

Financial Condition and Activities

Policy Type: Executive Responsibility

Policy Number: #205

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Monitoring Responsibility: Audit and Finance

Frequency: Ongoing but not less than every three years for limit adjustments

With respect to the actual financial conditions and activities, actual expenditures shall reflect the Board's priorities and remain within the Financial Accountability Framework (Appendix 1) established by the Board. At no time shall the CEO cause or allow the development of fiscal jeopardy.

FINANCIAL ACCOUNTABILITY FRAMEWORK

APPENDIX 1

FINANCIAL REPORTING

Monthly Financial Reports will be provided to the Board of Directors for the months of February – December.

REVENUE AND EXPENSE BUDGETS

1. The Board of Directors will approve the Company's annual revenue and expense budgets.
2. The CEO is authorized to expend funds within the approved Budget. Deficits are expected to be managed with offsets within the approved Budget, but unusual variances are to be reported and explained to the Board in the monthly financial reports.

CAPITAL PROJECTS

1. The Board of Directors will approve the Company's annual capital program budget.
2. Board approval is required for individual capital projects in excess of \$150,000*.
3. The CEO: will at a minimum, provide a quarterly Capital Status Report on the current year's capital program in a format determined by the Board; will not exceed the total capital program by a maximum of 10% without prior Board approval.
4. The CEO may approve budget exceedances for individual capital projects as follows:
 - a For projects over \$150,000 and less than \$1,000,000 budget exceedances will be reported to the Board; increases of more than \$100,000 on any individual project will require prior Board approval; and
 - b For capital projects in excess of \$1,000,000* the CEO may approve budget exceedances for individual capital projects by up to 10% to a maximum of \$500,000*. Increases in excess of these amounts will require prior Board approval.

CONTRACTS

1. All contracts involving related parties must be approved by the Board.
2. All revenue and expense contracts with a value in excess of \$15,000* will be executed by the CEO or by his/her delegate and the CFO.
3. Every reasonable effort will be made to invite multiple bids or proposals for contracts valued in excess of \$25,000*. Contracts will be awarded to the lowest bidder or to the proposal offering the best overall value.
4. As a general practice all contracts for the procurement of goods, service and construction services over \$75,000* will be awarded by a competitive process to the lowest bidder or to the proposal offering the best overall value. . The Company will publish a list in its annual report of all contracts exceeding

- \$75,000* that were not awarded through a competitive process along with the reason(s) why.
5. Sole source contracts over \$10,000* must be supported by written justification and approved by the CEO.
 6. Sole source contracts over \$25,000* will be reported to the Board with written justification as part of its regular, web-based information package.
 7. Sole source contracts will only be entered into when there is good justification, such as:
 - a. The goods or services are of a proprietary nature and there is only one qualified supplier.
 - b. A monopoly of the technology essential to the procurement is held because of a patent or licensing position.
 - c. The claiming of purchase credits makes sole source procurement the most cost effective.
 - d. There is only one qualified firm available when all factors are taken into account.
 - e. Prior experience with a firm in a specialized area makes it beneficial to continue the relationship.
 - f. Emergency situations which preclude the normal competitive process.

EMERGENCY SITUATIONS

Emergency Situations may occur when it is not practical to obtain the prior approvals required by this policy. Emergency Situations should be consistent with one of the following:

- a. Fire, flood, explosion, earthquake or other disaster; or
- b. Irreparable breakdown of essential airport equipment; or
- c. Preservation of structures, runways or similar infrastructure from damage or to avoid a situation where stoppage of critical operations may occur.

At these times the President and CEO (or his designate) has complete authority to rectify the Emergency Situation and may delegate authority as seen fit by way of this procedure. If transactions occur which would otherwise require Board approval, these will be reported to the Board Chair and the Board of Directors as soon as practicable.

PERSONAL EXPENSES

1. The Board Chair will approve the personal expenses of other Board members, (with the exception of the Board Vice-Chair), and the CEO.
2. The Chair of the Audit and Finance Committee will approve the personal expenses of the Board Chair and Board Vice-Chair.

PAYMENT INSTRUMENTS

All payment instruments require two of the following signatures:

- President and Chief Executive Officer (CEO)
- Chief Financial Officer
- Manager, Finance and Accounting
- Manager, Human Resources
- A Board Director

Payments in excess of \$25,000, with the exception of utility, rent and statutory government remittances, require one of the signatories to be the CEO or a Board Director.

In circumstances where the CEO is unavailable and there is a need to maintain operational integrity, the Chief Financial Officer has the signing authority levels equivalent to that of the CEO. All such expenditures exceeding the Chief Financial Officer's limit of signing authority shall be timely reported in writing to the CEO.

USE OF COMPANY CREDIT CARD

The CEO will be issued a credit card for use on Company business with a limit of \$15,000. The Board Chair will review and approve the CEO's monthly credit card expenses.

RATES & FEES

Aeronautical Fees, Airport Improvement Fees and Public Parking Rates will require approval by the Board.

ADMINISTRATION

Within this broad Policy Framework, the CEO will document detailed Authority and Procedural Guidelines for staff and make this available as information to the Board.

*In 2013 dollars subject to annual adjustment for inflation