



Thunder Bay International
Airports Authority Inc.

ANNUAL REPORT 2007



Message from the Chair

I am pleased to report to the Community on behalf of the Board. 2007 was another successful year for the Thunder Bay Airport and the Authority highlighted by significant growth in passenger traffic linked, at least in part, to a surge in activity in the mining sector.

The Board continues to represent the best interests of the “Ownership” of the Airport through a strong focus on excellence in governance. The culture, integrity, discipline and accountability of the organization begins with the Board’s leadership and our sound, well articulated, and consistently practiced system of governance is key to our success.



The Board welcomed Mr. Jim McCuaig and Mr. Ian McCormack to the Board as the new City of Thunder Bay Nominees early in the year. Also Mr. Paul Fitzpatrick was reappointed as the Nominee for the Provincial Government, and Mr. Don Slobojan was reappointed as one of the two Nominees of the Thunder Bay Chamber of Commerce. Mr. Jim Howie was also appointed in the fall as the new Labour nominee.

Back at full strength the Board focused on completing Director orientation including governance orientation and strategic Ends development, and extending linkages within the Community with the goal of furthering economic development for the Airport and the region.

A priority for the Board was to improve the process for evaluating our CEO while remaining within the strict accountability framework already in place within our Policy Governance structure. I’m please to report that this objective was completed in 2007.

The Board wishes to extend its sincere thanks to Mr. Jack Drewes. Mr. Drewes completed nine years with the Board as the nominee from organized labour, and was a key person in the transition to Policy Governance and assisting in the transfer of knowledge to the current Board.

2007 was another excellent year for the Thunder Bay International Airports Authority. In addition to a sound year financially and strong passenger growth, the Authority celebrated 10 years of success since assuming responsibility for the Thunder Bay Airport.

As I enjoy my 5th year as a member of the Board, I look forward to the TBIAA becoming an increasingly important part of the resurgence of our region’s economy, both through developing the Airport and related activities and in assisting the Community with economic development initiatives. I also have every confidence that the TBIAA will continue as an innovative leader in the business of operating airports.

On behalf of the Board I would like to thank the TBIAA team including all the employees, contractors and business partners that have contributed to our outstanding success over the past 10 years. I believe the solid foundation we have created, and the potential of our region and Community will ensure the next ten years is even better.

Don Wing, Chair
April 29th 2008

President and CEO's Message

To Our Owners, the people of North Western Ontario

2007 was a significant year for the Thunder Bay International Airports Authority. September 1st marked ten years of operating the Thunder Bay International Airport, passenger traffic continued to grow by nearly 8%, and the TBIAA surpassed \$20 million in net assets, a significant milestone considering TBIAA has had no passenger fee (AIF departure tax) since 2001.

We also completed an important project in the summer. We felt that the mining sector was becoming increasingly important as a source of economic activity in the region and we set out to find support for this theory. Passenger traffic has grown steadily since 2005 despite the apparent problems in the region's key industrial sector. Forestry and related business have been hard hit by the drop in value of the US dollar, high energy costs, and weak demand. We have seen many mill closures and cutbacks yet passenger volumes continue to grow at rates higher than we've seen in decades. We needed to understand the reason for the increasing demand so, as part of scheduled customer satisfaction survey, we collected data regarding the primary reasons for travel – pleasure, business; if business which sector.

We were surprised by the results of the survey in more ways than one. One key finding was that very few people actually read our annual reports. In fact you the reader represent approximately only 2% of Airport users, and there's a fifty/fifty chance even after reading this report you won't understand that the TBIAA is a non-government not-for-profit corporation that funds both the operations and capital improvements of the Airport through its operating revenues. Many airport authorities may prefer this relative obscurity, but we are proud of what we have achieved, proud of the fact that we're not simply a tax and spend organization, and proud of the fact that we are considered "...by far the most innovative airport in the country." ¹

I encourage you to read on and discover how the TBIAA is involved in much more than the operation of the Airport. How we understand the Airport's vital role in economic development and how we leverage our assets, knowledge, and experience to benefit not only the airport but the Community as well.

As we embark on our second decade, I will extend a *toast* and my sincere appreciation to all TBIAA business partners and customers, and the business partners and customers of iFIDS.com Inc., Thunder Bay Airport Services Inc. and Sleeping Giant Enterprise Ltd..

Special thanks also to the Board of Directors and our entire team. Congratulations on our first ten years of success...the best is yet to come.



Scott McFadden
President & Chief Executive Officer



¹ Frank McKenna during his speech to Thunder Bay government, business, and public sector leaders Nov. 22nd, 2007.

CORPORATE GOVERNANCE AND ACCOUNTABILITY FRAMEWORK

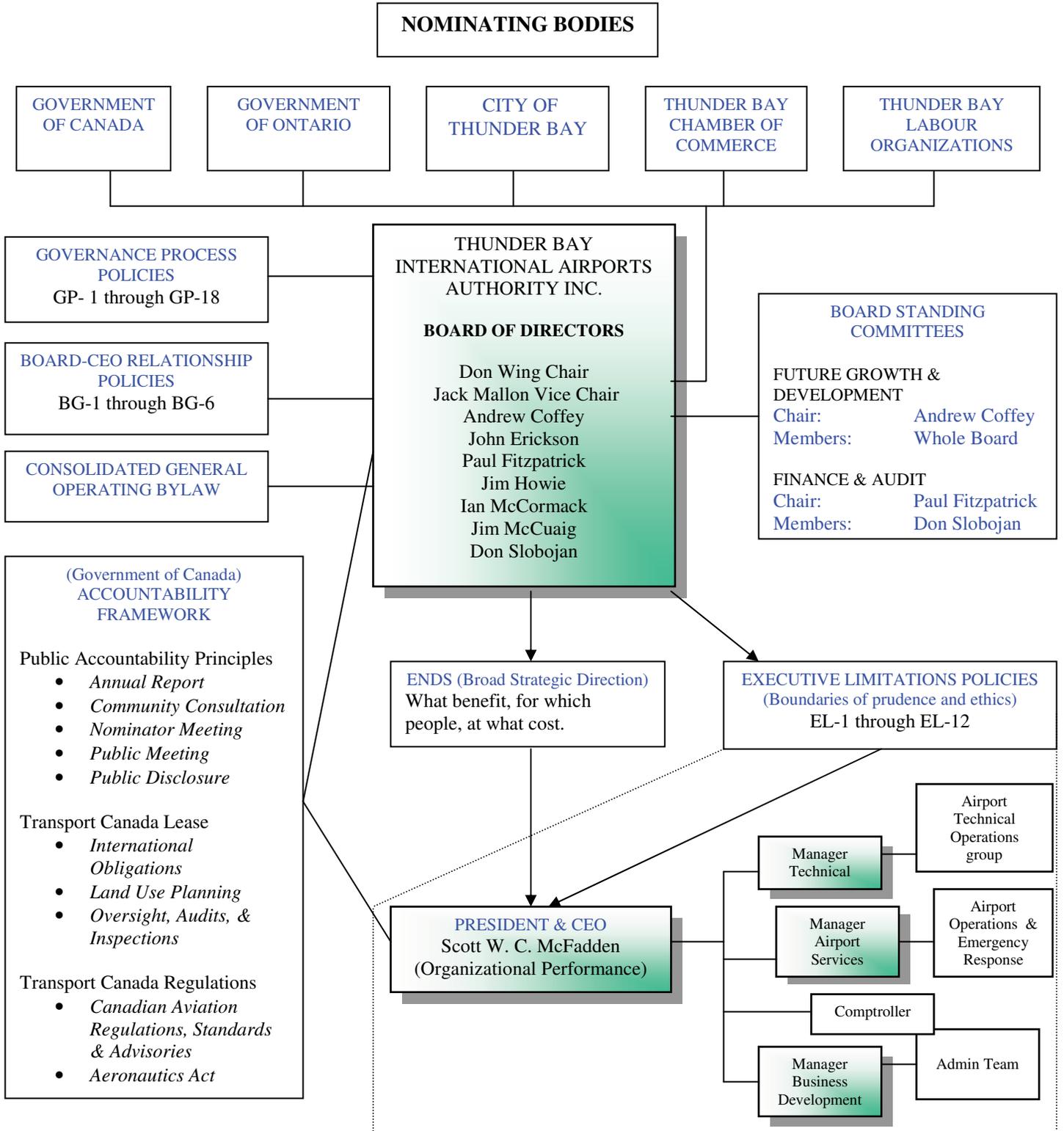


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TBIAA BOARD OF DIRECTORS 2007

The Thunder Bay International Airports Authority Inc. (TBIAA) is a not-for-profit corporation incorporated under the Canada Corporation Act. Members of the Board of Directors are nominated by various government and non-government organizations.

The Board has overall responsibility for the management of the affairs of the TBIAA. The Board has established an administrative procedure outlined in the Authority's General Operating By-Law and Letters Patent.

The Board's corporate activities in 2007 Director orientation including governance orientation and strategic Ends development, improving the CEO evaluation process, and extending linkages within the Community with the goal of furthering economic development for the Airport and the region.

Board membership as of Jan 31st 2007:

The Board recognizes the importance of the Thunder Bay International Airport to the region and will continue to work with Community groups in pursuit of the TBIAA's business development objectives and economic development in the region.

Board Membership

In 2007 one member, Mr. Jack Drewes, concluded his term on the Board. The Board welcomed Mr. Jim Howie as the new Labour nominee. Mr. Jim McCuaig and Mr. Ian McCormack were appointed as the new City of Thunder Bay Nominees early in the year. Mr. Paul Fitzpatrick was reappointed as the Nominee for the Provincial Government, and Mr. Don Slobojan was reappointed as one of the two Nominees of the Thunder Bay Chamber of Commerce.

Mr. Don Wing and Mr. Jack Mallon continued as Chair and Vice Chair respectively.

Director	Nominated by	Term Expiry
Ian McCormack	City of Thunder Bay	November 30, 2010
Andrew Coffey	Federal Government (Transport Canada)	November 27, 2009
Paul Fitzpatrick	Province of Ontario (Ministry of Transportation)	October 1, 2010
Jack Drewes	Thunder Bay Labour (IBEW)	October 1, 2007
John Erickson	Federal Government (Transport Canada)	November 27, 2009
Jack Mallon (Vice Chair)	Thunder Bay Chamber of Commerce	October 1, 2009
Jim McCuaig	City of Thunder Bay	November 30, 2009
Don Slobojan	Thunder Bay Chamber of Commerce	October 1, 2010
Don Wing (Chair)	Thunder Bay International Airports Authority Inc.	October 1, 2009

Annual Report

Thunder Bay International Airports Authority Inc.
(Incorporated under the laws of Canada)

Pursuant to Article 17 of the By-laws of the Thunder Bay International Airports Authority Inc. (TBIAA), the following is the Annual Report with respect to the activities of the TBIAA for the year ended December 31, 2007.

On September 1, 1997 the TBIAA signed an agreement with Transport Canada, to transfer the Thunder Bay International Airport under a long-term lease. Since then, the TBIAA has been responsible for the management, operations, and funding of the Thunder Bay International Airport.

The remuneration provided to each director for the period Jan 1, 2007 to Dec 31, 2007 was as follows:

Remuneration Paid to Directors in 2007	
Coffey, Andrew	\$ 14,049.96
Drewes, Jack	\$ 11,733.30
Fitzpatrick, Paul	\$ 14,099.96
Slobojan, Don	\$ 14,449.96
Mallon, Jack	\$ 14,199.96
Wing, Donald	\$ 16,999.96
Erickson, John	\$ 11,683.30
McCuaig, James	\$ 11,933.30
McCormack, Ian	\$ 11,233.30



Don Wing,
Chair

During 2007 the Directors complied with the Conflict of Interest Principles and Code of Conduct requirements as contained in Section 6.12 of the TBIAA's By-law.

The 2007 salary range for the management of the corporation was \$63,936 to \$170,000.

The TBIAA did not enter into any contracts during the fiscal year ended December 31, 2007, which were for goods, services, or consideration, that were not awarded pursuant to the public tender process as described in Section 17.3 of the By-law, and did not enter into any non-arm's length contracts.

The TBIAA's Financial Statements and the Auditor's Report for the period January 01, 2007 through to December 31, 2007 are included.



Paul Fitzpatrick,
Chair, Finance & Audit Committee

Excellence in Governance

The TBIAA Board of Directors has established broad policies that articulate the corporation's Vision, governance process, Board-CEO relationship, and executive limitations. These functional policies are divided into three groups to create an explicit formulation of delegated authority to the CEO with strict accountability.

In practice this means that the Board establishes long-term results to be realised by the corporation. The Board then ensures that the President & CEO makes progress toward achieving the results, while remaining within prescribed limits (Executive Limitations). Organizational performance is President & CEO performance.

ENDS (Long-Term results)

Central to the direction taken by the company are the Board's "Ends" policies. The Board continuously re-evaluates these Ends, considering input from management, airport tenants, users, community representatives (termed "moral ownership") and broader economic and environmental inputs. The Board's stated "Ends" are as follows:

Vision:

Thunder Bay International Airports Authority Inc. exists so there will be:

Air-related transportation and business as a major contributor to regional economic growth.

This is interpreted to include, but not limited to:

1) *Superior standards of safety and customer service at airports operated by the Authority.*

2) *Retention and expansion of airport related services and businesses.*

2.1. *Air service retention and development.*

3) *Thunder Bay becomes a centre for aerospace-related activities.*

3.1. *Additional activities to complement existing businesses/services*

3.2. *Expanded aviation manufacturing, maintenance, and training facilities.*

4) *Sustainable air services for Northwestern Ontario.*

Resource Allocation:

The Ends of the TBIAAI shall be achieved on an annual and/or long-term basis as planned for in the Business Plan and budgeted for in the annual operating and capital budgets.

Resources shall be allocated to Ends in those plans according to the following priority:

1. *Superior standards of safety and customer service (airport operations)*
2. *Air Service retention and development*
3. *Economic development i.e.: Retention and expansion of Airport related Businesses and "Aerospace Centre" related development.*

Governance Process

Governance Process policies go beyond the corporation's By-law to clearly define the Board's responsibilities and those of its members.

Executive Limitations

The Board of Directors establishes corporate "boundaries" within which the CEO (and therefore the organization) must operate. These 12 policies are called Executive Limitations and clearly articulate to the CEO the expectations of the Board. Executive Limitations are expressed in terms of what is not acceptable, which allows the CEO autonomy to effectively manage, within certain organizational situations and actions that must be avoided, i.e. "Boundaries of Prudence and Ethics."

Board - CEO Relationship

These 5 policies formalize the connection of the Board to the organization through the CEO, and recognize the CEO's accountability for the organization and responsibility to achieve the Board prescribed Ends. Included in this group are policies that articulate:

- Delegation to the President & CEO
- Accountability of the President & CEO, and
- Monitoring Executive Performance, i.e: "Systematic and rigorous monitoring of the President & CEO..." to ensure "...organizational accomplishment of Board policies on Ends and organizational operation within the boundaries established in board policies on Executive Limitations."

Management Discussion & Analysis

Vision, Businesses and Economic Development

One of the key monitoring aspects of the CEO's performance, is the degree of success in achieving the Board's Ends. Management has developed business plans and operational goals designed to achieve or make progress towards the Board's stated Ends.

In January of 2005 the TBIAA adopted a five-year business plan for the years 2005-2009. The Business plan was updated in January 2006 and no significant deviation in strategy has occurred since. The primary objectives of the corporation remain as follows:

- *Continue to reduce the cost of operating and maintaining the Airport and fund an increasing percentage of those costs through Aeronautical revenues derived through growth in air traffic or increases in aeronautical fees, and*
- *Reinvest more subsidiary revenues in the business development of the subsidiaries.*

In 2008 the Authority will continue to focus on safe and efficient airport operations and economic development activities for the Airport and Community. The TBIAA continues to work with several community groups including the Northwestern Ontario Innovation Centre, Ambassadors Northwest, and the Thunder Bay Economic Development Commission with the understanding that these investments will create demand for air travel to the benefit of the Airport and the Airlines serving Thunder Bay and region.

Environment

A key emerging issue for the air transportation industry is our environmental "footprint" expressed largely in terms of carbon emissions. While airlines have the ability to effect the greatest changes, airports are also in a position to encourage and/or mandate improvements in some key areas.

The TBIAA is not expecting any overnight changes but from a continuous improvement perspective we're in a position

where some relatively small and cost-free changes will result in immediate and significant improvements. The TBIAA will be working with our industry partners to take advantage of available cost saving operational changes that result in immediate reductions in carbon emissions.

Financial performance

Revenue grew by 11.8% while operating expenses increased by approximately 8.7% including new costs of Rent, checked baggage screening system costs and one-time costs such as the cost of refinishing the terminal building exterior structure, expenses associated with the ten-year celebrations, and the cost of the second 5-year review required by Transport Canada. Excluding these costs, the actual direct expense of operating the Airport increased by less than 1% in 2007.

The TBIAA earned \$862,663 on its investments in 2006 however a changing in accounting policies requires the statement of market value at Dec 31st so a fair market value adjustment of -\$555,774 offsets the realised gains somewhat.

Revenue from Business Initiatives grew by approximately 17% in 2007. This is mostly associated with sales in our subsidiary companies and tends to represent "beyond the fence" activities.....new business for the Authority with the associated business for our community partners.

Thunder Bay Airport remains the only airport with no airport improvement fee and this, plus our low cost continuous improvement approach to operations, will keep all-in airport prices the lowest in Canada. Consolidated total net assets surpassed \$20million in 2007. All surpluses are reinvested.

In consultation with our airline customers in early 2007, the TBIAA made a commitment to pass on the benefit of any reductions in Federal Rent or any increases in security funding directly. Federal Rent will unfortunately continue to increase, effectively on an exponential basis under the current formula, however the Authority was successful in reducing its costs associated with the checked baggage screening system and passed these savings directly through to Airlines in the form of a substantial terminal fee roll-back in July 2007.



New at the Airport in 2007

Perhaps most visible was the change in colour of the Air Terminal Building external steel structure. The structure had been recoated in “colonial red” several years ago but the finish had oxidise leaving an unfinished look. The new colour is “midnight garden” and has been positively reviewed by the Community.



The TBIAA again expanded parking in front of the ATB consuming the remaining easily accessed land within the existing long term lot boundary. The Authority will retain a design/engineering firm in 2008 to design solutions to ground traffic congestion and parking demand.

Behind the scenes, final modifications were completed to the baggage handling system to improve efficiency and minimise down-time.

Subsidiaries

TBIAA has three operating subsidiary businesses: Thunder Bay Airport Services Inc., Sleeping Giant Enterprises Inc. and iFIDS.com Inc.. In 2007, each experienced increased sales and earnings, new customers including the first U.S. Customers, and contributed in an incremental way to economic growth for Thunder Bay.

Continued expansion of subsidiary business in combination with Community economic development activities are key long-term success factors for the TBIAA. This strategy diversifies the TBIAA's business which in turn reduces the Airport's dependence on aeronautical revenues. Business diversification reduces risk and will help the TBIAA fund the Airport's long-term capital requirements without the need to resort to taxing solutions like airport improvement fees (departure tax).

Founded in 2000, iFIDS.com developed the world's first Application Service Provider (ASP) flight information management system and information management and display solutions for airports and airlines.

iFIDS.com client list now includes airports and airline companies across Canada, the United States and the Bahamas. In fact, iFIDS.com recently returned to Nassau in the Bahamas to expand the flight information display system installed in early 2007. Installations for Northwest Airlines and Duluth International Airport, the first U.S. customers

for iFIDS.com, were recently completed.

In addition, iFIDS.com developed “Aileron” an airport billing and lease management solution. Until this software solution was developed by iFIDS.com, there existed a critical gap between specialized airport accounting requirements and “off-the-shelf” integrated accounting software. Now iFIDS.com can integrate Aileron with financial management software like SAP, Great Plains, Computer Associates Accpac and Sun. Not only that, but iFIDS.com is able to customize the application to suit client needs. This was the case for Kelowna International Airport's recent terminal expansion; that incorporated passenger way-finding, parking system accounting, integration of flight information display data with customer billing.



Thunder Bay Airport Services Inc. (TBAS) continues to successfully manage the Red Lake Airport under an agreement with the Municipality of Red Lake. TBAS recently achieved the 7th consecutive surplus at the Airport, a significant achievement for an airport of this size, especially when viewed relative to other smaller communities' struggles to keep their airports financial viable.

TBAS also provides billing and receivables services to the Canadian Coast Guard (Western Region). This has turned out to be a successful endeavor for both TBAS and CCG.

The contract created one direct part time job in Thunder Bay, a small yet significant contribution to economic development.

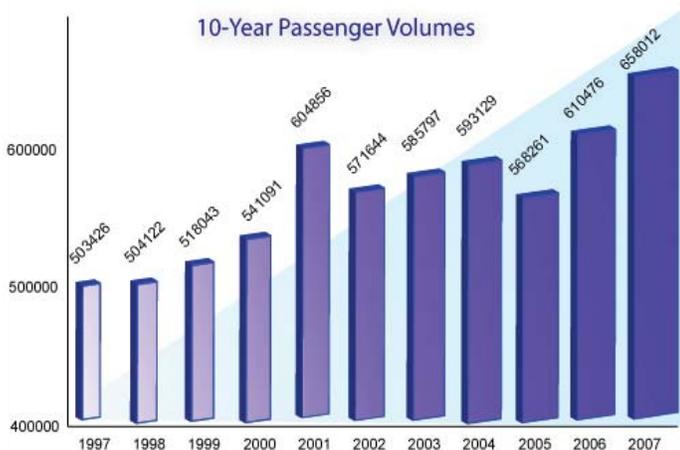
TBAS provides Airport Operations Specialist and Firefighter training, along with recurrent testing employees from a number of Canadian airports.

The training of airport emergency response personnel typically incorporates airport emergency simulations. As an organization committed to minimizing environmental impact, TBAS's utilizes environmentally sensitive "Tekflame" training fuel for those simulations.

Sleeping Giant Enterprises is the TBIAA's equipment sales and leasing subsidiary. SGE sells and supports a line of advanced technology surface maintenance equipment (snow blowers, runway sweepers, automated anti-icing systems, etc.) manufactured by Boschung AG of Switzerland.

SGE recently concluded the sale of a "JetBroom Runway" integrated chassis plough/sweeper to Fort McMurray Airport and provides ongoing training, parts, and technical support to all clients which include the Greater Toronto Airport Authority, St. John's International Airport Authority, Thunder Bay Airport Authority (of course) and Boschung AG.

Thunder Bay Airport Activity

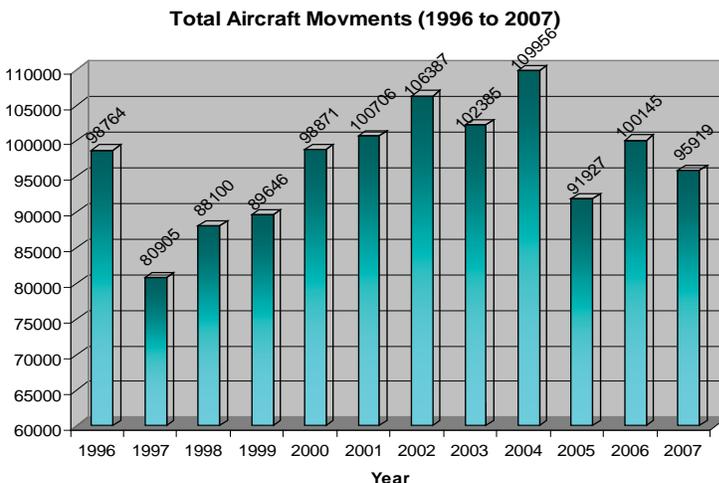


Passenger Volumes

The Thunder Bay Airport experienced an 8% increase in passenger traffic in 2007 to over 658,000 passengers. As discussed earlier, while some of this passenger traffic growth was due to people commuting outside of the region to find work, our survey reveals that a surge in mining sector activities in the region, we believe, accounts for the increased demand.

Aircraft Movements

Total aircraft movements increase by approximately 9% in 2007. This included an 8% increase in itinerant aircraft movements, which were also 5.5% higher than 2004 levels. However total activity was still substantially off 2004 levels due to reduced local activity.



From the TBIAA Team

The TBIAA Management Team,

- President & CEO – Scott McFadden,
- Manager Business Development – Ed Schmidtke,
- Manager Airport Operations – Bill Britt,
- Manager Airport Services – Dominic Vita,
- Comptroller – Sharon Kelly,

and all employees of the TBIAA and its subsidiaries, extend our thanks to our customers, clients, and business partners. Together we continue to find new business opportunities and new ways of improving.

We understand that the success of our community is paramount, that air transportation is critical to the economic development and diversification of the region, and our investments in economic development activities will accrue back to the Thunder Bay Airport in the form of increased activity and opportunities. 

NEW WEB SITES



www.ifids.com

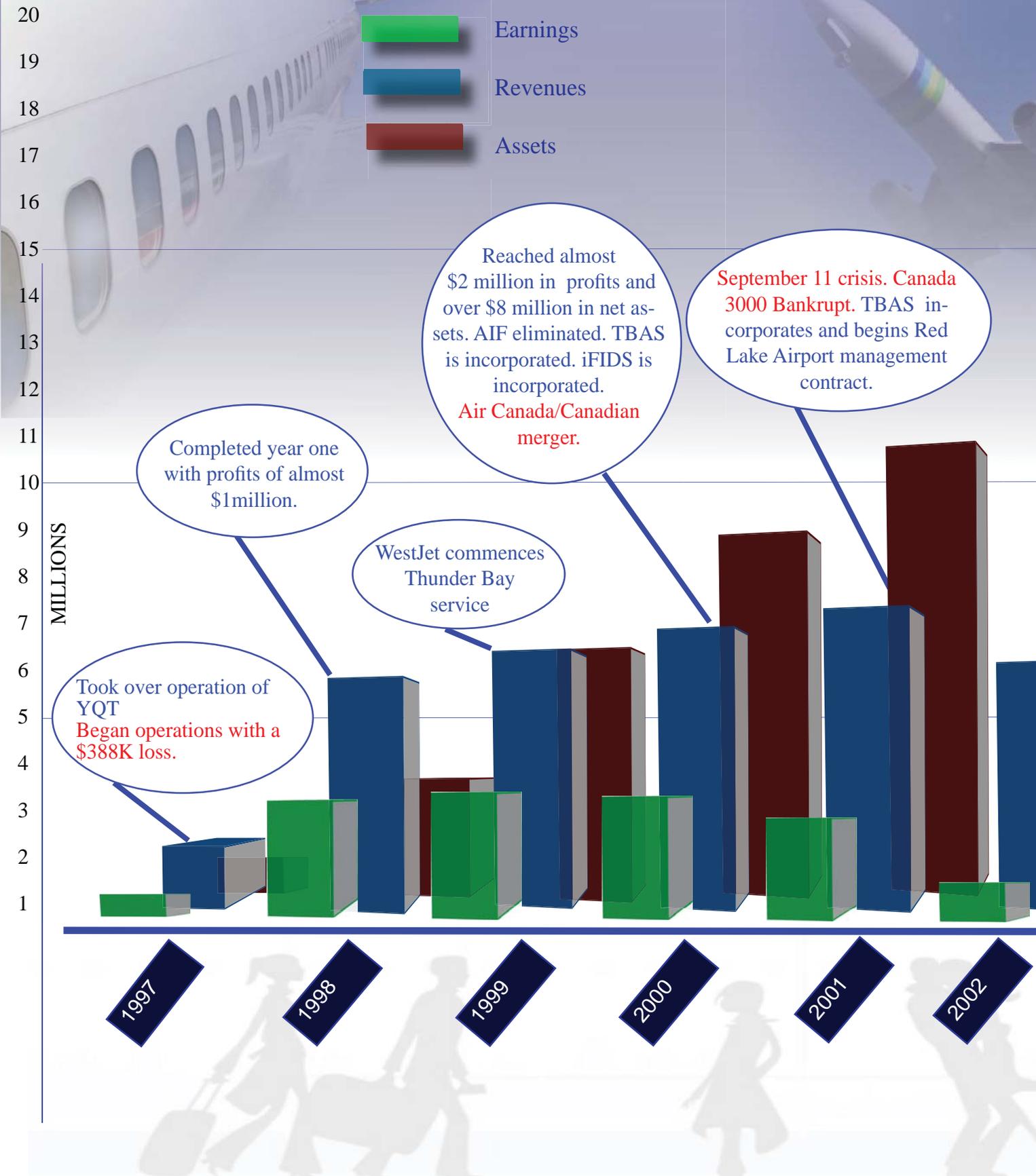


www.thunderbayairport.com

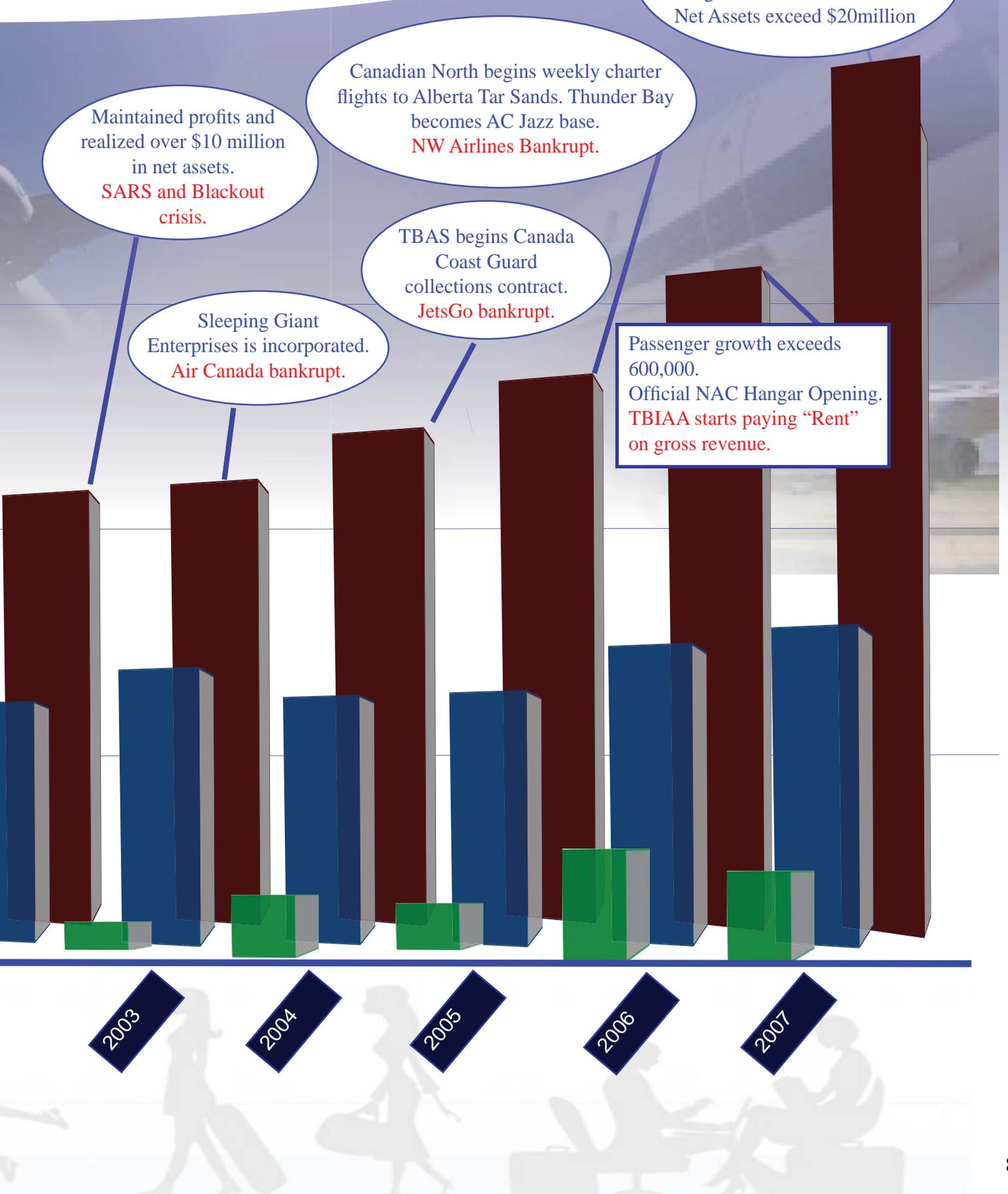


www.tbairport.on.ca/sgeltd

Chronicing



A Decade



Maintained profits and realized over \$10 million in net assets.
SARS and Blackout crisis.

Sleeping Giant Enterprises is incorporated.
Air Canada bankrupt.

Canadian North begins weekly charter flights to Alberta Tar Sands. Thunder Bay becomes AC Jazz base.
NW Airlines Bankrupt.

TBAS begins Canada Coast Guard collections contract.
JetsGo bankrupt.

NAC Air Bankrupt.
 iFIDS.com goes intn'l.
 SGE sells to Alberta Tar Sands.
 Passenger volumes exceed 650,000.
 Net Assets exceed \$20million

Passenger growth exceeds 600,000.
 Official NAC Hangar Opening.
TBIAA starts paying "Rent" on gross revenue.

2003

2004

2005

2006

2007



Swoop new
customers
off their
feet!



MAKE A GOOD IMPRESSION
1.8 Million times every year with
AIRPORT ADVERTISING OPPORTUNITIES

Advertise with Thunder Bay
International Airports Authority

A MEASUREMENT OF SUCCESS

In an ongoing effort to maintain superior safety and customer service standards to all users, while pursuing the objective of retention and expansion of airport related services, TBIAA implemented a Customer Usage and Satisfaction Study in June of 2007.

This study began from a desire to measure the TBIAA's current efforts and develop an understanding of potential changes which may achieve improved results. These measurements and changes would be a result of direct feedback from users of the main terminal.

5 objectives were created to locate possible areas of improvement based on the following hypothesis: "Thunder Bay Airports Authority is aware of the usage patterns, satisfaction levels and future service possibilities wanted by all consumer users of the main terminal."

Simplified, these objectives included:

1. To qualify the profile of users and determine the purpose of their visit.
2. To determine service usage patterns of users.
3. To measure user satisfaction levels of services in the terminal.
4. To receive input from users towards future wants and needs.
5. To determine consumer knowledge regarding TBIAA's operational structure.

To fulfill these objectives, a quantitative study in the form of a 32 question personal interview was conducted at random on 1066 users of the main terminal. The survey was completed over a 6 week period from June 19 – July 27, 2007. The results of this study, based on a population of 1.8 million users are reliable at a level of 95% (+/- 3%).



Through data analysis of the completed surveys, each of the objectives were completed. Included in these data are some key elements of interest which can be used in developing new services and targeting marketing efforts of advertisers. For example, 52% of travel was for one of 36 different business sectors. The top business sectors include Mining, Health Care, Government and Construction. The average amount spent on a trip involving Thunder Bay is over \$660, while 10% of all travel is paid for by reward points. The bulk of traffic using the Thunder Bay Airport is flying to Southern Ontario, Northern Ontario, or Alberta, and Toronto makes up 35% of all traffic. Among many other profile findings, this study found that $\frac{3}{4}$ of all users make use of the terminal multiple times annually.

Respondents provided an understanding of which services were used the most and the least while in the main terminal. Items with the highest usage levels included seating, baggage pickup, check-in services, restaurant and parking. Items with the lowest usage levels included the business tools and arcade. Over 14% of users have visited the TBIAA web site.

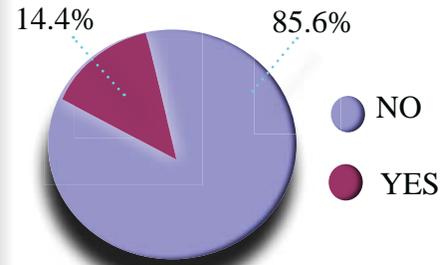
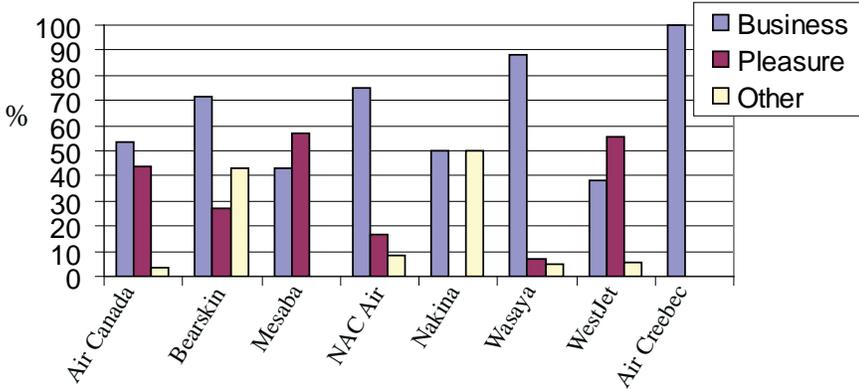
A major objective was the satisfaction levels of the services provided in the main terminal. Results from this objective clearly demonstrated high levels of satisfaction for most products and services offered in the terminal. However, two areas in need of some improvement are the variety of food offered and the cost of Internet/business tools.

The fourth objective provided the most qualitative feedback with 34% of all respondents providing some input in the form of complaint or recommendation of new services. The most requested items included more food options, free Internet service and food in the secure area. 5 of the top 10 suggestions involved food related services. 71 unique suggestions were recorded.

The final objective, to understand the level of consumer knowledge of the TBIAA, indicated a lack of knowledge of the business and financial structure of the TBIAA. The majority of users believe the Thunder Bay Airport is either managed or funded by the government. Only 22.4% of respondents were able to identify the proper business structure of TBIAA and only 14.6% properly identified the TBIAA's source of operational funds. This combined to only 4% of respondents accurately describing TBIAA's business and financial structure. Likewise, only 22 of 1066 respondents stated they have read the TBIAA's annual report.

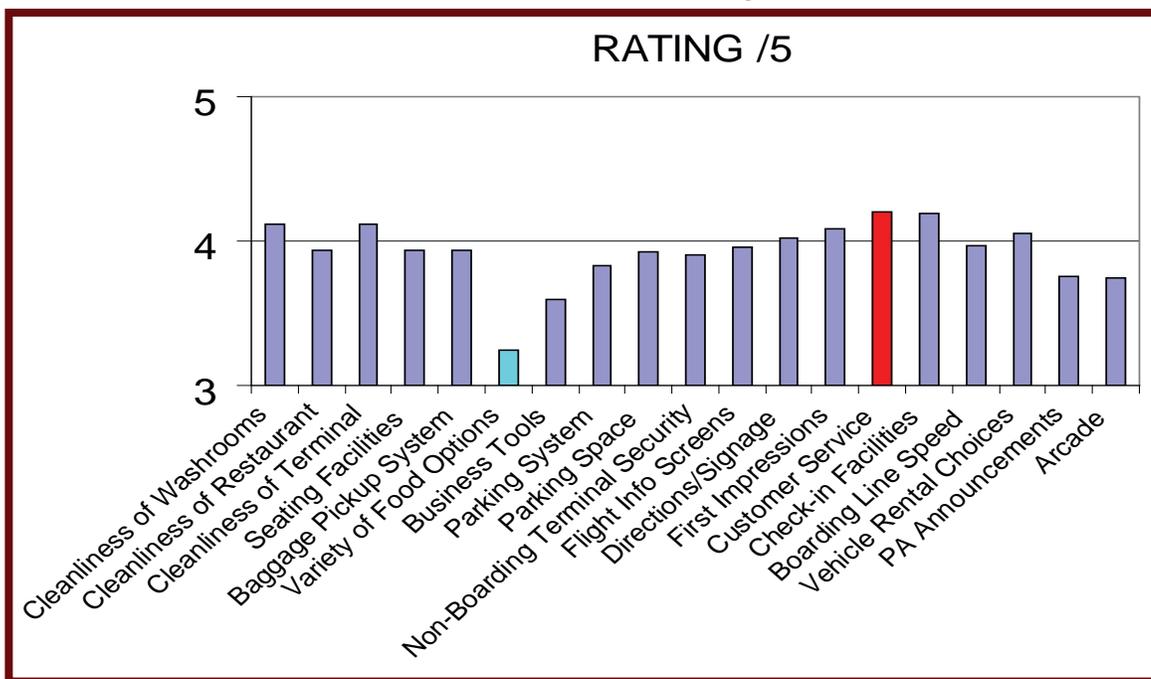
A MEASUREMENT...

Airline Choice



Surprisingly, only 14.4% of users have visited the TBIAA web site. A new update has since been made to www.thunderbayairport.com and traffic figure show over 10,000 visitors to the site per month.

Satisfaction Ratings



Users of the terminal responded with great approval towards services provided. The highest rated service was Customer Service scoring 4.2/5. The lowest rated item was Variety of Food Options. Overall, the airport received positive ratings for all services.



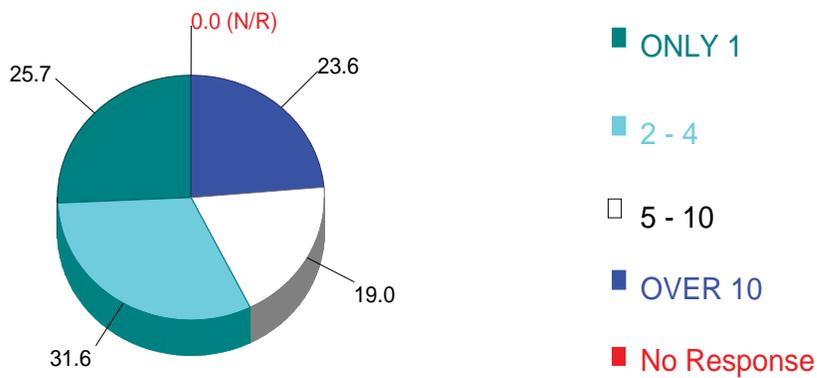
...OF SUCCESS!

Business Travel

MINING	68	MANUFACTURING	7	INSURANCE	2
GOVERNMENT	49	FIRST NATIONS	6	TELECOM	2
HEALTH CARE	42	FOOD/AGRI	5	AUTOMOTIVE	1
CONSTRUCTION	30	INDUSTRIAL	5	MECHANICAL	1
RETAIL	24	PAPER MANFG	5	MICRO BIOLOGY	1
TRANSPORTATION	23	ENGINEERING	4	NOT SPECIFIED	1
EDUCATION	17	FUND RAISING	4	REAL ESTATE	1
FINANCIAL	17	SERVICE	4	RECYCLING	1
LEGAL	15	TOURISM	4		
CONSULTING	13	MARKETING	3	TOTAL BUSINESS	
COMPUTER	10	NATIONAL DEF	3	PASSENGERS	402
UTILITIES	10	OIL INDUSTRY	3		
ENTERTAINMENT	9	RELIGION	3		
FORESTRY	7	CHILDREN'S AID	2		

Usage levels

1066 respondents analyzed



This chart indicates that 74.3% of respondents have visited the TBIA multiple times in the last year. 42.6% of all respondents have visited the airport terminal more than 5 times annually.

Users of the terminal made 71 unique recommendations. The most common are listed below along with frequency.

MORE FOOD OPTIONS	98
FREE INTERNET	39
FOOD IN SECURE AREA	34
DINING RESTAURANT	28
EXTEND FOOD HOURS	19
DROP OFF AREA	14
BETTER VIEWING AREA	12
MORE PARKING	11
SELF CHECK KIOSKS	9
MORE SEATING	8



Consolidated Financial Statements

Thunder Bay International Airports Authority Inc.

December 31, 2007

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Auditors' Report

To the Directors of

Thunder Bay International Airports Authority Inc.

We have audited the consolidated balance sheet of Thunder Bay International Airports Authority Inc. as at December 31, 2007 and the consolidated statements of earnings, net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The signature is written in a cursive, black ink style. It reads "Grant Thornton LLP".

Thunder Bay, Canada
February 13, 2008

Chartered Accountants
Licensed Public Accountants

Thunder Bay International Airports Authority Inc. Consolidated Statement of Earnings

Year ended December 31

	2007	2006
	\$	\$
REVENUE [schedule]	7,845,352	7,024,696
EXPENSES		
Direct		
Advertising and promotion	67,636	36,646
Benefits	345,643	444,208
Contracted maintenance	396,891	242,380
Contracted services	394,347	388,914
Equipment rentals	2,399	9,820
Federal rent	61,608	—
Interest on long-term debt	139,368	131,502
Materials and supplies	501,653	393,696
Office and administration	62,244	53,432
Professional and consulting fees	200,806	140,777
Purchased repairs	138,218	84,604
Salaries	1,898,574	1,800,930
Telephone	31,173	29,835
Training and meetings	24,017	18,388
Travel	40,820	66,041
Utilities	342,342	378,838
	4,647,739	4,220,011

Indirect		
Amortization	1,277,932	770,265
Bad debts (recovered)	22,826	(9,375)
Directors' fees	130,283	102,647
Payment in lieu of taxes	306,616	325,156
Insurance	184,049	187,341
Interest and bank charges	25,768	25,721
Interest on long-term debt	194,393	245,168
	2,141,867	1,646,923
Total expenses	6,789,606	5,866,934

Earnings before the following	1,055,746	1,157,762
Realized earnings on investments	862,663	1,277,037
Fair market value adjustment	(555,774)	—
Amortization of deferred capital contributions [note 10]	539,970	82,063
Restructuring of Transport Canada debt [note 11]	1,744,352	—
Income of IFIDS.COM INC.	22,030	—

Excess of revenue over expenses 3,668,987 2,516,862

See accompanying notes to the consolidated financial statements.

Thunder Bay International Airports Authority Inc. Consolidated Balance Sheet

As at December 31

	2007	2006
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	920,133	1,035,202
Accounts receivable	1,773,210	718,642
Inventory and equipment held for sale	87,763	965,713
Prepaid expenses	121,411	147,031
Current portion of net investment in direct financing leases [note 3]	193,000	—
Total current assets	3,095,517	2,866,588
Property and equipment, net [note 4]	13,660,803	14,504,099
Other		
Investments [2006 - at cost; market value - \$13,947,627]	14,227,727	12,674,670
Net investment in direct financing leases [note 3]	1,351,000	1,737,000
Deferred charges [note 5]	10,336	20,671
Accrued benefit asset [note 16]	61,000	—
Investment in IFIDS.COM INC. [note 6]	22,030	—
Total other assets	15,672,093	14,432,341
	32,428,413	31,803,028

LIABILITIES AND NET ASSETS

Current		
Accounts payable	798,436	821,175
Due to the Municipality of Red Lake [note 8]	79,549	44,934
Current portion of long-term debt [note 9[a]]	1,719,500	2,854,499
Deferred revenues	64,853	84,015
Total current liabilities	2,662,338	3,804,623
Non-current		
Security deposits	23,230	23,130
Long-term debt [note 9[a]]	4,001,673	6,963,225
Deferred capital contributions [note 10]	4,771,593	4,953,472
Retirement allowance liability [note 12]	400,020	372,236
Total non-current liabilities	9,196,516	12,312,063
Net assets		
Investment in property and equipment [note 13[a]]	5,795,037	2,552,903
Unrestricted	14,774,522	13,133,439
Total net assets	20,569,559	15,686,342
	32,428,413	31,803,028

See accompanying notes to the consolidated financial statements.

On behalf of the Board:

Director

Director

Thunder Bay International Airports Authority Inc. Consolidated Statement of Net Assets

Year ended December 31	2007	2006
	\$	\$
	15,686,342	13,169,480
Net assets, beginning of year	15,686,342	13,169,480
Excess (shortfall) of revenue over expenses	(739,141)	2,516,862
Net change in investment in property and equipment	4,040,002	—
Fair market value adjustment for adoption of financial instruments [note 2]	(58,727)	—
Net assets, end of year	14,774,522	15,686,342

See accompanying notes to the consolidated financial statements.

Thunder Bay International Airports Authority Inc. Consolidated Statement of Cash Flows

Year ended December 31	2007	2006
	\$	\$
OPERATING ACTIVITIES	3,668,987	2,516,862
Excess of revenue over expenses	—	—
Add charges (deduct credits) to earnings not involving a current payment (receipt) of cash	(1,744,352)	770,265
Restructuring of Transport Canada debt	1,277,932	(82,063)
Amortization	(539,970)	—
Amortization of deferred capital contributions	(61,000)	—
Increase in accrued benefit asset	—	—
Increase (decrease) in retirement allowance liability	27,784	(10,435)
Interest added to long-term debt	11,514	—
Fair market value adjustment	555,774	—
Income of IFIDS.COM INC.	(22,030)	—
	3,174,639	3,194,629
Net change in non-cash working capital balances related to operations [note 14(a)]	(158,184)	(1,853,332)
Cash provided by operating activities	3,016,455	1,341,297
INVESTMENT ACTIVITIES		
Purchase of property and equipment [note 14(b)]	(216,028)	(10,767)
Purchase of investments, net	(835,874)	(1,262,035)
Deferred charges	—	(31,006)
Cash used in investment activities	(1,051,902)	(1,303,808)
FINANCING ACTIVITIES		
Repayment of long-term debt	(2,079,622)	—
Long-term debt proceeds, net of repayment	—	1,057,366
Cash provided by (used in) financing activities	(2,079,622)	1,057,366
Decrease (increase) in cash and cash equivalents during year	(115,069)	1,094,855
Cash and cash equivalents (bank indebtedness), beginning of year	1,035,202	(59,653)
Cash and cash equivalents, end of year	920,133	1,035,202

See accompanying notes to the consolidated financial statements.

Thunder Bay International Airports Authority Inc. Notes to the Consolidated Financial Statements

December 31, 2007

GENERAL

The Authority was incorporated without share capital on August 3, 1995, under the laws of Canada.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of the Authority have been prepared in accordance with Canadian generally accepted accounting principles. The more significant of these accounting policies are summarized below.

Basis of consolidation

The accompanying financial statements are prepared on a consolidated basis to include the accounts of the Authority and its subsidiaries, and Thunder Bay Airports Services Inc., Sleeping Giant Enterprises Ltd. and Superior Aerospace Services Ltd. which are wholly-owned. IFIDS.COM INC. which is 50% owned has been accounted for using the equity basis.

Investments in which the Authority has the ability to exercise significant influence but does not have control are accounted for using the equity method. Under the equity method, the investment is initially recorded at cost and the carrying value is adjusted thereafter to reflect the Authority's share of income or loss. When there is a loss in the value that is other than a temporary decline, the investment is written-down to recognize the loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks, and cash held in money market instruments with maturity dates of less than three months from the date they are acquired. They are recorded at the lower of cost or market value.

Investments

Investments are classified as held for trading and recorded at fair market value.

Inventory and equipment held for sale

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Thunder Bay International Airports Authority Inc. Notes to the Consolidated Financial Statements

December 31, 2007

Property and equipment

Property and equipment are initially recorded at cost. Normal maintenance and repair expenditures are expensed as incurred.

Amortization is provided on the basis and at the rates below. It is expected these procedures will charge earnings with the cost of the property and equipment over their estimated useful lives. Gain or loss on disposal of individual assets is recognized in earnings in the year of disposal.

Airside equipment	1/15 straight-line - salvage value 10%
Computer hardware	1/3 straight-line
Computer software	1/3 straight-line
Land development costs	1/30 straight-line
Land transfer tax	1/60 straight-line
Leasehold improvements	1/5 straight-line
Office furniture and equipment	1/5 straight-line
Runway rehabilitation	1/15 straight-line
Security upgrades	1/5 straight-line
Vehicles and equipment	1/5 straight-line - salvage value 10%

Deferred charges

Deferred charges related to land transfer tax are being amortized against earnings on a straight-line basis over 60 years. Deferred charges related to start-up costs associated with the Canadian Coast Guard Contract are being amortized against earnings on a straight-line basis over 3 years.

Net investment in direct financing leases

Assets leased under terms which transfer substantially all the benefits and risks of ownership to customers are accounted for as direct financing leases. Income is recognized over the terms of the applicable leases in a manner that produces a constant rate of return on the lease investment.

Revenue recognition

The Authority follows the deferral method of accounting for contributions, which includes government grants. Restricted contributions are reflected as deferred contributions and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Sales and services revenue is recognized at point of sale or when the service has been provided and collectability is reasonably assured.

Thunder Bay International Airports Authority Inc. Notes to the Consolidated Financial Statements

December 31, 2007

Foreign currency translation

Foreign currency transactions entered into directly by the Authority are translated using the temporal method. Under this method, monetary assets and liabilities are translated at year-end exchange rates. Other balance sheet items are translated at historical exchange rates. Revenue and expense items are translated at average rates of exchange prevailing during the year. Any resulting exchange gains and losses are included in the consolidated statement of earnings in the current year. At year-end, monetary assets and liabilities denominated in U.S. dollars are translated using the exchange rate of U.S. \$1 = Cdn \$1.1659. Monetary assets and liabilities denominated in Swiss Francs are translated using the exchange rate of \$1 Swiss Franc = Canadian \$0.957.

2. CHANGE IN ACCOUNTING POLICIES

Financial instruments

On January 1, 2007, the Airport adopted the CICA Handbook Sections 3855, "Financial Instruments - Recognized and Measurement", 1530, "Comprehensive Income" and 3861, "Financial Instruments - Disclosure and Presentation". These standards have been applied without restatement of prior periods.

The standards require that financial assets are classified as held-for-trading (HFT), held-to-maturity (HTM), available for sale (AFS), or loans and receivables (L&R). Financial liabilities are classified as HFT or other financial liabilities (OFL). Financial assets and liabilities are initially recognized at fair value with the subsequent measurement based on classification. The classification depends on the purpose for which the financial instruments were acquired, their characteristics and choice where applicable.

All financial instruments, including derivatives, are measured at fair value except for L&R, HTM and OFL which are measured at amortized cost using the effective interest method. Changes in the fair value of HFT instruments are recognized in the consolidated statement of earnings. Changes in unrealized gains and losses on AFS investments are recognized in the consolidated statement of changes in net assets until realized through sale or other than temporary impairment. Investment income comprising interest, dividends and realized gains and losses is recognized in the consolidated statement of earnings.

Fair values are based on quoted market values where available from active markets, otherwise fair values are estimated using a variety of valuation techniques and models.

Transaction costs related to HFT instruments are expensed as incurred. Transaction costs related to other than HFT instruments are capitalized and amortized using the effective interest method.

The adoption of the new standards resulted in a transitional adjustment to opening net assets of \$1,272,957 due to an increase to investments (HFT), (\$149,818) due to a decrease in the value of land transfer tax, \$91,091 due to a decrease in the value of the Ontario Ministry of Finance debt (OFL).

Thunder Bay International Airports Authority Inc. Notes to the Consolidated Financial Statements

December 31, 2007

3. NET INVESTMENT IN DIRECT FINANCING LEASES

Net investment in direct financing leases consists of the following:

	2007	2006
	\$	\$
Total minimum lease payments	1,728,476	1,950,563
Unearned lease revenue	(184,476)	(213,563)
Less current portion	1,544,000	1,737,000
Non-current portion	1,351,000	1,737,000
	\$	\$
2008		193,000
2009		193,000
		386,000

Under the terms of each lease, the lease term is a twelve-month period from the commencement day of the lease. The lessee has the option to renew the lease for a further term of twelve months for a maximum of four renewals. The rent was set at 5% of the base price repayable over twelve months. During the year, the lease was renegotiated to include rent equal to the base price times the interest rate of the Airport's banker's acceptance rate and stamping fee plus 2.5% adjusted monthly. The agreements were also amended to include a renewal principal repayment equal to 10% of the base price due payable on the anniversary of the commencement date in order to extend the lease term. The lessee may purchase the equipment at the end of any lease term for the base price less all renewal principal payments paid.

Thunder Bay International Airports Authority Inc. Notes to the Consolidated Financial Statements

December 31, 2007

4. PROPERTY AND EQUIPMENT

Details of year-end property and equipment balances are as follows:

	2007		2006	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Airside equipment	2,540,596	570,377	2,540,594	497,509
Computer hardware	371,064	337,488	404,336	380,495
Computer software	263,389	258,709	258,283	258,285
Land and land transfer tax	1,077,242	30,624	1,039,367	54,000
Land development costs	3,721,014	370,615	3,721,014	246,870
Leasehold improvements	2,357,551	1,240,278	2,292,108	1,049,930
Office furniture and equipment	134,281	100,622	132,307	89,606
Runway rehabilitation	3,785,566	582,300	3,785,566	326,986
Security upgrades	3,183,595	477,539	2,941,330	—
Vehicles and equipment	2,104,632	1,909,575	2,088,663	1,795,788
	19,538,930	5,878,127	19,203,568	4,699,469
Property and equipment, net	13,660,803		14,504,099	

Amortization for the year is \$1,267,597 [2006 - \$759,930].

5. DEFERRED CHARGES

Deferred charges are represented by deferred start-up costs related to the Canadian Coast Guard Contract.

	2007	2006
	\$	\$
Cost	31,006	31,006
Less accumulated amortization	20,670	10,335
Deferred charges, net	10,336	20,671

Amortization for the year is \$10,335 [2006 - \$10,335].

Thunder Bay International Airports Authority Inc. Notes to the Consolidated Financial Statements

December 31, 2007

6. INVESTMENT IN IFIDS.COM INC.

[a] The Authority's 50% interest in IFIDS.COM INC. is accounted for using the equity method.

	2007	2006
	\$	\$
Balance, beginning of year	306,675	306,675
Advances	22,030	11,298
Net income for the year	(51,188)	(62,486)
Prior years deficit	277,517	255,487
Valuation allowance	(255,487)	(255,487)
Balance, end of year	22,030	—

[b] Financial information of IFIDS.COM INC. is as follows:

	2007	2006
	\$	\$
Balance Sheet		
Total assets	357,922	261,381
Total liabilities	416,237	363,755
Net assets	(58,315)	(102,374)

Authority's share of deficit (29,158) (51,188)

	2007	2006
Income Statement		
Sales	354,468	283,085
Cost of sales	130,148	152,830
Expenses	224,320	130,255
Interest income	185,923	107,706
	5,662	47

Earnings for the year 44,059 22,596

Authority's share of net income 22,030 11,298

Thunder Bay International Airports Authority Inc. Notes to the Consolidated Financial Statements

December 31, 2007

7. BANK INDEBTEDNESS

TD Canada Trust

The Authority has available a demand operating loan of \$550,000 bearing interest at the bank's prime lending rate plus 0.25% per annum. As collateral, the Authority has provided a general security agreement representing a first floating charge subject to the Ministry of Transport's first position on all assets except accounts receivable, chattel paper, document of title, instrument and money. The authority has letters of credit totalling \$644,000 outstanding at year-end.

8. DUE TO THE MUNICIPALITY OF RED LAKE

The balance due to the Municipality of Red Lake is comprised of the following:

	2007	2006
	\$	\$
Red Lake Airport Revenue Trust Account	161,632	175,905
Red Lake Airport accounts receivable	93,343	78,062
Advances due to the Municipality of Red Lake	(334,524)	(298,901)
	(79,549)	(44,934)

9. LONG-TERM DEBT

[a]

	2007	2006
	\$	\$
Transport Canada		
Under the terms of the Ground Lease, payable in three equal annual instalments of \$581,451, interest-free, beginning January 1, 2006 [see note 11].	—	1,744,352
Ontario Ministry of Finance		
\$360,000 interest free loan, payable in five equal instalments commencing 2011, discounted using a 4.2% effective interest rate.	280,423	360,000
TD Canada Trust		
Repaid in the year.	—	600,000
Repaid in the year.	—	178,125
Demand loan, repayable monthly in instalments of \$27,000 plus interest and a stamping fee of 0.60% per annum [5.16% combined at year-end]. As collateral, the Authority has provided a general security agreement as described in note 3 and a fixed charge on specific equipment and assignment of insurance.	1,771,000	2,943,000
Carried forward	2,051,423	5,825,477

Thunder Bay International Airports Authority Inc. Notes to the Consolidated Financial Statements

December 31, 2007

	2007	2006
	\$	\$

Brought forward 2,051,423 5,825,477

TD Canada Trust

Term loan, committed reducing term facility (multiple draw for a maximum of \$3,600,000), interest only repayable monthly at the applicable bankers' acceptance rate plus a stamping fee of 0.60% [5.16% at the year-end]. As collateral, the Authority has provided a general security agreement as described in note 3, a fixed charge on specific equipment and assignment of insurance, assignment of leases between the Authority and Marcel Boschung AG and an assignment of all equipment security agreements between the Authority and Marcel Boschung AG on specific equipment, maturing May 1, 2009.

- Draw #1	760,000	855,000
- Draw #2	784,000	882,000
- Draw #3 [note 9[c]]	1,083,000	1,083,000

Demand loan repayable monthly in instalments of \$10,750 plus interest and a stamping fee of 0.60% per annum [5.16% combined at year-end]. As collateral, the Authority has provided a general security agreement as described in note 3 and a fixed charge on specific equipment and assignment of insurance.

1,042,750 1,171,750

Suzuki Canada Credit

Repaid in the year. — 497

5,721,173 9,817,724

Less amounts included in current liabilities 1,719,500 2,854,499

Long-term portion 4,001,673 6,963,225

Thunder Bay International Airports Authority Inc. Notes to the Consolidated Financial Statements

December 31, 2007

[b] Principal repayments based on the undiscounted cash flows required over the next five years are as follows:

	\$
2008	1,719,500
2009	636,500
2010	636,500
2011	708,500
2012	708,500
Thereafter	1,392,250
	<u>5,801,750</u>

[c] TD Canada Trust Draw #3 is secured specifically by equipment which was sold during the year and is included in the current portion of long-term debt.

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions related to property and equipment represent the unamortized amount of contributions received for the purchase of property and equipment. The amortization of capital contributions is recorded as revenue in the consolidated statement of earnings.

	2007	2006
	\$	\$
Balance, beginning of year	4,953,472	2,714,283
Contributions received during year	358,091	2,321,252
Amortization	(539,970)	(82,063)
Balance, end of year	4,771,593	4,953,472

11. RESTRUCTURING OF TRANSPORT CANADA DEBT

On September 1, 1997, the Authority entered into a sixty-year lease for the Thunder Bay Airport facilities with Transport Canada, with an option to renew for an additional twenty years. Under Article 4 of the Ground Lease with Transport Canada, the Authority was to begin paying rent commencing January 1, 2006.

During the year, the Government of Canada amended the Authority's Ground Lease effective January 1, 2006 and included the restructuring of the debt. The amended Ground Lease requires that the Airport calculate base rent and participation rent based on annual Airport revenues. The debt has therefore been brought into income in the current year.

Thunder Bay International Airports Authority Inc. Notes to the Consolidated Financial Statements

December 31, 2007

12. RETIREMENT ALLOWANCE LIABILITY

Under the terms of the transfer agreement with Transport Canada, the Authority assumed the Government of Canada's obligation to pay its former employees compensation upon retirement or termination in accordance with the collective agreements. The Authority has continued to record the liability in accordance with the agreements.

Information about the Authority's retirement allowance liability is as follows:

	2007	2006
	\$	\$
Balance, beginning of year	372,236	382,671
Expense for the year	27,784	42,049
Benefits paid during the year	—	(52,484)
Balance, end of year	400,020	372,236

13. INVESTMENT IN PROPERTY AND EQUIPMENT

[a] Investment in property and equipment is calculated as follows:

	2007	2006
	\$	\$
Property and equipment at net book value	13,660,803	14,504,099
Amounts financed by:		
Deferred capital contributions	(4,771,593)	(4,953,472)
Long-term debt	(3,094,173)	(6,997,724)
	<u>5,795,037</u>	<u>2,552,903</u>

[b] Change in net assets invested in property and equipment is calculated as follows:

	2007	2006
	\$	\$
Excess (shortfall) of revenue over expenses		
Amortization of deferred capital contributions	539,970	82,063
Amortization of property and equipment	(1,267,597)	(759,930)
Interest added to long-term debt	(11,514)	—
	<u>(739,141)</u>	<u>(677,867)</u>

Thunder Bay International Airports Authority Inc. Notes to the Consolidated Financial Statements

December 31, 2007

[c] Net change in investment in property and equipment:

	2007	2006
	\$	\$
Purchase of property and equipment	574,119	2,711,398
Amounts funded by:		
Capital contributions	(358,091)	(2,321,252)
Loan proceeds	—	(1,830,000)
Repayment of long-term debt	2,079,622	576,255
Restructuring of long-term debt	1,744,352	—
	4,040,002	(863,599)

14. STATEMENT OF CASH FLOWS

[a] The net change in non-cash working capital accounts related to operations is represented by the following:

	2007	2006
	\$	\$
Decrease (increase) in current assets		
Accounts receivable	(1,054,568)	(95,000)
Inventory and equipment held for sale	877,950	(11,921)
Prepaid expenses	25,620	1,931
	(150,998)	(104,990)
Increase (decrease) in current liabilities		
Accounts payable	(22,739)	(1,787,119)
Due to the Municipality of Red Lake	34,615	10,668
Deferred revenues	(19,162)	34,247
Security deposits	100	(6,138)
	(7,186)	(1,748,342)
	(158,184)	(1,853,332)

[b] During the year, property and equipment were acquired at an aggregate cost of \$574,119 [2006 - \$2,711,398] of which \$358,091 [2006 - \$2,321,252] were funded by restricted contributions and \$nil [2006 - \$379,379] were funded by means of long-term debt. Cash payments of \$216,028 [2006 - \$10,767] were made to purchase property and equipment.

Thunder Bay International Airports Authority Inc. Notes to the Consolidated Financial Statements

December 31, 2007

15. COMMITMENTS

During 2007, the Airport executed the amended Transport Canada Ground Lease which replaces the previous calculation that was largely based on passenger traffic with one that is based on revenue. Ground rent will be calculated as a percentage of revenue using an escalating percentage of Airport Revenue which has the following ranges: 0% for revenue below \$5 million, 1% for revenue between \$5 and \$10 million, 5% for revenue between \$10 and \$25 million, 8% for revenue between \$25 and \$100 million, 10% for revenue between \$100 and \$250 million, and 12% for revenue in excess of \$250 million.

16. PENSION PLANS

The Authority sponsors a pension plan on behalf of its employees which has defined benefit and defined contribution components.

The defined contribution component of the pension plan has only eight employees currently participating in it. Pension expense for the defined contribution plan is \$23,592.

The defined benefit component is for employees who were employees of the Authority on the date of transfer including former Transport Canada employees who may elect to transfer their entitlements under the Public Service Superannuation Plan to the Authority Plan. The Authority will inherit no unfunded pension plan liability from Transport Canada in respect of transferring employees who elect to transfer their entitlements to the defined benefit component of the plan. As of December 31, 2007, no assets have been transferred from Transport Canada.

Employer contributions amounted to \$144,896 and employee contributions amounted to \$45,997. Benefits paid to members of the plan in 2007 were \$97,000. The Authority has no accrued liability established at December 31, 2007. The Authority has an accrued benefit asset of \$61,000 at December 31, 2007.

Based on the actuarial valuation, the fair value of the entire plan assets and the accrued benefit obligation as of the most recent actuarial extrapolation at December 31, 2007 were \$3,384,000 and \$3,491,000, respectively leaving a deficit of \$107,000.

The significant actuarial assumptions adopted in measuring the Authority's accrued benefit obligations as of January 1, 2007 are as follows:

Discount rate	5.50%
Expected long-term rate of return on plan assets	6.50%
Rate of compensation increase	4.00%

Thunder Bay International Airports Authority Inc.
Notes to the Consolidated Financial Statements

December 31, 2007

17. CONTINGENT LIABILITIES

The Airport is subject to legal proceedings and claims from time to time, which arise in the normal course of business for which the amount of settlement, if any, is indeterminable at this time. The settlement, if any, will be expensed in the financial statements at the time of settlement.

18. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

Thunder Bay International Airports Authority Inc.
Consolidated Schedule of Revenue

Year ended December 31	2007	2006
	\$	\$
Airside	2,146,623	2,032,904
Industrial land leases	476,054	452,772
Miscellaneous	137,125	76,807
Parking and ground transportation	942,795	839,372
Terminal	3,187,785	2,820,154
Federal rent recovery	17,581	—
	6,907,963	6,222,009
Revenue from business initiatives	937,389	802,687
	7,845,352	7,024,696

EXPRESS VIP PARKING Application

The Thunder Bay International Airports Authority Inc. (TBIAAI) is excited to offer a new Express Parking opportunity located adjacent to the Air Terminal Building, utilizing radio frequency transponder technology.

This new service offers convenient, easy access parking at an introductory rate of \$95.00 per month (taxes included).

Date _____

Name _____

Business _____

Address _____ City/Prov/PC _____

Contact # _____

Method of Payment:

Method of Payment: VISA Master Card Cheque (T.B.I.A.A.I.)

Amount of Purchase: \$95.00 per month

Card # _____ Expiry Date _____

Cardholder Name _____

Authorization to process \$95.00 per month on the above credit card. Cardholder shall advise TBIAAI in the event of any card changes or to cancel processing of \$95.00 per month.

Signature _____

Submit to: Thunder Bay International Airports Authority Inc.
340 – 100 Princess Street
Thunder Bay, Ontario P7E 6S2
Phone: (807) 473-2604
Fax: (807) 475-9627
Email: myslicm@tbairport.on.ca or



For the Frequent Traveller or
convenient company access.
“Only the airplanes park closer!”

Quick Card Application

Thunder Bay Airport is pleased to present our **Quick Card**. This card allows regular users ease of access in and out of the airport parking system.

Payment accepted by cash, cheque or credit card. If purchasing by credit card, simply complete the application and fax it to us. Upon receipt of payment we will deliver your **Quick Card**.

Date _____ Name _____

Business _____ Address _____

City/Prov/PostalCode _____ Contact # _____

Method of Payment VISA Master Card Amex Cheque (T.B.I.A.A.I.)

Card # _____

Cardholder Name _____

Signature _____

Expiry Date _____ Amount of Purchase \$ _____

Submit payment to: Thunder Bay International Airports Authority Inc.
340 – 100 Princess Street
Thunder Bay, Ontario P7E 6S2
Phone: (807) 473-2604
Fax: (807) 475-9627

For the utmost convenience, your **Quick Card** can be automatically topped up when it reaches a pre-determined minimum. To enjoy this service, sign below and indicate:

(i) the minimum balance and (ii) the amount to top up your Card by.

To avoid the risk of my **Quick Card** balance reducing below my parking charges, I pre-authorize a debit of \$____ on my credit card. Please top up my **Quick Card** when it reaches a minimum of \$_____.

(signature of cardholder)





Contact information:

Scott McFadden, President & CEO – (807) 473-2600
or e-mail at scott@tbairport.on.ca

Ed Schmidtke, Manager Business Development –
(807) 473-2602 or e-mail at schmide@tbairport.on.ca

Bill Britt, Manager Operations – (807) 437-2615
or e-mail at brittb@tbairport.on.ca

Domenic Vita, Manager Airport Services –
(807) 473-2617 or e-mail at vitad@tbairport.on.ca

WEBSITE: www.thunderbayairport.com



Flight	From	Scheduled
512	Mangrove Cay Airport	9:00 AM
851	George Town	9:45 AM
9210	Ft Lauderdale	9:55 AM
4971	Miami	9:56 AM
5004	Ft Lauderdale	10:09 AM
901	Bimini	10:15 AM
349	Gov Harbour (4)	10:25 AM
312	Freeport	10:30 AM
4989	Miami	10:40 AM
719	New York	10:40 AM

