



Annual Report 2019



Air Transport Association of Canada
Association du transport aérien du Canada



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**** All information in this report is as of June 30, 2019 ****
(Unless otherwise noted)



Canadian North



Mission

TO SUPPORT OUR MEMBERS IN THEIR COMMITMENT TO A SAFE, WORLD LEADING AND SUSTAINABLE CANADIAN AIR TRANSPORT INDUSTRY.

Objectives

- Promote safe, reliable, efficient and affordable air transportation of people and goods to the benefit of the Canadian travelling public.
- Engage with relevant Government and regulatory authorities to advance Canadian commercial aviation and facilitate a sustainable air transport industry.
- Advocate for government recognition of commercial aviation as a vital Canadian socio-economic enabler.
- Promote the availability of world class flight training in Canada, domestically and internationally.
- Promote and support sound environmentally responsible operations and policies.
- Promote and support a regulatory framework that recognizes enterprise and imagination in providing safe and competitive air transport services.
- Provide excellent and cost-effective services to our members.
- Promote professional operational standards and business practices by the membership.
- Inform and engage the public and other stakeholders about the industry and its views.
- Communicate matters of interest to our members in a timely manner.



Air Transport Association of Canada
Association du transport aérien du Canada



Executive Committee

Chair of the Board

Steve Hankirk, President, Canadian North - Calgary, AB

President and CEO

John McKenna, President & CEO, ATAC - Ottawa, ON

1st Vice-Chair

Eric Edmondson, President, Air Georgian - Mississauga, ON

2nd Vice-Chair

Eric Scott, Vice President, Flight Operations and Safety, Harbour Air - Richmond, BC

Honorary Treasurer

Bob Lamoureux, President, EnviroTech - Nisku, AB

Honorary Secretary

Bob Connors, General Manager, Waterloo Wellington Flight Centre - Breslau, ON

Past Chair

Heather McGonigal, Director of Flight Operations, Keewatin Air, Winnipeg, MB

Directors

Calvin Ash, President, Provincial Airlines - St. John's, NL

Patrick Coulter, Director, Business Development, Commercial Training & Simulation - FlightSafety Canada - Toronto, ON

Colin Copp, COO & President, Chorus Aviation - Dartmouth, NS

Clark Duimel, Executive Director, Pacific Flying Club - Delta, BC

Gregg Evjen, Vice President, Maintenance & Engineering, KF Aerospace - Kelowna, BC

Dan Glass, President, Mitchinson Flight Centre - Saskatoon, SK

Ian Kennedy, Director of Operations & Business Development, Montair - Pitt Meadows, BC

Gord Johnston, Senior Vice President, Cargojet - Mississauga, ON

Douglas McCrea, President, Central Mountain Air - Smithers, BC

Lynne McMullen, Director, Business Development - School of Aviation - Seneca College - North York, ON

Peter Scheiwiller, General Manager, North Cariboo Air - Calgary, AB

Jim Scott, CEO & President, Flair Airlines - Edmonton, AB

Quentin Smith, President, Pacific Coastal Airlines - Richmond, BC

Joseph Sparling, President, Air North - Whitehorse, YK

Mark Williams, President, Sunwing Airlines - Etobicoke, ON

Steven Williams, Partner, Emond Harnden - Ottawa, ON

Lane Zirnhelt, Chief Operating Officer, Summit Air - Vancouver, BC

* Brock Friesen, First Air, resigned as a Director in October 2018

* Rick Flynn, Chorus Aviation, resigned as a Director in May 2019. Colin Copp, Chorus Aviation was appointed by the ATAC Board to complete Mr. Flynn's term.

Acting Chair's Message

(Presented at ATAC Annual Meeting - November 19, 2019)



There has never been a more exciting and challenging time in the aviation industry. An industry where success comes from an ability to be flexible and adaptive through continuous change.

Our goal at ATAC, however, has not changed: we continue to advocate for government recognition of aviation as a vital economic driver, we engage with regulators to ensure a safe and sustainable air transport system, and we communicate our mission to all stakeholders to promote safety, growth and innovation.

Over the past decade our industry has benefitted from continued increase in demand. It is projected that demand will continue to grow by as much as double over the next twenty years.

Despite this increase in demand, the economics of our industry continues to be challenged, making it difficult for the Canadian industry to compete on the global stage.

Labour costs continue to grow due to the scarcity of experienced pilots and skilled maintenance technicians. This year, in particular, we felt the looming skill shortage in maintenance begin to overshadow the highly discussed pilot shortage.

The 2019 Boeing Technician Outlook projects 769,000 new maintenance technicians will be needed to maintain the world fleet over the next 20 years. This alone tells us we need to take a holistic approach and not be single-minded in finding a solution to the skills shortage.

This year we also saw the passing of new regulations impacting our industry, including CTA's Air Passenger Protection Bill of Rights — which outlines new obligations, regulations, and compensation levels for passengers.

These regulations present new challenges to the economics of an already stressed sector.

New federal carbon tax, created to reduce emissions from aviation will not only negatively impact our economy and industry, but also those individuals and families who rely on air travel for work, family, and basic necessities.

But it does push us to increase efficiency and decrease unnecessary emissions which is not only good business but is also necessary to ensure we protect our environment and do our part as responsible global citizens.

New fatigue regulations have also been passed this year. While we agree that new rules were required, we believe the scientific research used was dated, and new evidence-based data related to pilot fatigue management would have yielded better results.

Nonetheless, our focus now turns to helping operators implement the new requirements.

Changes to Canada's Labour Code further challenged our industry, arbitrarily enforcing new flexible workplace arrangements, schedule change obligations, restrictive overtime allowances and increased leave entitlements.

While these regulations may be created with good intentions, they complicate regulations and restrictions already present within many roles in our industry.

As such, ATAC has been working directly with regulators, operators, and industry partners to advocate for alternate solutions and exemption policies which better reflect our members working environment.

ATAC continues to remind the government of the importance of aviation, and its global financial benefit. We continue to advocate for a reliable, efficient, and well-governed model that benefits all stakeholders — a model that positions our industry for success.

Thank you to our Tradeshow exhibitors, partners, and attendees. Everything ATAC accomplishes is made possible through the hard work of the ATAC staff and industry volunteers. We will continue to work hard on your behalf over the coming year and sincerely thank all members of ATAC for your active engagement and support.

Eric Edmondson
President, Air Georgian





Flair Airlines



Central Mountain Air



Waterloo Wellington Flight Centre



PAL Airlines



Harbour Air Seaplanes



Alkan Air



Porter Airlines



Nolinor Aviation

President's Message

(Presented at ATAC Annual Meeting - November 19, 2019)



I am joined on stage by my colleagues: Les Aalders, Executive Vice-President, Wayne Gouveia, Senior Vice-President, and Darren Buss, Vice-President.

We have had a very, very busy year. We are here to report on the work we've accomplished in the financial year ended June 30 but we also want to take this opportunity to brief you on some of the issues we are currently managing on your behalf.

I will address our membership, our finances, and our organization. The Vice Presidents will report on major issues.

ATAC's presence in Ottawa is growing stronger as we are developing an even more dynamic presence, both on Parliament Hill and at the departmental level. ATAC has a huge network in Ottawa at your disposal, our team is on constant regulatory and legislative alert, doing effective advocacy work, always ready to help you overcome the many hurdles in the way of your continued success.

ATAC Active on the International Scene

We were also very busy helping develop international markets for our MRO and our Flight Training Members. This past year, we represented ATAC members and promoted Canadian aviation in the US, Europe, and Asia.

Membership

The ATAC Membership ranks remain strong. We keep attracting new members, both Operators and Industry Partners. Active members can really appreciate the solid return on the investment that an ATAC Membership represents.

Our membership on June 30 stood at 171, including 73 Operator Members, 83 Industry Partners and 15 Affiliates. Since July 1, 25 new members have joined and 9 unfortunately did not renew their memberships.

Rest assured that we value each and every one of our Members, Industry Partners and Affiliates and that your interest is at the very heart of every strategic decision.

We are very glad to welcome new members. New members attending the conference have a blue ribbon on their name tags so please reach out to them and make them feel welcome.

The success of our conference depends almost entirely on your participation, so we are happy to see many large delegations registered this year. You will benefit from your team's involvement in our committee work, the plenary, the networking events and all other activities.

ATAC Finances

As you heard previously from the Honorary Treasurer, our financial situation allows us the time necessary to develop a new business plan to meet tomorrow's needs with limited resources.

The ATAC Board has mandated me to review all our activities to ensure that we are making the very best use of our resources to offer optimal Return on Investment for our members. This strategic review will be tabled next Spring.

No Membership Fee Increases for 2019-2020

No Membership Fee increase is scheduled this year. Membership fees is one of the strategic elements that the Board has asked that we address. We have to make sure that our Membership Fee Schedule, while remaining our main revenue stream, is not an impediment to the growth of our membership.

Stay Connected

We reach out to you via many platforms, including our Website, Facebook, and Twitter. Please connect with us.

ATAC Briefing Document to the PM

In early November, we sent the ATAC Briefing Document to the Prime Minister in an effort to help prioritize certain key elements in the Mandate Letter to be handed to the next Minister of Transport. We certainly do not want to see a repeat of 2015 which did not include a single reference to aviation or air transport. This Briefing Document identifies 7 key policy issues that we want the new Minister to prioritize. You will soon have access to this document via the ATAC website.

Issues at the forefront

ATAC is working on a great number of important issues on your behalf. Many of these key issues are being addressed in committee meetings throughout this Conference. I strongly urge you to participate."

[The Vice Presidents briefly presented the latest updates on key issues. The President invited delegates to ask questions after each presentation.

Wayne Gouveia spoke to Bill C-49 Air Passenger Rights, Carbon Offsetting and Reduction Scheme International Aviation (CORSA), and MOA on Airport Improvement Fees.

Darren Buss' topics included the Instructor / Pilot Shortage, Global Opportunities for Associations for Flight Training, and Fuel Tax

Les Aalders spoke to TC Civil Aviation Regulatory Advocacy, NAV CANADA liaison and representation, new safety initiatives, International Regulatory Issues Harmonization, and MRO International Marketing facilitation.]

ATAC Mandate

"The ATAC mandate is clear.

To support our members in their commitment to a safe, world-leading and sustainable Canadian air transport industry.

ATAC is here to help you. ATAC is your voice and your team in Ottawa, don't hesitate to call on us.

Amy and Wayne Foy

Before I ask the Chair to terminate this meeting, I want to commemorate Amy and Wayne Foy, a couple totally dedicated to the Webster Award and avid participants to ATAC conferences for many years. Wayne passed away on August 20, 2018 and Amy followed a few months later on December 26. Amy and Wayne exemplified rare dedication and they will certainly be missed in the world of Canadian aviation.

Pierre-Laurent Samson

We also wish to acknowledge the life and work of Pierre-Laurent Samson, who regrettably passed away on November 8 at the age of 61. Pierre demonstrated his love of flying and his dedication to Canadian aviation over decades of involvement with flight training, both in industry and at Transport Canada, right up to the end of his life. His leadership, competence, and the personal touch he brought to his work will be missed by all who knew him. Pierre was a model of responsive collaboration between industry and the regulator, and he leaves an impressive legacy of accomplishment over his lifetime.

Nos plus sincères condoléances sont offertes à sa famille et collègues.

This concludes the President's Report.

John McKenna
President & CEO



Committees

Air Cargo
Cabin Operations
Dangerous Goods
Environmental Affairs
Flight Operations
Flight Training
Industry Monetary Affairs
Legal
Maintenance, Repair & Overhaul (MRO)
Passenger Accessibility
Regional Operations
Safety
Security & Facilitation
Tax
Technical Operations (Engineering & Maintenance)

Vice Presidents Responsible

Wayne Gouveia
Les Alders
Wayne Gouveia
Les Alders
Les Alders
Darren Buss
Wayne Gouveia
Wayne Gouveia
Les Alders
Wayne Gouveia
Les Alders
Les Alders
Wayne Gouveia
Darren Buss
Les Alders



Airco Aircraft Charters

Membership List



Members

Adventure Aviation
Air Creebec Inc.
Air Georgian Ltd.
Air North Ltd.
Airco Aircraft Charters Ltd.
Algonquin College
Alkan Air
Brampton Flight Centre
British Columbia Institute of Technology
Calgary Flying Club
Calm Air
Canadian North
Cargair Ltée.
Cargojet Airways Ltd.
Central Mountain Air Ltd.
Centre québécois de formation aéronautique-
CEGEP de Chicoutimi
Chorus Aviation
Coastal Pacific Aviation Academy
Collège Air Richelieu
Confederation College
Debert Flight Centre
Diamond Flight Centre London Ltd.
EnviroTech Aviation
Exploit Valley Air Services
First Air
Flair Airlines Ltd.
Glacier Air
Harbour Air Seaplanes LLP
Harv's Air Service
Island Express Air
Journey Air Ltd.
Keewatin Air
KF Aerospace
Lachute Aviation
Mitchinson Flight Centre
Moncton Flight College Inc.
Montair Aviation
Morningstar Air Express
Mount Royal University (Aviation Program)
National Helicopters Inc.
Nolinor Aviation
North Cariboo Air
Ornge
Ottawa Aviation Services
Ottawa Flying Club
Pacific Coastal Airlines Ltd.
Pacific Flying Club
Pacific Sky Aviation Inc.
PAL Airlines
Perimeter Aviation
Porter Airlines

Red River College—Stevenson Campus
Regina Flying Club
Rockcliffe Flying Club (1961)
Saskatchewan Polytechnic
Sault College of Applied Arts & Technology
Seneca College
Sky Wings Aviation Academy Ltd.
SkyQuest Aviation
Spectrum Airways
Springbank Air Training College
Summit Air
Sunwing Airlines
Super T Aviation Academy
Superior Airways
Thunder Airlines Ltd.
Toronto Airways Ltd.
University of Western Ontario (The)
Vancouver Island Air
Victoria Flying Club
Waterloo Wellington Flight Centre

Industry Partners

Aero Course
Aerosolutions
Air Canada Maintenance
Aircraft Collection
AirStart
AJW Technique
Allianz Global Risks US Insurance Company
Anson DG Inc.
Applied Informatics and Research (AIRINC)
Avia Marketing Consultants Inc.
Avianor Inc.
Aviation Representatives Inc.
AvTec Aero Maintenance Inc.
Aztec Group
Blue Sky Booking
BMG Insurance Brokers
Bombardier Commercial Aircraft
Borden Ladner Gervais LLP
Canadian Aviation Insurance Managers Ltd.
Canadian Propeller
Clark+ Company
Code Hunter LLP
Commercial Jet, Inc.
Conlin Bedard LLP
Dangerous Goods Management Services
Diamond Aircraft Industries Inc.
DLA Piper (Canada) LLP
Doiron Aviation Consulting
Drone Delivery Canada



Industry Partners (cont'd)

Dulude, Taylor Inc.
Elix Aviation Capital Limited
Emond Harnden
Evans Dangerous Goods Consulting
Executive Flight Centre
FELLFAB
Flightcraft Maintenance Services Ltd.
FlightSafety Canada
Flying Colour Corp.
Forum Risk & Insurance
Global Aerospace Underwriting Managers (Canada) Ltd.
Gowling WLG (Canada) LLP
Halldale Publishing & Media Ltd.
Human Logistics
InteliSys Aviation Systems
Jean Mongeau LLP
Kovachik Aircraft Services
Labelmaster Canada
Lansdowne Technologies Inc.
Lavery, de Billy
Lockheed Martin Commercial Engine Solutions
M1 Composites Technology
Marsh Canada Limited
McMillan LLP
Mitsubishi Aircraft
Monarch Regulatory Services Inc.
Nacora Insurance Brokers
NAV CANADA
Oasis Consulting Services
Octant Aviation Inc.
Paterson, MacDougall
Plattsburg International Airport
Pole Air Aviation
Prairie Aircraft Sales
Pratt & Whitney Canada
Premier Aviation Quebec
Purolator Courier Ltd.
Q1 Aviation
Red Deer Regional Airport
Sia Abrasifs J.J.S.
Sierra Assurance
Sec & Co
SkyQuest International
Skyservice FBO
SkyTrack Systems
SkyWorld Aviation (AerSide Inc)

SND Aviation
Specific Range Solutions Ltd.
Student Aviation Financial Services
Takeflight Solutions
Terrace-Kitimat Airport Society
The Benefits Trust
The Van Horne Institute
Vmo Solutions
Willis Canada, a Willis Towers Watson Company
WINGS Magazine

Affiliates

Alberta Aviation Council
Association québécoise du transport aérien
Aviation Accreditation Board International
Aviateurs.Québec
British Columbia Aviation Council
Canadian Business Aviation Association
Canadian Owners and Pilots Association
Federation of Canadian Municipalities
Flight Safety Foundation
Helicopter Association International
Hope Air
Manitoba Aviation Council
National Air Transportation Association
Northern Air Transport Association
Saskatchewan Aviation Council



Summit Air

ATAC Lifetime Honorees



2018 Joe Sparling

President, Air North

2017 Ken Lett

President, Executive Flight Centre

2016 Jim Rogers

President, Flair Airlines

2016 Debbie Simpson

Corporate Secretary, Air Transport Association of Canada

2015 Joan Williams (Deceased)

Chair of the Board, Ottawa Aviation Services

2014 D. Bruce MacDougall

Partner, Paterson, MacDougall LLP

2013 Robert Deluce

President and CEO, Porter Airlines

2012 Patricia Kennedy

Chief Executive Officer, Pacific Flying Club

2011 Harvey J. Friesen (Deceased)

President, Bearskin Airlines

2010 Bob Davis

Board of Director, NAV CANADA

2010 Tracy Medve

President, Canadian North

2009 Jim Glass (Deceased)

Managing Partner, Transwest Air

2008 No Nominations

2007 Peter Wallis

President & CEO, The Van Horne Institute

2007 Len Routledge (Deceased)

Former President & CEO, Toronto Helicopters Ltd

2006 No Nominations

2005 Russell Payson

Chairman & CEO, Skyservice

2005 Sandy Morrison

Retired Former Chairman, NAV CANADA Board of Directors

2004 Rick Wynott (Deceased)

Director of Flight Operations, Brampton Flying Club

2004 John Scholefield (Deceased)

President, Laurentide Aviation Limited

2003 Douglas Port

Retired Senior Vice President, Customer Service, Air Canada

2002 No Nominations

2001 Darrel G. Smith

Retired Vice President, Airline Operations, Air BC

2001 John W. Crichton

President & Chief Executive Officer, NAV CANADA

2001 Dennis Cooper

Chief Executive Officer, Sky Wings Aviation Academy

2000 Barry Lapointe

President, Kelowna Flightcraft Ltd.

1999 Harry Steele

Chairman and Chief Executive Officer, Newfoundland Capital Corporation Limited

1999 C.A.L. Morberg (Deceased)

President, Calm Air International

1998 No Nominations

1997 Jean-Jacques Bourgeault

Senior Executive Vice-President, Air Canada

1996 No Nominations

1995 T.A. (Al) Kapy (Deceased)

General Manager, Trans North Helicopters

1994 Alf Stringer (Deceased)

Retired President, Vancouver Island Helicopters Ltd.

1994 Charles H. Simpson

Retired Executive Vice President, Operations, Air Canada

1993 Floyd R. Glass (Deceased)

President, Athabaska Airways Ltd.

1993 Richard H. Barton (Deceased)

Retired Executive Vice President, Canadian Regional Airlines

1992 George D. Curley (Deceased)

Retired Chairman of the Board, Wardair Inc.

1991 Robert A. Pincott (Deceased)

Reed Stenhouse Limited

1991 E. Patrick Callison (Deceased)

Founder, Klondike Helicopters

1990 No Nominations

1989 Donald S. McClure (Deceased)

Moncton Flight Centre

1988 Stanley M. Deluce (Deceased)

Chairman of the Board, Air Ontario

1988 Pierre J. Jeannot

President & Chief Executive Officer, Air Canada

ATAC Lifetime Honoree is the Association's highest award. It is awarded to individuals who, during their lifetime, contributed significantly to the improvement of the Association and the Canadian air transport industry as a whole.



1987 Rhys Eyton

Chairman & Chief Executive Officer, Canadian Airlines International Ltd.

1987 Len Sambell (Deceased)

Retired Vice President, Pacific Western Airline

1986 W.R. (Stubb) Ross (Deceased)

Honorary Chairman, Time Air (1982) Ltd.

1985 A.C. (Angus) Morrison (Deceased)

President & CEO, Air Transport Association of Canada

1984 T.L. (Tom) Spalding (Deceased)

Executive Vice President, Wardair International Ltd.

1983 Ian Gray (Deceased)

Retired President, CP Air

1983 Robert Wong (Deceased)

Consultant, Central Airways Corp.

1982 Dave Jacox (Deceased)

Vice President, Pacific Western Airlines

1981 Claude Taylor (Deceased)

President & Chief Executive Officer, Air Canada

1980 Harry Pickard (Deceased)

Retired Executive Vice President & Secretary, ATAC

1980 Jack Scholefield (Deceased)

President, Laurentide Aviation Limited

1979 H.D. (Don) Cameron (Deceased)

Senior Vice President, Administration & Public Affairs, CP Air

1979 J.H. (Red) Lymburner (Deceased)

Retired

1978 Max Ward

President, Wardair Canada (1975) Limited

1978 Jack Fleming (Deceased)

President, Dominion Pegasus Helicopters

1977 R.G. (Rollie) Lefrançois (Deceased)

Chairman of the Board, Nordair Limited

1977 Al Smith (Deceased)

President, Smith Airways Limited

1976 D.N. (Don) Watson (Deceased)

Retired President, Pacific Western Airlines

1975 No Nominations

1974 No Nominations

1973 Glenn McPherson (Deceased)

President, Okanagan Helicopters

1973 Al Michaud (Deceased)

President, West Coast Air Services

1972 No Nominations

1971 Jimmy Wells (Deceased)

Retired ATAC Council

1970 No Nominations

1969 R.W. (Dick) Ryan (Deceased)

Vice President, Canadian Pacific Airlines

1968 Tommy Fox (Deceased)

President, Associated Airways Limited

1968 Capt. Carl Burke (Deceased)

President, Maritime Central Airways

1967 Jack Austin (Deceased)

President, Austin Airways

1967 Tom Wheeler (Deceased)

President, Wheeler Airlines



Springbank Air Training College



Thunder Airlines



National Helicopters



Vancouver Island Air



Cargojet



Sunwing Airlines



Pacific Coastal Airlines



Air North



Perimeter Aviation



Keewatin Air



INDEPENDENT AUDITOR'S REPORT

To the members of

AIR TRANSPORT ASSOCIATION OF CANADA

Opinion

We have audited the financial statements of Air Transport Association of Canada (the Association), which comprise the statement of financial position as at June 30, 2019, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
September 11, 2019.



AIR TRANSPORT ASSOCIATION OF CANADA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash	\$ 175,640	\$ 146,272
Accounts receivable	1,211,226	1,064,689
Government remittances receivable	-	6,326
Deposits and prepaid expenses	<u>49,505</u>	<u>11,019</u>
	1,436,371	1,228,306
INVESTMENTS (note 4)	1,108,469	1,057,970
CAPITAL ASSETS (note 5)	<u>28,116</u>	<u>43,097</u>
	<u>\$ 2,572,956</u>	<u>\$ 2,329,373</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 166,898	\$ 141,025
Government remittances payable	5,748	-
Deferred revenue	103,734	68,230
Capital lease obligation	-	3,025
Deferred leasehold inducement	<u>-</u>	<u>3,125</u>
	276,380	215,405
PENSION LIABILITY (note 6)	<u>46,800</u>	<u>63,300</u>
	<u>323,180</u>	<u>278,705</u>
NET ASSETS		
Unrestricted	1,871,660	1,663,721
Invested in capital assets	28,116	36,947
Internally restricted for special projects (note 7)	<u>350,000</u>	<u>350,000</u>
	<u>2,249,776</u>	<u>2,050,668</u>
	<u>\$ 2,572,956</u>	<u>\$ 2,329,373</u>

Approved by the Board:

..... Member

..... Member

(See accompanying notes)

Welch LLP

An Independent Member of BKR International



AIR TRANSPORT ASSOCIATION OF CANADA
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2019

	2019			
	<u>Unrestricted</u>	<u>Invested in capital assets</u>	<u>Internally restricted for special projects (note 7)</u>	<u>Total</u>
Net assets - beginning of year	\$ 1,663,721	\$ 36,947	\$ 350,000	\$ 2,050,668
Net revenue (expense)	225,784	(19,576)	-	206,208
Pension remeasurements	(7,100)	-	-	(7,100)
Transfer	<u>(10,745)</u>	<u>10,745</u>	<u>-</u>	<u>-</u>
Net assets - end of year	<u>\$ 1,871,660</u>	<u>\$ 28,116</u>	<u>\$ 350,000</u>	<u>\$ 2,249,776</u>

	2018			
	<u>Unrestricted</u>	<u>Invested in capital assets</u>	<u>Internally restricted for special projects (note 7)</u>	<u>Total</u>
Net assets - beginning of year	\$ 1,688,154	\$ 49,800	\$ 300,000	\$ 2,037,954
Net revenue (expense)	47,964	(29,450)	-	18,514
Pension remeasurements	(5,800)	-	-	(5,800)
Transfer	<u>(66,597)</u>	<u>16,597</u>	<u>50,000</u>	<u>-</u>
Net assets - end of year	<u>\$ 1,663,721</u>	<u>\$ 36,947</u>	<u>\$ 350,000</u>	<u>\$ 2,050,668</u>

(See accompanying notes)



AIR TRANSPORT ASSOCIATION OF CANADA
STATEMENT OF OPERATIONS
YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
Revenue		
Membership fees	\$ 755,041	\$ 745,515
ATAC events	274,102	272,432
Fees and other	<u>1,086,882</u>	<u>1,043,013</u>
	<u>2,116,025</u>	<u>2,060,960</u>
Expenses		
Administrative and office	102,583	46,589
AIF handling costs	53,544	63,325
Amortization of capital assets	19,576	29,450
ATAC events	162,549	183,960
Bad debts	50,368	9,000
Communication and public relations	11,182	26,235
International Marketing program	102,226	99,209
Occupancy costs	110,239	107,717
Professional fees	205,862	186,223
Salaries and benefits	970,171	1,063,255
Special projects	23,618	133,163
Telecommunications	19,118	22,029
Travel	<u>78,781</u>	<u>72,291</u>
	<u>1,909,817</u>	<u>2,042,446</u>
Net revenue	<u>\$ 206,208</u>	<u>\$ 18,514</u>

(See accompanying notes)



AIR TRANSPORT ASSOCIATION OF CANADA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue	\$ 206,208	\$ 18,514
Items not affecting cash:		
Amortization of capital assets	19,576	29,450
Decrease (increase) in value of investments	(17,458)	4,594
Amortization of deferred leasehold inducement	(3,125)	(7,500)
Pension re-measurement	<u>(7,100)</u>	<u>(5,800)</u>
	198,101	39,258
Changes in level of:		
Accounts receivable	(146,537)	(118,101)
Government remittances	12,074	5,236
Deposits and prepaid expenses	(38,486)	44,322
Accounts payable and accrued liabilities	25,873	(149,660)
Deferred revenue	35,504	4,241
Pension liability	<u>(16,500)</u>	<u>(8,900)</u>
	<u>70,029</u>	<u>(183,604)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(4,595)	(4,690)
Proceeds on redemption of investments	339,161	247,176
Purchase of investments	<u>(372,202)</u>	<u>(255,000)</u>
	<u>(37,636)</u>	<u>(12,514)</u>
FINANCING ACTIVITIES		
Repayment of capital lease obligation	<u>(3,025)</u>	<u>(4,407)</u>
NET CHANGE IN CASH	29,368	(200,525)
CASH - BEGINNING OF YEAR	<u>146,272</u>	<u>346,797</u>
CASH - END OF YEAR	<u>\$ 175,640</u>	<u>\$ 146,272</u>

(See accompanying notes)



AIR TRANSPORT ASSOCIATION OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2019

1. NATURE OF OPERATIONS

Air Transport Association of Canada ("the Association") is constituted under the Canada Not-for-profit Corporations Act. As a non-profit organization under Subsection 149(1)(l) of the Income Tax Act, the Association is not subject to income taxes.

The purpose of the Association is to act as the national service organization for Canada's commercial air transport industry.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

The principal accounting policies of the Association are summarized as follows:

Revenue recognition

The Association follows the deferral method of accounting for revenues.

Membership fees are recognized as revenue in the period to which they relate. Revenue from Association meetings and programs is recognized as revenue when the services are provided.

Investments

Investments are carried at fair value. Changes in fair value are included in net revenues for the year.

Leasehold inducements

Deferred leasehold inducements are stated at cost and amortized over the term of the lease.

Capital assets

Capital assets are stated at cost and then amortized, over their estimated useful lives on a straight-line basis using the following annual rates:

Leasehold improvements	term of the lease
Office equipment	10%
Computer equipment	20%
Computer software	20%
Marketing equipment	20%

Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Assets recorded under capital leases are amortized on a straight-line basis over the term of the lease that is the estimated useful lives of the assets. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.



AIR TRANSPORT ASSOCIATION OF CANADA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2019

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

Pension plan

The Association provides retirement benefits for some current and past employees under a defined benefit pension plan. The plan provides benefits that are based on a combination of years of service and a percentage of the participant's plan earnings.

The related accrued benefit obligations are actuarially determined based on the most recently completed actuarial valuation prepared for funding purposes. Under the immediate recognition approach, the total cost, excluding remeasurements and other items, is included in the statement of operations for the year. Actuarial gains and losses, past service costs and other remeasurements and other items are recognized directly in the statement of changes in net assets.

Use of estimates

The preparation of financial statements in accordance 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management makes estimates when determining the actuarial assumptions for its defined benefit pension plan, the estimated useful life of its property and equipment, the collectability of accounts receivable and in estimating provisions for accrued liabilities. Actual results could be materially different from those estimates.

3. **FINANCIAL INSTRUMENTS**

The Association's financial instruments consist of cash, accounts receivable, investments and accounts payable and accrued liabilities. The Association is exposed to and manages various financial risks resulting from both its operations and its investment activities. The Association does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. The Association's main financial risk exposure and its financial measurement policies are as follows:

Credit risk

The Association is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Association does not obtain collateral or other security to support the accounts receivable subject to credit risk. During the year, the Association was required to write off a total of \$50,368 (2018 - \$9,000) which has been included as a bad debt expense on the Statement of Operations. As at June 30, 2019, management believes all remaining receivables to be collectible.

Liquidity risk

Liquidity risk is the risk that the Association cannot meet a demand for cash or fund its obligations as they become due. The Association meets its liquidity risk requirements by establishing budgets and cash estimates to ensure it has funds necessary to fulfill its obligations.



AIR TRANSPORT ASSOCIATION OF CANADA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2019

3. **FINANCIAL INSTRUMENTS** - Cont'd.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. As at June 30, 2019, the Association's financial assets are not materially impacted by foreign currency fluctuations.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed rate instruments subject the Association to a fair value risk while variable rate instruments subject it to a cash flow risk. The Association is exposed to this risk for its investments.

iii) Other price risk

Other price risk associated with investments in shares is the risk that its fair value will fluctuate due to changes in market prices. The Association mitigates this risk by regularly rebalancing its portfolio.

Changes in risk

There have been no significant changes in the Association's risk exposures from the prior year.

4. **INVESTMENTS**

The Association's investments consist of the following:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 73,303	\$ 73,303	\$ 112,893	\$ 112,893
Fixed income	744,477	746,875	689,298	687,740
Equity	<u>222,750</u>	<u>288,291</u>	<u>214,187</u>	<u>257,337</u>
	<u>\$ 1,040,530</u>	<u>\$ 1,108,469</u>	<u>\$ 1,016,378</u>	<u>\$ 1,057,970</u>

Included within Fees and other revenue is Investment income as follows:

	<u>2019</u>	<u>2018</u>
Interest	\$ 20,763	\$ 13,338
Dividends	6,472	7,351
Change in fair value	<u>17,458</u>	<u>(4,594)</u>
	<u>\$ 44,693</u>	<u>\$ 16,095</u>



AIR TRANSPORT ASSOCIATION OF CANADA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2019

5. CAPITAL ASSETS

	2019			2018
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Leasehold improvements	\$ 20,795	\$ 20,795	\$ -	\$ 3,106
Office equipment	34,733	13,052	21,681	21,590
Computer equipment	18,281	13,287	4,994	8,231
Computer software	13,800	13,800	-	4,600
Equipment under capital lease	10,752	10,752	-	2,688
Marketing equipment	5,765	4,324	1,441	2,882
	<u>\$ 104,126</u>	<u>\$ 76,010</u>	<u>\$ 28,116</u>	<u>\$ 43,097</u>

6. PENSION PLAN AND OTHER TERMINATION ARRANGEMENTS

Pension Plan

Information about the Association's defined benefit plan as at the measurement date of June 30, based on an extrapolation of a valuation dated October 1, 2016 is as follows:

	<u>2019</u>	<u>2018</u>
Pension Asset (Liability)		
Accrued benefit obligation	\$ (2,241,600)	\$ (2,181,600)
Fair value of plan assets	<u>2,194,800</u>	<u>2,118,300</u>
	<u>\$ (46,800)</u>	<u>\$ (63,300)</u>

The effective date of the next required actuarial valuation for funding purposes is October 1, 2019.

The assets of the plan are administered by Manulife Financial. Plan assets consist of the following:

	<u>2019</u>	<u>2018</u>
Cash, guaranteed investment and bond funds	57%	56%
Equities	43%	44%

	<u>2019</u>	<u>2018</u>
Pension Expense		
Current service cost	\$ 26,800	\$ 27,100
Administration costs	19,800	27,300
Finance costs (credit)	<u>2,100</u>	<u>2,400</u>
	<u>\$ 48,700</u>	<u>\$ 56,800</u>

Employer contributions	\$ 72,300	\$ 71,500
Benefits paid	\$ 53,600	\$ 53,900

Other Termination Arrangements

The Association provides various benefits for employees with five or more years of continuous service. These benefits are not determined with reference to an employee's salary and are paid on retirement or resignation. The accumulated benefit included in accounts payable and accrued liabilities as at June 30, 2019 is \$ Nil (2018 - \$Nil).



AIR TRANSPORT ASSOCIATION OF CANADA
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED JUNE 30, 2019

7. BANK CREDIT FACILITIES

Included within accounts payable and accrued liabilities, the Association has one corporate credit card with a total limit of \$30,000 and an interest rate of 19.99%. At year-end, there was a balance payable of \$10,728 (2018 - \$Nil) on this card. The Association pays off its credit card balance on a monthly basis.

8. INTERNALLY RESTRICTED ASSETS

A portion of net assets is restricted for special projects critical to the interest of the Association's members but not part of the ongoing functions of the Association. The balance is adjusted to a targeted amount determined by the Association's Board of Directors.

9. SPECIAL PROGRAMS

The Association acts as Administrator for, and Secretariat on behalf of, the Memorandum of Agreement on Airport Improvement Fees. Fees earned under this agreement are included in the "fees and other" revenue line in the statement of operations.

10. COMMITMENTS AND CONTINGENCIES

The Association leases premises under a long-term operating lease which expires on November 30, 2028. According to the terms of the lease agreement, the Association has the option to terminate the lease early on either November 30, 2021 or November 30, 2023 as long as a minimum of twelve months' prior written notice is provided to the landlord and that a termination fee equal to four month's rent is paid.

Assuming the termination option is not exercised, future minimum lease payments for the Association are approximately as follows:

2020	\$ 125,120
2021	125,120
2022	126,060
2023	126,732
2024	127,672
Thereafter	641,719

The Association is involved from time-to-time in litigation which arises in the normal course of business. In respect of these claims, the Association believes it has valid defences or appropriate insurance coverage in place. In management's judgement, no material exposure exists on the eventual settlement of such litigation and, accordingly, no provision has been made in these financial statements.



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