 to 1.0 as at December 31, 2021.

6. Retirement allowance liability:

Under the terms of the transfer agreement with Transport Canada, VAA assumed the Government of Canada's obligation to pay its former employees compensation upon retirement or termination in accordance with the collective agreements. The retirement benefit is based on years of completed service. VAA received from the Government of Canada an amount equivalent to the actuarially adjusted liability at the time of transfer.

The VAA accrues the cost of these future benefits, as employees render their services, based on actuarial valuations of the obligations. It is VAA policy to perform an actuarial valuation a minimum of every three years. An actuarial valuation of the plan was completed as of December 31, 2020. The next actuarial valuation of the plan is scheduled for December 31, 2023.

The significant economic assumptions used by VAA's actuaries in measuring the accrued retirement allowance liability as at December 31, 2021 are as follows:

Discount rates	2.2%
Rate of compensation increases	2.5%

VAA has recorded additional liabilities for compensation upon retirement or termination in accordance with collective and other agreements negotiated subsequent to transfer. The total annual retirement allowance liabilities are as follows:

Balance at December 31, 2019	\$ 853,425
Annual accrual, net of benefits paid	25,248
Interest	35,228
Adjustment to actuarial value as at December 31, 2020	48,455
Balance at December 31, 2020	962,356
Annual accrual, net of benefits paid	138,940
Interest	24,325
Balance at December 31, 2021	\$ 1,125,621

	2021	2020
Financial statement presentation:		
Current portion	\$ 72,345	\$ 4,743
Long-term	1,053,276	957,613
	\$ 1,125,621	\$ 962,356

In 2021, the net retirement benefit plan expense totaled \$159,594 (2020 - \$181,404).

7. Commitments:

(a) Ground lease with Transport Canada:

The ground lease governs both the economic and day-to-day relations between VAA and Transport Canada. The Authority signed a 60-year ground lease with Transport Canada effective April 1, 1997 with an option to extend the term for a further 20 years. On January 28, 2015 the Minister of Transport signed an amendment to the ground lease extending the term for 20 years ending on March 31, 2077. The ground lease contains specific conditions for compliance with a series of requirements, including environmental standards, minimum insurance coverage, specific accounting and reporting requirements and various other matters that have a significant effect on the day-to-day operation of the Authority. The Authority has complied with all requirements under the ground lease. As of January 1, 2022, there is 55 years and 3 months remaining in the lease.

- (i) Rent payable to Transport Canada is calculated based on a percentage of gross revenue on a progressive scale. As a result of the COVID-19 Pandemic Transport Canada has amended the ground lease and no rent was required to be paid for 2021. Projected rent expense for 2022 - 2026 based on VAA's current financial forecast is as follows:

2022	\$ 1,187,000
2023	1,718,000
2024	1,913,000
2025	2,145,000
2026	2,243,000

(b) Capital commitments:

In connection with the construction of certain capital projects and purchase of certain capital items, the VAA has capital commitments outstanding as at December 31, 2021 of approximately \$126,100 (2020 - \$2,995,905). The net decrease in commitments reflects a reduced capital program as a result of the pandemic and the completion of capital projects in progress at December 31, 2020.

(c) Beacon Avenue extension:

VAA entered into an agreement with the Town of Sidney (the "Town") to participate in the extension of Beacon Avenue in 2001. The benefit of the extension to VAA is street access to land that will be developed at a later date. When VAA develops the land, VAA is committed to reimburse the Town one third of the Town's costs for the extension. This reimbursement is estimated to be approximately \$70,000.

(d) Beacon Avenue pedestrian overpass:

VAA has made a commitment to the Town of Sidney to contribute \$100,000 to the construction of a pedestrian overpass at Beacon Avenue and Highway 17 in 2001. The agreement is contingent upon the Town securing sufficient funds to complete the project. Should the Town of Sidney proceed with the project, the Town has agreed to release the VAA from its obligation related to the Beacon Avenue extension.

8. Deferred capital contribution:

VAA receives funding from the Canadian Air Transport Security Authority ("CATSA") and other governmental agencies in the form of grants towards specific security and capital infrastructure upgrades. The funds received are deferred and brought into revenue as contributions at a rate or amount consistent with the amortization of the related capital asset once amortization of the asset begins.

Balance, beginning of year	\$ 6,810,880
Contributions:	
Cash	975,023
Receivable	49,714
	7,835,617
Less: amounts amortized to revenue	1,073,174
Balance, end of year	\$ 6,762,443

The balance of unamortized contributions related to capital assets consists of the following:

Unamortized contributions used to purchase capital assets	\$ 6,762,443
Balance, end of year	\$ 6,762,443

9. Government assistance:

In response to COVID-19 governments implemented support programs and funding to support industries effected by the pandemic. The funding came in the form of direct operational support as well as support for capital acquisitions.

(a) Operational support and grants:

In 2021 VAA received the following direct operational support, grants and wage subsidies from governments:

Airport Relief Fund	\$ 3,067,000
CEWS / THRP wage subsidies	1,651,865
Regional Airports Transportation Initiative (RATI)	978,297
Province of BC – COVID-19 Airport Relief Grant	540,000
Transport Canada – rent rebate	274,940
Excess of AIF expenditures over AIF revenue	\$ 6,512,102

The RATI operational grant reimburses VAA for a portion of specific operating costs for the period April 1, 2021 - March 31, 2022. VAA incurs and pays for the operational costs and then submits application for reimbursement. The total approved grant is \$1,357,712. Operating costs totaling \$978,297 were submitted for reimbursement to December 31, 2021, leaving \$379,415 that can be claimed for operational costs to March 31, 2022.

(b) Capital grant:

In 2021 VAA received a capital grant as part of the federal Regional Airports Transportation Initiative (RATI). The grant is designed to reimburse VAA for a portion of specific capital costs for the period April 1, 2021 – March 31, 2022. The total approved capital grant is \$1,640,960. Capital costs totaling \$1,024,737 were submitted for reimbursement to December 31, 2021, leaving \$616,223 that can be claimed for capital costs to March 31, 2022. The capital grants are recognized as deferred capital contribution and are amortized over the life the of the capital assets.

10. Airport Improvement Fee ("AIF"):

On May 31, 1999, the VAA entered into an agreement (the "AIF Agreement") with the Air Transport Association of Canada and air carriers serving the Victoria 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 revenue is collected by the airlines on behalf of VAA which entitles them to withhold a 7% handling fee. AIF revenues are used solely to fund capital expenditures related to the construction or improvement of airport infrastructure and related financing costs. The AIF charge is \$15 per local boarded passenger.

To December 31, 2021 cumulative expenditures exceeded cumulative AIF revenue as follows:

AIF sector revenue	\$ 168,877,120
Airline/ATAC administration fees	(12,161,839)
AIF program expenditures	(176,780,457)
Financing costs	(8,888,859)
Excess of AIF expenditures over AIF revenue	\$ (28,954,035)

The excess of AIF expenditures over AIF revenue is currently being funded through surpluses from operations.

11. Property taxes:

The comparative 2020 figure includes property tax refunds of approximately \$735,000 applied as a reduction to the 2020 property tax expense related to property assessment appeals for 2018, 2019 and 2020 that were resolved.

12. Pension contributions:

VAA and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 52 contributors from Victoria Airport Authority.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis. The next valuation date will be December 31, 2021, with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

VAA paid \$521,814 (2020 - \$537,294) for employer contributions while employees contributed \$440,362 (2020 - \$456,445) to the plan in fiscal 2021.

13. Risk management:

Exposure to credit risk, liquidity risk, and interest rate risk, arises in the normal course of VAA's business. The financial instruments are not used for trading or speculative purposes.

(a) Credit risk:

Credit risk is the risk that a third party to a financial instrument might fail to meet its obligations under the terms of the financial instrument. For cash and cash equivalents and accounts receivable VAA's credit risk is limited to the carrying value on the balance sheet. VAA has a concentration of credit risk with two airlines. VAA manages the risk associated with the concentration of credit risk through its policy of actively monitoring the aging of receivables.

Credit risk is further reduced by letters of credit, deposits and customer credit evaluations. VAA limits its exposure to credit risk on cash and cash equivalents by investing in instruments issued by high credit quality financial institutions. VAA enters into financial contracts such as interest rate swaps only with high credit quality financial institutions.

As at December 31, 2021 the aging analysis of Trade receivables, net of impaired amounts of \$8,687 (2020 - \$4,358) is as follows:

Current	91.44%	\$ 2,196,983
1 to 30 days overdue	5.59%	134,402
31 to 60 days overdue	0.97%	23,408
61 days plus overdue	1.99%	47,830
Total	100.00%	\$ 2,402,623

(b) Liquidity risk:

Liquidity risk is the risk that VAA will not be able to meet its obligations associated with financial liabilities. Funds generated through operations provide VAA's cash requirements. These funds are used to support operations and finance the capital program and repayment of VAA's long term debt. VAA also has access to an undrawn operating line of credit which assists to mitigate liquidity risk.

(c) Interest rate risk:

Interest rate risk arises because of fluctuations in interest rates. VAA is exposed to interest rate risk on its cash and cash equivalents which are maintained to provide liquidity while achieving a satisfactory return. VAA is also exposed to interest rate risk associated with its long-term debt.

14. Financial instruments:

Interest income during 2021 totaled \$22,242 (2020 - \$136,412).

Interest expense during 2021 totaled \$13,654 (2020 - \$3,743). Included in interest expense is a standby fee of \$1,535 (2020 - \$3,743) and a stamping fee of \$7,521 (2020 - nil).

15. Other information:

(a) VAA income generated from airport-related operations is exempt from federal and provincial income taxes.

(b) During the year ended December 31, 2021, the fees paid to the Board of VAA for their services as directors totaled \$272,367 (2020 - \$304,767).

16. Contingent liabilities:

The Authority, in conducting its usual business activities, is involved in various legal proceedings and litigation, the outcome of which is indeterminable. It is the Authority's policy to carry adequate insurance to minimize the financial risk associated with such matters.

Management is of the opinion that the aggregate net liability, if any, of these proceedings and litigation would not have a material impact to the Authority's financial position.

17. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

18. Subsequent Event

Subsequent to year end, VAA, Town of Sidney, and District of North Saanich entered into a Memorandum of Understanding to build a roundabout at the intersection of Beacon Avenue West and Galaran Road. The estimated cost of the project is \$4,900,000. The project cost will be shared according to an agreed upon formula with VAA and Town of Sidney each contributing 40% and District of North Saanich 20%.

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