YOUR COMMUNITY.
YOUR AIRPORT.
YOUR SUCCESS.

2014 ANNUAL REPORT

GREATER MONCTON INTERNATIONAL AIRPORT
AÉROPORT INTERNATIONAL DU GRAND MONCTON

VISION

To be the airport of choice in Atlantic Canada.

MISSION

The pursuit of excellence in growing and operating a safe, clean, efficient, friendly and profitable airport with a distinctive (local) sense of place.

VALUES

Operating a safe and secure environment.

Delivering service excellence by encouraging customer responsiveness, training and cooperation with staff, community and business partners.

Ensuring professional and entrepreneurial airport management operating in an ethical and open manner.

Providing an efficient and profitable airport.

Maintaining a commitment to the development of successful partnerships.

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In Honour of A GREAT MAN

Shortly after he announced his impending retirement, our longtime President and CEO Rob Robichaud lost his battle with cancer and passed away on July 17, 2014, at the age of 64.

The Greater Moncton International Airport (GMIA) was in Rob's blood, having joined us 17 years previously in 1997. His vision and determination in getting things done are major reasons why we are where we are today with a beautiful terminal building, expanding cargo facilities and world-class runways.

"Rob was singular in his dedication to the GMIA team, relentless in his drive to position the airport as an economic force in the region, passionate about aviation, and committed to excellence at the airport as well as within the industry," said Greater Moncton International Airport Authority Chair André Pelletier at the time of Rob's passing. "He will be deeply missed."

Tributes for Rob poured in from all corners, including George Casey, President and CEO of Vantage Airport Group. "Rob was an inspiration for the airport. He has left us with a legacy of steady leadership, integrity and innovation."

Rob had been part of the Airport Authority and its successes since the very beginning. He joined the Airport Authority in 1997 as Managing Director and became President and CEO the following year. In his leadership role at the GMIA and in the community, Rob was at the forefront of many great accomplishments, such as initiating and completing key infrastructure projects and increasing air service. He was committed to the goal of establishing GMIA as the preeminent international airport for our province.

Today, thanks to Rob's leadership, the GMIA injects more than $380 million annually in revenue in the local, regional and provincial economies and is responsible for the employment of more than 2,000 people in the region, while contributing more than $13 million annually in fiscal obligations, making it one of the region's foremost employers.

A veteran of the Royal Canadian Navy and Royal Canadian Air Force, where he earned his pilot wings, Rob served in Canada's Reserve Force between 1998 and 2001 as a Liaison Officer for New Brunswick. He also served on a number of boards including the Canadian Airports Council, Canada East Air Cargo Gateway Group, Tourism Industry Association of New Brunswick and Moncton Rotary Club. He was a past president of the Atlantic Canada Airports Association. In 2004, Rob was awarded the Queen's Golden Jubilee Medal and, in 2014, was awarded the Diamond Jubilee Medal for his contributions to Canada.

Anyone who knew or worked with Rob could certainly attest to his tenacity in getting a job done. He was not one to give up easily – and this was a trait he had within himself long before he joined the GMIA. An old Navy buddy Cyril Johnston had this memory of Rob:

"One thing that is probably not known widely about Rob is that he was involved in the worst peacetime naval disaster in the history of the Royal Canadian Navy. On October 23, 1969, at approximately 8:20 a.m., H.M.C.S. Kootenay experienced an engine room explosion and fire. We were off the west coast of England heading home to Halifax.

In an instant, the whole ship was filled with black oily smoke that made it impossible to see or breathe. Most of the crew, approximately 250, were trapped below. In the pitch-black smoke, everyone scrambled to escape to the upper deck and fresh air. Some were not so fortunate. Eight men died immediately and one died later on board the aircraft carrier H.M.C.S. Bonaventure. More than 50 suffered from burns and smoke inhalation. Many suffered later from what is now known as post-traumatic stress disorder. A number committed suicide, including a young officer who was a friend to Rob and I.

What I want to tell you about is that Rob came perilously close to losing his own life in what can only be described as a selfless act of bravery. He had a chance to escape the smoke and fire but instead came back looking for me and another cabinmate. He thought we were asleep and might not have heard the alarm. In fact, we had escaped the fire and were on the upper deck when Rob burst through the hatch to safety.

He was totally out of breath, and had he stayed below any longer he would have succumbed to the smoke. His next breath would have been his last breath."

One thing that all who knew can agree with is that Rob never shied away from a challenge, no matter how big.

We were fortunate to have benefited from this perseverance. Rob will be greatly missed – and we are very grateful for his excellent service and dedication to the Greater Moncton International Airport.

Thank you, Rob, for a job well done! You have earned your rest.

CHAIR'S *Message*

Dear Greater Moncton Community Stakeholders,

As Chair of the Greater Moncton International Airport Authority (GMIAA), I am pleased to have this opportunity to update you on our airport's progress over the past year.

2014 marked another stellar year for the Greater Moncton International Airport. We are proud of our growth. Our strategic objective to grow passenger travel was surpassed and our cargo development initiatives also proved that we can be the Air Cargo Logistics Centre of Excellence in Atlantic Canada.

GMIA felt a great loss with the passing of our President and CEO Edgar (Rob) Robichaud last July. Rob provided tremendous leadership and guidance to the Board, management and staff to ensure that this airport is built on a solid base for years to come. These were very difficult moments for GMIA, his aviation family as well as his spouse Fran and family.

The Board and employees are aiming to recognize Rob's contributions with a special tribute at this year's Annual General Meeting.

CARGO

The year was one of incremental progress from the cargo perspective following the significant investment in runway infrastructure that allowed for a 10,001-ft runway to open in 2013.

A few examples of this include:

- Bluebird Cargo's successful weekly cargo flights between Greater Moncton and Cologne, Germany, between April 2013 and March 2014. These Boeing 737 aircraft flights carried a total of 1,198,490 kg of cargo which included oysters, live eels, and other seafood products;
- A significant first for our airport and cargo initiative was the arrival of C.A.L. Cargo Airlines Boeing 747 aircraft in April 2014. This aircraft has the capability of carrying a full load of 135,000 kg of cargo product. Over 2014, it carried a total of 709,481 kg of seafood product, primarily lobster, to European destinations via the Liège Airport, one of Europe's strongest and growing cargo hubs, thereby allowing transhipment to other European destinations and key New Brunswick customers and export markets;
- Continued growth and activity in the consolidator and expediter market with UPS, FedEx, and Purolator's Greater Moncton-based activities.

PASSENGERS

From the passenger traffic perspective, 2014 was the airport's strongest ever with a total of 677,159 passengers. This represented a significant 4.6% growth over the prior year but, more importantly was the airport's most successful passenger traffic year ever.

Contributing to these passenger volumes were two key factors:

- The strongest-to-date seasonal service period with 12 direct sun destination flights by Air Transat, Sunwing and WestJet. These flights served destinations in Mexico, Cuba, Dominican Republic, Jamaica and Florida. The Orlando service with Air Transat was new, as well as the Cancun service with Sunwing.
- Another highlight on the passenger traffic side was the significant growth of the mobile worker traffic destined for Western Canada with dedicated flights by Canadian North and up to 14 flights per week supporting this user demand.

AIRPORT LEADERSHIP

One of the most important undertakings by the Board was to ensure a transition in leadership. With the assistance of Vantage Airport Group, search consultant Caldwell Partners and a board search committee undertook the search for a new President and CEO. This rigorous process was very involved from the initial screening of candidates, multiple interview stages and detailed candidate assessments. This exercise successfully led to the hiring of Bernard F. LeBlanc who joined GMIA in January 2015.

AIRPORT GOVERNANCE

All Board committees (Executive, Audit, Environmental, Governance, Strategic Planning and Human Resources) worked extremely hard in 2014 to ensure continued oversight of the airport operation while providing guidance to management on key issues.

The Board said farewell to Karen LeBlanc who had served on the Board for six years. It is also important to note and recognize the dedicated work of our management and airport staff.

OUR COMMUNITY

Our growth and success are directly linked to the support of our community and our strategic partnerships. The continued support of our municipal, provincial and federal governments and business partners in acknowledging the critical importance of our hub airport as an economic development catalyst for our region is key to our success.

In closing, I am very proud of our accomplishments this challenging year 2014. The GMIAA Board of Directors will continue on its strategic initiatives to position our airport on the path of continued long-term success.

André Pelletier

André Pelletier
Chair

PRESIDENT & CEO'S *Message*

From the operational perspective, 2014 was a year which not only showed impressive results but also required the development of creative approaches and solutions from the management team and staff.

With growth and success, come new and unanticipated challenges. A few examples of these were in the area of cargo activity growth and the huge increase in mobile worker traffic.

Together with its logistics partners, the Greater Moncton International Airport (GMIA) was able to put together all the pieces of the puzzle to ensure an integration of contributions to allow for the successful growth of its cargo initiatives. To the outside world, it may sometimes seem as if these things "just happen" but, in reality, it is necessary to not only have airport involvement in terms of providing the necessary infrastructure (i.e. a 10,001-foot runway, apron suitable to accommodate a Boeing 747) and regulatory approvals (i.e. transshipment certification) but also the supporting private sector services, infrastructure and partnerships to complement the airport assets.

An example is the advent of C.A.L. Cargo Airlines and their delivery of 709,481 kg of product over a nine-month period to European markets using a Boeing 747. Critical to this effort were the ground handling provider's team and equipment, Airport Terminal Services (ATS) and the cold storage warehouse and transportation provider (J.D. Irving Limited, Midland). Internal personnel resources such as our Cargo Specialist Jacques Fournier and Director of Operations Chris Farmer were also critical cogs in achieving this milestone. Congratulations and thanks to you and all supporting GMIA personnel.

The year brought significant firsts from the cargo perspective culminating with the end-of-year shipment of 622,322 kg of lobster via a very large and very visible C.A.L. Cargo Airlines Boeing 747 aircraft. We remain excited about the long-term potential our cargo initiative offers in terms of revenue growth and as complementary undertaking to our passenger related activities. Our activity growth also offers the potential for significant job growth for New Brunswick and our region as our key role of an aeronautical hub and connecting point to North American, European and Asian cargo shipment opportunities.

Similarly, from the mobile-worker perspective, having a total of 14 Boeing 737 aircraft mobile worker flights per week to western destinations (mainly Alberta) involves significant logistical coordination to ensure proper movement of aircraft and passengers as well as the accommodation of what can be very significant parking needs.

2014 also involved critical contributions from the senior management team who were called upon to "buffer" the absence of the CEO due to illness. It is therefore essential to thank Johanne Gallant who acted as Interim CEO during this period, as well as Chris Farmer, Director of Operations and Natasha Ostaff, Director of Finance and Administration, who also supported this transition.

The GMIA also initiated the construction of an Airport Operations Facility which combines the fire hall, maintenance garage and electrical shop to improve operational efficiency and replace aging infrastructure.

In terms of

TOP 10 ACHIEVEMENTS FOR 2014,

WE WOULD HIGHLIGHT THE FOLLOWING:

1. EBITDA Growth: Achieved a year-end EBITDA increase of 95% over budget and 14% higher than year-end 2013.
2. Passenger Growth: Achievement of best passenger traffic ever at 677,159 with a passenger volume increase of 5.5% greater than budgeted and 4.6% better than year-end 2013.
3. Cargo Growth: Cargo tonnage better than budgeted by 4.8% and prior year by 3%.
4. Airport Operations Facility: Construction initiated in 2014 for this $13.5-million facility with a planned 2015 completion.
5. Airport Development: Completion of a land transfer agreement with Dieppe.
6. Succession Planning: Recruitment of new President and CEO.
7. Air Service Development: Kickoff of the busiest seasonal southern destination for winter 2014/2015 with 15 non-stop direct flights per week.
8. Airport Cargo Village: Construction of a cold/cool/dry storage facility on adjacent to airport land and proximate to the GMIA main apron.
9. Community Engagement: Coordination and hosting of an air show – first one in over 40 years with several thousand in attendance.
10. Air Cargo Logistics Symposium: Very successful third biannual event with over 100 attendees and participants from Canada, the U.S., as well as Europe.

Being new to the organization, I can only thank my predecessor for having built such a strong employee team and for having put in place the necessary infrastructure to allow the GMIA's long-term success in terms of passenger and cargo movements. Our aim remains to maintain and enhance our role as a key enabler of jobs in this province and a facilitator of future growth through our continued efforts at growing passenger air travel options and cargo facilitation.

I would like to take this opportunity to thank the dedicated GMIA employees and management team who make our success possible through their work efforts and focus on meeting operational and customer requirements. As well, our objectives cannot be met without the presence and contributions of our airline partners: Air Canada, Porter, WestJet, Canadian North, Sunwing and Air Transat for passengers and Cargojet, C.A.L. Cargo Airlines, Bluebird Cargo, Kelowna Flightcraft, FedEx, Purolator and UPS for our cargo airlines and logistics partners.

Special thanks to our Board of Directors for the support and guidance they have provided to the management team over the course of the year and for the confidence they have placed in me for taking on the leadership role at the GMIA. Similarly with the Vantage Airport Group, a recognized leader in airport management and development, who although operating behind the scenes has a key role in supporting and ensuring our local airport's success through the provision of global expertise and best practices.

Together with my team, we will focus on not only engaging New Brunswick travellers and shippers but also on better understanding their/your needs and doing our utmost to meet and exceed expectations.

Growth is only possible if you choose to use YOUR airport for your personal and business travel as well as for your commercial cargo and export/import needs, so please feel free to reach out to us if we can assist in any way to gain more of your business.

Bernard F. LeBlanc, P. Eng.
President and CEO, GMIAA

CAPITAL IMPROVEMENTS

The most significant capital project for the GMIA was the start of the Airport Operations Facility, or AOF. The AOF will replace three buildings at the airport, the maintenance garage, fire hall and electrical workshop. The new AOF will not only provide operational efficiency, but it will also reduce the costs associated with maintaining and operating the three older facilities. The AOF will be built using environmentally friendly practices and materials with the goal of having an energy efficient facility.

ENVIRONMENTAL

GMIA initiated an Environmental Management System to identify and manage environmental goals and objectives. LED lighting is shown to reduce energy consumption and in some cases improve lighting. The GMIA is committed to environmental awareness. With that in mind, conventional lighting was replaced with LED lights along the taxiways. GMIA will continue to implement such environmentally friendly initiatives where feasible.

OPERATIONAL ITEMS

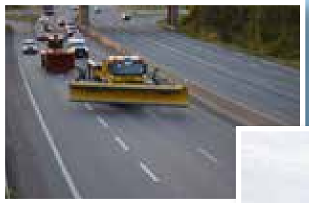
GMIA continued with its commitment to improving operational efficiency and effectiveness with the purchase of a third Boschung Jet Broom combination runway sweeper and plow. GMIA also purchased a snow blower to replace a unit that surpassed its life cycle. The blower was manufactured by Airport Technologies in Portage La Prairie, Manitoba, and is the second unit of this type for GMIA.

The Air Terminal Building was opened in the fall of 2002. There is an ongoing program to upgrade the building, its systems and fixtures. One initiative for 2014 was roofing rehabilitation and additional seating with power outlets in the mezzanine area of the departure lounge.

The operations team was also involved in two significant events for 2014. The regimental funerals for the fallen Codiac RCMP officers in June was attended by outside RCMP and police members, dignitaries and VIPs. Most arrived at the airport in scheduled and chartered aircraft. The GMIA team, including the airport security force, seamlessly managed the challenge of positioning the extra aircraft, vehicle convoys and influx of attendees.

In August, Airshow Atlantic returned after an almost 40-year absence. The operations team was very busy assisting and supporting this monumental event.

In the fall, the GMIA sent a Boschung Jetbroom (with its 30-ft blade) and an airport snow blower to the Moncton Coliseum to participate in the Touch-a-Truck event in support of raising money for juvenile diabetes.



OPERATIONS *Report*

MARKETING & BUSINESS
Development Review

THE YEAR IN NUMBERS

Positive passenger and cargo trends continued for the Greater Moncton International Airport in 2014, as they have done in past years.

In 2014, the number of passengers at the airport rose to 677,159, a 4.6% increase over 2013 (647,682), and a new record. Passenger statistics have risen steadily in recent years, with 2014 easily topping 2013, 2012 (615,085) and 2011 (579,329).

Our major airline partners in 2014 included Air Canada Express, which offered the most frequency, as well as Porter, WestJet, and United Airlines. Significant traffic also came via chartered aircraft (Canadian North) transporting mobile workers primarily to and from Alberta. Due to schedule and destination realignments to suit their corporate needs, United ceased serving the GMIA in 2014.

GMIA's passenger traffic continued to exceed the combined volume of all other New Brunswick airports in 2014.

Cargo traffic at the GMIA also saw a healthy increase once again in 2014. Cargo tonnage from carriers such as C.A.L. Cargo Airlines, the newest addition to the cargo business in our region, flying in regularly with their Boeing 747 during lobster fishing season, Bluebird, Cargojet, EVAS, FedEx, Purolator, UPS, Skylink and WestJet Cargo increased by 3% to 24,905 metric tonnes compared to 24,172 in 2013 and 22,832 in 2012.

EXCITING GROWTH IN DIRECT-FLIGHT SOUTHERN DESTINATIONS

Direct flights to southern destinations continued to grow in popularity with Maritime sunseekers in 2014. Transat Holidays offered flights from Greater Moncton to Mexico, Cuba and Dominican Republic. Sunwing Vacations offered direct flights to Cuba, Jamaica, Dominican Republic and Mexico. Meanwhile, WestJet also offered direct flights from Greater Moncton to Mexico and Florida.

In 2014, Celebrity Cruises announced it would be offering non-stop flights for all-inclusive Caribbean cruise vacation packages between the GMIA and Miami every Sunday from February to April 2015. Greater Moncton was one of four new Canadian departure cities added as a response to the resounding success of Celebrity Cruises' 2014 all-included packages.

CLUB YQM

In 2014, planning took place to bring Club YQM to the next level as it evolves as the world's first airport-specific loyalty affinity program, offering members a number of benefits and conveniences. Our airport affinity program was officially launched in 2013 after a successful pilot project. Today, Club YQM has approximately 100 members.

MARKETING CAMPAIGNS

Some of our main marketing campaigns in 2014 included:

- Prince Edward Island Hot 105.5 radio promotion
- Southern destination promotion in terminal building
- Strengthened and consistent presence on social media (Facebook, Twitter)

COMMUNITY RELATIONS

The GMIA contributed more than $19,500 to a number of community events and organizations in 2014. In addition to these financial contributions, GMIA employees also volunteered and provided in-kind assistance to a number of events and organizations, including:

- Aberdeen Cultural Centre
- Canadian Cancer Society
- Canadian Mental Health Association
- Canadian Track & Field Championships
- Canadian Transplant Games
- Children’s Wish Foundation
- Community Peace Centre
- Drugs and Addiction Magazine
- FIFA Women’s World Cup Canada 2015
- Friends of The Moncton Hospital Foundation
- Frye Festival
- Greater Moncton Chamber of Commerce
- Heart and Stroke Foundation of Canada
- Hope Air
- IAAE Canada
- Junior Achievement of New Brunswick
- Juvenile Diabetes Research Foundation
- Make-A-Wish Canada
- New Brunswick Police Association
- RCMP Foundation
- Rotary International
- Royal Canadian Legion
- Transportation Discovery Centre
- United Way of Greater Moncton and Southeastern New Brunswick
- War Amps of Canada

RETAILING

Retail partners remained relatively consistent in 2014. After the departure of our seafood retailer due to the business being sold to outside interests, we embarked on a search for a new seafood retailer to set up shop as soon as possible in 2015 as this is a popular aspect of our customer experience.

LOOKING AHEAD TO 2015

In 2014, the commercial team worked diligently at trying to attract new airlines and raising positive awareness of the GMIA. Emphasis was put on offering new routes and adding frequency to existing ones. The trend toward lower oil prices at the end of 2014 and their potential negative impact on the number of mobile workers travelling to and from Alberta – while outside of the control of the GMIA – is an incentive to continue working hard to diversify and find partners in order to maintain this upward trend. We will also maintain emphasis on attracting more direct flights to southern destinations during the winter months as this is a consistently growing part of our passenger traffic.

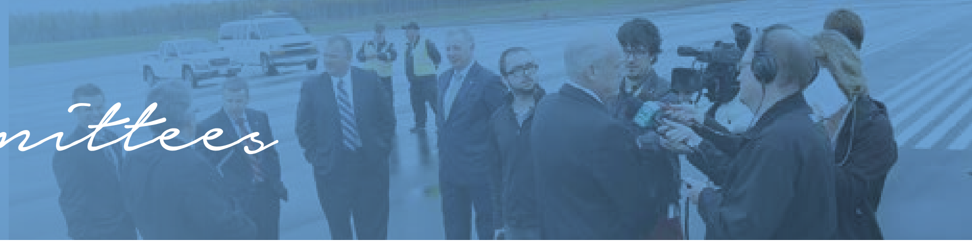
The GMIA's commitment to build and significantly grow the air cargo business in Greater Moncton and southeastern New Brunswick continued to be a pillar of the GMIA's overall corporate communication program in 2014. One of the challenges of building long-term relationships and commitments necessary to succeed in this sector is to demonstrate to stakeholders a high level and sustained commitment to cargo. As we have continued to build partnerships and infrastructure, a strategic decision was made in 2013 to develop a stand-alone cargo brand that makes it clear that this is a dedicated long-term part of our business: it needs to be clear to partners that we are committed to growing this business over the long term.

Consequently, the **CargoviaCYQM** brand was developed in 2014 and will continue to be rolled out fully in 2015 as part of trade and business communication in Atlantic Canada and internationally. Onward, the **CargoviaCYQM** brand will play a key role in positioning GMIA as the dominant air cargo destination in Atlantic Canada.

CargoviaCYQM

GREATER MONCTON INTERNATIONAL AIRPORT
AÉROPORT INTERNATIONAL DU GRAND MONCTON

BOARD *Committees*



Throughout the year, seven standing committees meet regularly. These include an Executive Committee, Audit Committee, Strategic Planning Committee, Environmental Committee, Governance Committee, Human Resources Committee, as well as the Community Consultative Committee. Ad hoc committees are formed when required.

The Greater Moncton International Airport Authority Inc. (GMIAA) Board's approach to governance is that the Board deals with policy issues, while the President and CEO is responsible for management matters. That is to say, the Board is solely responsible for the formulation and monitoring of policy matters at the highest level, while management is responsible for the execution of day-to-day issues in support of these policies. A monitoring policy is put in place which holds the President and CEO accountable through the provision of periodic reports as well as other monitoring measures, all designed to give the Board the tools necessary to ensure its policies are being adhered to.

EXECUTIVE COMMITTEE

The Executive Committee is comprised of the Chair, André Pelletier, Christopher Bacich, Maurice Richard, Roland Collette and Brian Donaghy. Its purpose is to consider, promote and transact the business of the GMIAA Inc. between regular meetings of the Board of Directors.

AUDIT COMMITTEE

Members of the Audit Committee include Maurice Richard, Chair, Randy Jones, Robert Price, Christopher Bacich and Diane Cormier. This committee's primary responsibilities include, among others: identifying and monitoring the management of the principal risks that could impact financial reporting, monitoring the integrity of the financial reporting process and systems of controls and monitoring the independence and performance of the external auditors.

STRATEGIC PLANNING COMMITTEE

This committee's membership includes Christopher Bacich, Chair, Shane Esson, Diane Allain, Diane Cormier and Brian Baxter. Its role is to develop strategic policies and the monitoring thereof in support of the GMIAA's goals and objectives.

ENVIRONMENTAL COMMITTEE

The Environmental Committee is comprised of Clifford Lavigne, Chair, Gil Meredith, Randy Jones and Brian Baxter. The mandate of this committee is to establish and monitor all policies associated with environmental issues on the airport lands.

GOVERNANCE COMMITTEE

This committee is comprised of Brian Donaghy, Chair, Robert Price, Clifford Lavigne and Gil Meredith. The Governance Committee annually reviews the Terms of Reference for the Board, committees, the Board Chair, President and CEO and management contractor (Vantage Airport Group). This committee is also responsible for formulating and recommending governance policies as well as evaluation matrices.

HUMAN RESOURCES COMMITTEE

Members of the Human Resources Committee include Roland Collette, Chair, André Pelletier, Shane Esson and Diane Allain. The committee's mandate is to ensure that GMIA has appropriate human resources strategies and policies consistent with good practices and business requirements.

THE 2014 GMIA MANAGEMENT TEAM

Rob Robichaud	President and CEO (GMIAA Inc.) Managing Director (GMIA)
Natasha Ostaff, CPA, CA	Director of Finance and Administration
Johanne Gallant	Director of Airport Commercial Development
Chris Farmer	Director of Operations

THE COMMUNITY CONSULTATIVE COMMITTEE AND THE AERONAUTICAL NOISE MANAGEMENT COMMITTEE

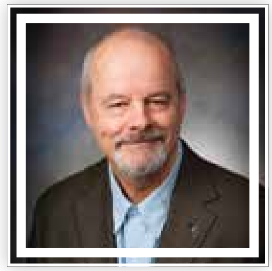
The Community Consultative Committee meets to address issues that have the potential of impacting the community. This committee meets in conjunction with the airport's Aeronautical Noise Management Committee. The Aeronautical Noise Management Committee has a representative each from Dieppe, Riverview and Moncton, along with the airport, aircraft operators, NAV CANADA, Transport Canada and the Greater Moncton Planning District Commission. These committees met their commitments in accordance with the Transport Canada ground lease requirements. These committees are currently chaired by James Morris.

BOARD ACCOUNTABILITY

The GMIAA Inc. Board of Directors is compensated as follows: Chair $10,000, Secretary-Treasurer $8,000 and all other members $2,500. Also, there were no code of conduct non-compliance issues for the GMIAA Inc. Board of Directors in 2014.

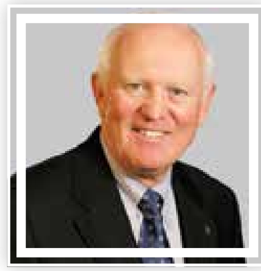
GMIAA INC. BOARD OF *Directors*

André Pelletier
Title: Chair
Occupation: Director, Real Estate Subsidiaries & Mortgage Loans, *Assumption Life*
Nominator: Greater Moncton Chamber of Commerce

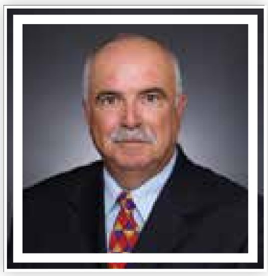


Robert Price
Title: Director
Occupation: President *Integrity Home Health Services*
Nominator: Province of New Brunswick

Christopher Bacich
Title: Vice-Chair, Strategic Planning Committee Chair
Occupation: General Manager, *BMW Moncton*
Nominator: City of Moncton



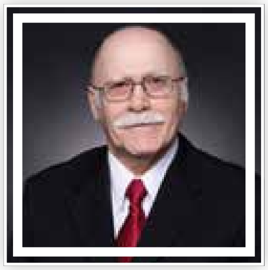
Brian Baxter
Title: Director
Occupation: President *Botsford Investments Inc.*
Nominator: Government of Canada



Maurice Richard
Title: Secretary-Treasurer Audit Committee Chair
Occupation: Self-employed
Nominator: City of Dieppe

Diane Cormier
Title: Director
Occupation: *National Bank Financial*
Nominator: Greater Moncton International Airport Authority Inc.

Roland Collette
Title: Human Resources Committee Chair
Occupation: President & Owner, *Proactif Sports Inc.*
Nominator: City of Dieppe



Clifford Lavigne
Title: Environment Committee Chair
Occupation: Retired
Nominator: City of Moncton

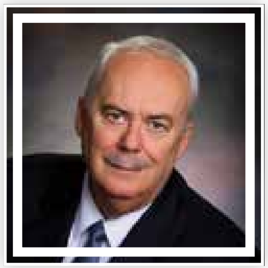
Brian Donaghy
Title: Governance Committee Chair
Occupation: Owner, *Codiac Printing*
Nominator: Government of Canada

Gil Meredith
Title: Director
Occupation: Retired
Nominator: Town of Riverview

GMIAA INC. BOARD OF *Directors*

Shane Esson
Title: Director
Occupation: *Midland Transport Limited*
Nominator: Greater Moncton International Airport Authority Inc.

Diane Allain
Title: Director
Occupation: *Knightsbridge Robertson Surrette*
Nominator: Greater Moncton International Airport Authority Inc.



Randy Jones
Title: Director
Occupation: *Allan Marshall & Associates Inc.*
Nominator: Town of Riverview

DIRECTORS' REMUNERATION AND EXPENSES *(In thousands of dollars, unless otherwise noted)*

Directors' compensation	$
Annual retainer	
Chair	10
Vice-Chair	2.5
Secretary-Treasurer	8
Directors	2.5

Meeting fees
Board and Board Committee meeting fees are $300 per meeting attended.

Total compensation to each Director in 2014 was:

Compensation	$
Diane Allain	7
Christopher Bacich	12
Brian Baxter	6
Roland Collette	9
Diane Cormier	9
Brian Donaghy	8
Shane Esson	7
Randy Jones	8
Clifford Lavigne	8
Karen LeBlanc	4
Gil Meredith	7
André Pelletier	18
Robert Price	9
Maurice Richard	16

Changes to GMIAA's Board of Directors were as follows:
Departing Members
May 2014 *Karen LeBlanc*

Strategic INITIATIVES

FOR THE PERIOD 2015–2019, THE FOCUS OF THE GMIAA BOARD AND MANAGEMENT WILL BE:

- a continuance of growth in both the air passenger and air cargo sectors to over 700,000 and 40,000 tonnes respectively;
- to establish an air cargo precinct, inclusive of cargo-related infrastructure, as part of developing the region into the Air Cargo Logistics Centre of Excellence for Atlantic Canada;
- replacement of aging operational infrastructure; underway is the construction of a new Airport Operations Facility;
- a continuance of identifying and implementing green initiatives where economically practical and feasible; and
- a continuance of working with all stakeholders regarding the above issues.

2014 ACTUAL VS. BUSINESS PLAN *(shown in millions of dollars)*

	Actual	Plan	Difference	Explanation
Revenue	18.1	16.8	1.3	Increase in landing fees as well as non-aeronautical revenues such as vehicle parking and rentals
Expenses	16.0	16.0	-	
Capital expenditures	6.2	8.3	2.1	Airport Operations Facility construction began later than anticipated

BUSINESS PLAN FORECAST 2015–2019

	2015	2016	2017	2018	2019
Revenue	18.1	18.9	19.5	20.1	20.9
Expenses	17.1	17.2	18.3	19.7	20.9
Capital expenditures	8.6	3.8	1.6	16.9	0.9

Financial REVIEW

The Greater Moncton International Airport Authority Inc. (GMIAA) was incorporated as a corporation without share capital on June 22, 1995, under Part II of the Canada Corporations Act. The GMIAA Inc. is exempt from income tax according to the Airport Transfer (Miscellaneous Matters) Act. All earnings are retained and reinvested in airport operations and development.

The GMIAA Inc. is not required to pay any rent to the Government of Canada until 2016. In meeting the ground lease requirements, no contracts, whether for goods, services or consideration in excess of $75,000 (1997 dollars), adjusted to the Consumer Price Index (CPI), were awarded during 2014 without a public tendering process.

The excess of revenue over expenses for 2014 was $2,349,830 compared to $3,165,922 in 2013. The decrease in net earnings is a result of a full year's depreciation on the runway extension completed in October 2013. Revenues, however, rose due to an increase in landing fees from mobile worker charter flights as well as increases in parking and car rental revenue. Operating expenses increased in 2014 due to the high cost of diesel fuel combined with harsher winter conditions. All contributions are used to fund operational capital requirements ranging from mobile equipment, airfield maintenance and terminal building upgrades.

The Airport Improvement and Reconstruction (AIR) Fund generated $6,080,453 net of collection expenses in 2014, compared to $5,899,609 in 2013. The purpose of the AIR Fund is to finance the maintenance and development of expansionary infrastructure projects such as the lengthening of Runway 06/24, reconstruction of Runway 11/29, construction of the new Airport Operations Facility and to service the client. Since 1999, the AIR Fund has raised $54.5 million. These funds were in turn used to pay $16.5 million in interest, principal payments of $23.8 million and purchased $12.3 million in capital assets. The net balance in the AIR Fund for 2014 was $1.9 million and will be used to finance identified infrastructure requirements over the next five years of approximately $32 million.

Financial STATEMENTS

Greater Moncton International Airport Authority Inc. /
Direction de l'Aéroport international du Grand Moncton Inc.

DECEMBER 31, 2014

Contents

INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of

Greater Moncton International Airport Authority Inc. /
Direction de l'Aéroport international du Grand Moncton Inc.

We have audited the accompanying financial statements of Greater Moncton International Airport Authority Inc. / Direction de l'Aéroport International du Grand Moncton Inc., which comprise the statement of financial position as at December 31, 2014 and the statements of operations and changes in net assets and cash flows for the years ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Greater Moncton International Airport Authority Inc. / Direction de l'Aéroport International du Grand Moncton Inc. as at December 31, 2014 and the results of its operations and its cash flows for the years ended in accordance with Canadian accounting standards for not-for-profit organizations.

Grant Thornton LLP

Moncton, New Brunswick
March 20, 2015

Chartered Accountants

Statements of Operations and Changes in Net Assets

Year Ended December 31	2014	2013
		Restated
Revenues		
Aircraft (Page 17)	$ 6,791,490	$ 6,266,682
Airport (Page 17)	5,256,130	4,741,250
	12,047,620	11,007,932
AIR Fund revenues, net of expenses (Note 9)	6,080,453	5,899,609
	18,128,073	16,907,541
Expenses		
Salaries and employee benefits (Page 17)	3,095,441	3,056,507
Other operating and administrative expenses (Page 17)	7,401,066	6,803,092
Amortization	4,193,317	2,918,892
Interest on bank financing	1,331,833	1,291,036
	16,021,657	14,069,527
Excess of revenues over expenses before other income	2,106,416	2,838,014
Other income		
Change in fair value of financial instruments (Note 8)	243,414	327,908
Excess of revenues over expenses	$ 2,349,830	$ 3,165,922

Net assets, beginning of year	$ 24,750,048	$ 22,106,126
Adoption of section 3463 (Note 14)	-	(981,000)
Net assets, beginning of year as restated	24,750,048	21,125,126
Remeasurement in actuarial (losses) gains	(76,000)	459,000
Excess of revenues over expenses	2,349,830	3,165,922
Net assets, end of year	$ 27,023,878	$ 24,750,048

See accompanying notes and schedule to the financial statements.

Statements of Financial Position

December 31	2014	2013
		Restated
Assets		
Current		
Cash and cash equivalents	$ 3,721,007	$ 3,019,847
Receivables	1,188,631	1,727,960
Materials and supplies	124,372	127,545
Prepaid expenses	149,505	151,355
	5,183,515	5,026,707
Restricted cash (Note 3)	12,692,996	5,065,676
Pension surplus (Note 11)	1,335,000	1,075,250
Capital assets (Note 4)	53,264,131	51,357,195
	$ 72,475,642	$ 62,524,828
Liabilities		
Current		
Payables (Note 6)		
- trade	$ 1,439,180	$ 1,483,664
- capital	687,738	608,117
Unearned revenue	7,113	8,653
Refundable deposits	157,194	164,632
Bank financing due within one year (Note 7)	4,030,905	3,455,905
	6,322,130	5,720,971
Severance liabilities (Note 12 (d))	438,004	444,111
Bank financing (Note 7)	38,358,520	31,033,174
Financial instruments liability (Note 8)	333,110	576,524
	45,451,764	37,774,780
Net assets	27,023,878	24,750,048
	$ 72,475,642	$ 62,524,828

Commitments (Note 12)

On behalf of the Board

André Pelletier Director

Director

See accompanying notes and schedule to the financial statements.

Statement of Cash Flows

Year Ended December 31	2014	2013
		Restated
Increase (decrease) in cash and cash equivalents		
Operations		
Excess of revenues over expenses	$ 2,349,830	$ 3,165,922
Amortization	4,267,567	2,924,792
Loss (gain) on disposal	2,700	(942)
Pension expense (Note 11)	73,000	96,000
Change in fair value of financial instruments	(243,414)	(327,908)
	6,449,683	5,857,864
Change in non-cash operating working capital (Note 10)	484,785	1,168,956
Pension payments (Note 11)	(407,000)	(473,000)
	6,527,468	6,553,820
Financing		
Repayment of bank financing	(3,599,654)	(3,043,405)
Issuance of bank financing	11,500,000	-
Change in capital payables	79,621	(1,856,240)
Change in restricted cash, net	(7,627,320)	10,336,517
	352,647	5,436,872
Investing		
Proceeds on disposition of assets	15,000	12,801
Purchase of or additions to		
Motor vehicles	(1,445,500)	(941,225)
Equipment	(135,763)	(138,164)
Infrastructure	(4,164,494)	(11,669,890)
ATB	(448,198)	(1,350,032)
Contributions received	-	4,167,263
	(6,178,955)	(9,919,247)
Net increase in cash and cash equivalents	701,160	2,071,445
Cash and cash equivalents		
Beginning of year	3,019,847	948,402
End of year	$ 3,721,007	$ 3,019,847

See accompanying notes and schedule to the financial statements.

December 31, 2014

1. Nature of operations

Greater Moncton International Airport Authority Inc. / Direction de l'Aéroport International du Grand Moncton Inc. ("GMIAA") was incorporated as a corporation without share capital on June 22, 1995 under Part II of the *Canada Corporations Act*. GMIAA is exempt from income tax according to the *Airport Transfer (Miscellaneous Matters) Act.* All earnings of GMIAA are retained and reinvested in airport operations and development.

GMIAA is governed by a Board of Directors whose members are nominated by The Municipality of Moncton, the Municipality of Riverview, the Municipality of Dieppe, the Federal and Provincial Governments, the Greater Moncton Chamber of Commerce, the 3plus Corporation and the Board of GMIAA, in accordance with the qualifications set out in the by-laws.

The GMIAA entered into a management services agreement with the Greater Moncton Airport Services Ltd. and Vantage Airport Group Ltd. ("Vantage") which is dated August 31, 2001. The term on the contract is for 23 years. The remaining term is 10 years. The GMIAA desires to have the Airport managed and operated in a safe, secure and efficient manner while promoting and developing the airport services thus ensuring the commercial viability of the Airport in support of the overall economic development of the Greater Moncton Area. The annual "Management and Support Services" fee which includes personnel and other resources dedicated by Vantage to assist with the development of airport operations, is approved annually by the GMIAA's Board of Directors and includes a monthly fee plus a performance incentive (Page 17).

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Part III, Canadian accounting standards for not-for-profit organizations (ASNPO). The following are the accounting policies selected by GMIAA and applied to these financial statements.

Fund accounting

GMIAA follows the restricted fund method of accounting for revenues and expenses. All of the operations are accounted in the general fund.

Revenue recognition

Landing fees, terminal fees and parking revenue are recognized as the airport facilities are utilized. Concession revenues are recognized on the accrual basis and calculated using agreed percentages of reported concessionaire sales, with specified minimum rent guarantees. Rental (and licence) revenues are recognized over the lives of respective leases, licences and permits. Airport Improvement Fees (AIF), net of collection expenses, are recognized monthly based on airline ticket sales. Unearned revenues are comprised of excess amounts, over the minimum guarantee provided by the car rental agencies that have been received during the year. The recognition of these excess amounts, as earned revenue, is dependent on a full year's activity measured at June 30th annually for all such agencies.

December 31, 2014

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, GMIAA considers cash on hand and balances with banks, net of overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less as cash or cash equivalents. Bank borrowings and restricted cash are considered to be financing activities.

Materials and supplies

Materials and supplies are recorded at the lower of cost and net realizable value and represents items used to maintain the runways and equipment. The cost is determined on a first-in, firstout basis.

Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives based on the following rates:

Airside infrastructure	5% - 33.33%
Equipment	10% - 33.33%
Groundside infrastructure	2.5% - 10%
Motor vehicles	5% - 20%
New ATB	2.5% - 33.33%
Old ATB renovations	10% - 33.33%

Capital assets are recorded net of any grants identified for capital purposes.

Employee future benefits

The GMIAA uses the immediate recognition approach to account for its defined benefit pension plans. The accrued benefit obligations are determined using the projected benefit method prorated on services, which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors. The accrued benefit obligations are determined using the most recent actuarial valuation report prepared for funding purposes.

Plan assets are measured at fair value.

The GMIAA recognizes the plan's funded surplus, which is the net amount of the accrued benefit obligations and the fair value of plan assets, on the balance sheet.

Remeasurements and other items are recorded directly in Net Assets.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, commitments and contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Examples of such estimations and assumptions include the useful lives of capital assets, valuation adjustments and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

December 31, 2014

2. Summary of significant accounting policies (continued)

Derivative financial instruments

GMIAA's interest rate risk exposure arises from fluctuations in interest rates. GMIAA uses derivative instruments, such as interest rate swaps, to reduce its exposure to interest risk relating to its bank financing with variable interest rates. The agreements have the effect of converting the floating rate of interest to a fixed rate. For the derivative entered after the transition date of January 1, 2011, GMIAA has designated each interest rate swap as a cash flow hedge adopting hedge accounting to record the interest rate swaps in accordance with ASNPO, and as such, GMIAA is not required to record the fair value of the interest rate swap derivative. The interest rate swap agreements involve the periodic exchange of payments without the exchange of the notional principal amount upon which the payments are based and are recorded as an adjustment of interest expense on the hedge debt instrument. The related amount payable to or receivable from counter parties is included as an adjustment to accrued interest. Derivative financial instruments entered prior to transition date of January 1, 2011 are recorded on the statement of financial position at fair value. Changes in the fair values of derivative financial instruments are recognized in the statement of operations.

Change in accounting policy

In May 2013, the Canadian Accounting Standards Board (AcSB) issued Section 3462, Employee Future Benefits, in Part II of the *CPA Handbook – Accounting (CPA Handbook)* to replace the current section 3461 of the same title. The AsSB has stated that the amendments aim to bring about significant improvements to the understandability, comparability and transparency of financial information for defined benefit plans. The standard also includes changes to how the defined benefit obligation and the fair value of the plan asset would be presented within the financial statements.

In December 2013, the AcSB issued Section 3463, Employee Future Benefits, in Part III of the *CPA Handbook – Accounting*. The new standard requires NFPO's to follow new Section 3462, except for the recognition and presentation of remeasurements and other items related to defined benefit plans. Since the needs of NFPO financial statement users differ from those of private enterprise users, remeasurements and other items are recognized directly in net assets in the statement of financial position, rather than in the statement of operations.

Effective January 1, 2014, the GMIAA has adopted Section 3462 and applied those changes retrospectively. As a result previously unamortized gains and losses have been recognized and adjusted to net assets as at January 1, 2013. The GMIAA has elected to use the funding method to measure the defined benefit obligation. Refer to Note 14 for details on the financial impact of these changes.

Effective January 1, 2014, the GMIAA has adopted Section 3463 and applied those changes retrospectively. As a result, remeasurement actuarial gains/losses are recognized directly in net assets.

December 31, 2014

3. Restricted cash

	2014	2013
AIR Fund for capital purposes	$ 1,951,146	$ 4,542,895
Other capital funds (Board restricted)	522,781	522,781
Capital financing funds	10,219,069	-
	$ 12,692,996	$ 5,065,676

4. Capital assets

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	2014 Net Book Value
Airside infrastructure**	$ 53,332,485	$ (16,287,508)	$ (10,004,424)	$ 27,040,553
Equipment	1,769,393	(219,115)	(1,282,620)	267,658
Groundside infrastructure**	11,423,132	(4,625,447)	(1,255,950)	5,541,735
Motor vehicles	7,899,785	(164,591)	(3,318,684)	4,416,510
New ATB**	27,487,729	(3,936,263)	(7,701,797)	15,849,669
Old ATB renovations**	1,215,761	(495,356)	(572,399)	148,006
	$ 103,128,285	$ (25,728,280)	$ (24,135,874)	$ 53,264,131

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	2013 Net Book Value
Airside infrastructure**	$ 52,919,999	$ (16,287,508)	$ (7,480,961)	$ 29,151,530
Equipment	1,752,217	(315,710)	(1,174,750)	261,757
Groundside infrastructure**	7,671,636	(4,625,447)	(1,158,157)	1,888,032
Motor vehicles	6,503,184	(164,591)	(2,816,777)	3,521,816
New ATB**	27,089,084	(3,936,263)	(6,787,692)	16,365,129
Old ATB renovations**	1,166,208	(495,356)	(501,921)	168,931
	$ 97,102,328	$ (25,824,875)	$ (19,920,258)	$ 51,357,195

**These assets are considered leasehold improvements based on the sixty year ground lease with the Government of Canada.

5. Line of credit

GMIAA has available an operating line of credit of $1 million, bearing interest at prime minus 1%, and as security GMIAA provides the Leasehold Mortgage of the ground lease between GMIAA and Her Majesty the Queen in Right of Canada, represented by the Minister of Transport dated September 1, 1997.

December 31, 2014

6. Payables and accruals

Included in payables and accruals is federal government remittance due of $3,662 (December 31, 2013 - $Nil) relating to payroll source deductions.

7. Bank financing

	2014	2013
CIBC term loan, maturing July 2, 2017 at bankers acceptance plus 0.48% per annum renewed every 30 days. There is an interest rate swap with a fixed rate of 6.46% per annum (original amount $12.1 million). Principal repayments are yearly instalments of $1,666,666 (2009 - 2016) and $1,616,672 (2017).	$ 4,950,004	$ 6,616,670
CIBC term loan, amortized to May 2018, repayable in quarterly instalments of principal of $55,643 plus interest. Interest rate is prime minus 1% plus a stamp fee of 0.35% per annum.	779,004	1,001,575
CIBC term loan, amortized to September 2026, repayable in quarterly instalments of principal of $116,667 plus interest. Interest rate is prime minus 1% plus a stamp fee of 0.35% per annum.	5,366,667	5,833,334
CIBC term loan, maturing July 7, 2016 at bankers acceptance plus 0.48% per annum renewed every 30 days. There is an interest rate swap with a fixed rate of 3.84% per annum (original amount $11.0 million). Principal repayments are quarterly instalments of $137,500.	9,625,000	10,175,000
CIBC term loan, maturing December 18, 2017 at bankers acceptance plus 0.48% per annum renewed every 30 days. There is an interest rate swap with a fixed rate of 3.14% per annum (original amount $11.0 million). Principal repayments are quarterly instalments of $137,500.	10,312,500	10,862,500
CIBC term loan, maturing September 29, 2019 at bankers acceptance plus 0.48% per annum renewed every 30 days. There is an interest rate swap with a fixed rate of 3.53% per annum. Principal repayments are quarterly instalments of $143,750.	11,356,250	-
	42,389,425	34,489,079

December 31, 2014

7. Bank financing (continued)

Total debt outstanding	42,389,425	34,489,079
Amount due within one year	4,030,905	3,455,905
Net assets, end of year	$ 38,358,520	$ 31,033,174

As security for the CIBC term loans, GMIAA has provided the Leasehold Mortgage of the ground lease between GMIAA and Her Majesty the Queen in Right of Canada, represented by the Minister of Transport dated September 1, 1997, a general security agreement over all assets of the GMIAA.

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

2015	$ 4,030,905
2016	4,030,905
2017	3,980,911
2018	2,252,953
2019	2,141,667

8. Financial instruments liability

In 2001, the GMIAA entered into an interest rate swap which convert variable bankers acceptance rates into a fixed rate of 6.46%. The change in fair value are recorded in other income "change in fair value of financial instruments", in the statement of operations, which was $243,414 for 2014 (2013 - $327,908). At December 31, 2014, the interest rate swap was in a net liability position in the amount of $333,110 (December 31, 2013 - $576,524). The notional amount of derivative financial liabilities at December 31, 2014 was $4,950,004 (December 31, 2013 - $6,616,670). For interest rate swap's entered into after January 1, 2011, see Note 2 "Derivative financial instruments" for the GMIAA's accounting policy.

December 31, 2014

9. AIR Fund results

On October 1, 1998 the Authority implemented an Airport Improvement and Reconstruction Fund (AIR Fund) charge. The purpose of the AIR Fund charge is to finance infrastructure projects such as the reconstruction of existing runways, the new terminal building and other expansionary capital projects deemed appropriate by GMIAA.

	2014	2013
Revenues		
Fees collected	$ 6,491,944	$ 6,304,641
Interest	49,278	41,526
	6,541,222	6,346,167
Expenditures		
Handling fees	460,769	446,558
Excess of revenues over expenses	$ 6,080,453	$ 5,899,609

10. Supplemental cash flow information

Change in non-cash operating working capital:

	2014	2013
Receivables	$ 539,331	$ 894,025
Materials and supplies	3,173	(30,190)
Prepaid expenses	1,850	(40,195)
Payables - trade	(44,484)	283,272
Unearned revenue	(1,540)	(281)
Refundable deposits	(7,438)	(600)
Severance liabilities	(6,107)	62,925
	$ 484,785	$ 1,168,956

11. Pension plan

GMIAA is a participating employer in the Canadian Airports Council Pension Plan, (the "CAC Plan"), a multi-employer pension plan. The CAC Plan provides defined benefits to those employees who transferred their employment from the Government of Canada. The CAC Plan also provides a defined contribution plan to all other employees of GMIAA.

The Government of Canada remains liable for all pension benefits accrued prior to the transfer date of September 1, 1997. The CAC Plan is responsible for providing all pensions accrued since the transfer date.

11. Pension plan (continued)

	2014	2013 Restated
Information about the CAC defined benefit plan follows:		
Accrued benefit obligation	$ (5,702,000)	$ (5,098,750)
Fair market value of plan assets	7,037,000	6,174,000
Funded status – pension surplus	$ 1,335,000	$ 1,075,250
Net pension expense	$ 73,000	$ 96,000
Employer contributions	$ 407,000	$ 473,000
Employee contributions	$ 36,000	$ 42,000
Benefits paid	$ 198,000	$ 193,000

As a result of a January 1, 2014 actuarial valuation, GMIAA is required to make special monthly payments of $21,625. These payments are to fund the solvency deficiency that existed at January 1, 2014.

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

	2014	2013
Discount rate	5.5%	4.8%
Rate of compensation increase	4.0%	4.0%
Rate of inflation	2.5%	2.5%
Mortality Table	CPM	Draft CPM

The actuarial present value of accumulated plan benefits for the 2014 fiscal year is based on an extrapolation provided by the actuaries. The last formal actuarial valuation performed was effective January 1, 2014. The actuaries believe the financial results would not differ materially from the extrapolation if a formal valuation was performed as at December 31, 2014. The next valuation report is due from the actuaries effective January 1, 2015.

	Percentage of Plan Assets	
Defined benefit plan assets consists of:	2014	2013
Equity securities	61.8%	62.40%
Debt securities	30.6%	29.90%
Other	7.6%	7.70%
Total	100.0%	100.0%

In addition, GMIAA contributed $98,393 (2013 - $71,635) to a defined contribution plan for employees during the year.

12. Commitments

(a) On September 1, 1997, GMIAA signed an agreement with the Government of Canada to transfer control of the Moncton airport to GMIAA. Effective that date GMIAA signed a ground lease agreement with the Government of Canada (the "Landlord") which provides that GMIAA will lease the airport facilities for an initial term of sixty years. A twenty year renewal option may be exercised, but at the end of the renewal term, unless otherwise extended, GMIAA is obligated to return control of the Moncton airport to the Government of Canada.

GMIAA is not required to pay rent to the Landlord until the year 2016. Subsequent to 2015, the operating lease for the airport requires that GMIAA calculate rent due to the Landlord utilizing a formula reflecting annual airport gross revenues.

(b) An environmental site assessment on the Greater Moncton airport property was carried out in August 1995 by the Government of Canada and the report that was issued is referred to as the Environmental Baseline Study Report. This report was to identify the extent of the hazardous substances that existed as of August, 1995, and extended to the September 1, 1997 transfer date. Article 37 of the Head Lease for the airport will govern responsibility for any remedial work, if necessary.

The responsibility for any liability that may arise in the future relating to the existence of a hazardous substance, originating before the transfer on September 1, 1997, to GMIAA, rests with the Government of Canada. GMIAA has responsibility for any environmental liabilities that arise from hazardous substance problems that occur subsequent to the transfer date.

(c) The GMIAA entered into a management services agreement with the Greater Moncton Airport Services Ltd. and Vantage Airport Group Ltd. ("Vantage") which is dated August 31, 2001. The term on the contract is for 23 years. The remaining term is 10 years. The GMIAA desires to have the Airport managed and operated in a safe, secure and efficient manner while promoting and developing the airport services thus ensuring the commercial viability of the Airport in support of the overall economic development of the Greater Moncton Area. The annual "Management and Support Services" fee which includes personnel and other resources dedicated by Vantage to assist with the development of airport operations, is approved annually by the GMIAA's Board of Directors and includes a monthly fee plus a performance incentive (Page 17).

(d) Severance liabilities

(i) Severance trust liability
In 1998, GMIAA received $245,892 from the Government of Canada representingthe present value of all future severance benefits accrued for the benefit of theemployees, in respect of all years of service, up to the transfer date of September 1, 1997. The valuation amount was arrived at by the Office of the Superintendent of Financial Institutions Canada by using the methodology recommended by the Canadian Institute of Actuaries for the computation of transfer values from registered pension plans. The total of these monies were paid out as at December 31, 2011.

December 31, 2014

12. **Commitments** (continued)

(ii) On-going severance accrual
In addition, since the transfer from Transport Canada, GMIAA continues to accrue severance as earned. At December 31, 2013, this component totalled $438,004 (December 31, 2013 - $444,111).

(e) GMIAA has a capital budget of approximately $8,610,000 for equipment and infrastructure in 2015.

13. Financial instrument

GMIAA considers any contract creating a financial asset, liability or equity instrument as a financial instrument. GMIAA's financial instruments consist of cash and cash equivalents, receivables, restricted cash, payables, bank financing and financial instruments liability.

GMIAA initially measures its financial assets and liabilities at fair value adjusted for transaction costs. Transaction costs related to financial instruments subsequently measured at fair value are recorded in the statement of earnings on initial measurement. GMIAA subsequently measures all of its financial instruments at amortized cost, except for derivatives which are measured at fair value.

GMIAA has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from financial instruments include market risk, credit risk and liquidity risk. Unless otherwise noted it is management's opinion that the GMIAA is not exposed to other price risks arising from financial instruments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market price. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. GMIAA is not exposed to significant currency and other price risk.

Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. Financial instruments that potentially subject GMIAA to interest rate risk include bank financing with floating interest rates. GMIAA currently has a million dollar line of credit available, and term loans of $42.4 million which are exposed to interest rate risk due to floating rates. The GMIAA uses interest rate swaps to manage some of the variable interest rate risk. At December 31, 2014, the National amount related to interest rate swaps was $36.1 million.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. GMIAA's financial instruments that are exposed to credit risk include accounts receivable. GMIAA mitigates credit risk associated with its trade receivables through establishing credit approval policies and a regular monitoring process. GMIAA generally considers the credit quality of its financial assets that are neither past due or impaired to be solid. Credit risk is mitigated due to the small number of customers.

December 31, 2014

13. **Financial instrument** (continued)

Allowance for doubtful accounts is reviewed on a quarterly basis. GMIAA updates its estimates of allowances for doubtful accounts based on customer history.

Liquidity risk
Liquidity risk is the risk that GMIAA may not have cash available to satisfy financial liabilities as they come due. GMIAA actively maintains a credit facility to ensure that it has sufficient available funds to meet current and foreseeable future financial requirements at a reasonable cost.

14. Adoption of accounting standard changes

The financial statements as at December 31, 2013 items have been adjusted as follows as a result of the accounting policy changes described in Note 2:

Pension surplus, as at December 31, 2013	$ 1,571,250
Immediate recognition of unamortized actuarial losses	(1,593,000)
Move to funding basis from accounting basis	1,071,000
Adjustment to pension expense	26,000
Pension surplus, as restated,	$ 1,075,250
Net assets, as at January 1, 2013	$ 22,106,126
Immediate recognition of unamortized actuarial losses	(1,593,000)
Move to funding basis from accounting basis	612,000
Net assets, as restated	$ 21,125,126
Net assets, as at December 31, 2013 as restated	$ 21,125,126
Remeasurements, actuary gains	459,000
Excess of revenues over expenses, as restated	3,165,922
Net assets, as restated	$ 24,750,048
Salaries and employee benefits	$ 3,082,507
Impact of change in funding basis and reversal of amortization of actuarial losses	(26,000)
Salaries and employee benefits, as restated	$ 3,056,507
Excess of revenues and expenses	$ 3,139,922
Remove amortization of unamortized actuarial losses	26,000
Excess of revenues and expense, as restated	$ 3,165,922

Schedule of Revenues and Expenses

Year Ended December 31	2014	2013
		Restated
Revenues		
Aircraft		
Landing fees	$ 4,979,920	$ 4,540,947
Terminal fees	1,811,570	1,725,735
	$ 6,791,490	$ 6,266,682
Airport		
Concessions	$ 1,461,349	$ 1,239,870
Interest	48,863	58,385
Parking	2,511,250	2,200,507
Rent	549,450	536,742
Recovery of property taxes from tenants	327,116	321,910
Recovery of expenses from tenants	173,538	199,803
Miscellaneous	184,564	184,033
	$ 5,256,130	$ 4,741,250
Expenses		
Salaries and employee benefits		
Salaries and wages	$ 2,673,146	$ 2,640,210
Employee benefits	422,295	416,297
	$ 3,095,441	$ 3,056,507
Other operating and administrative expenses		
Advertising and marketing	$ 679,012	$ 755,348
Bad debt expense	12,994	20,637
Board administration	186,084	173,870
Communications - telephone/cellular	77,380	73,901
Contract and special services	768,402	724,789
Electricity	555,024	513,596
Freight	3,658	3,845
Fuel	433,262	329,875
Insurance	156,872	152,179
Interest and bank charges	76,496	75,302
Janitorial services	331,077	321,741
Management and support services (Note 12 (c))	1,064,473	949,792
Materials and supplies	300,938	287,089
Miscellaneous	130,112	91,038
Office supplies	12,163	16,216
Professional and consulting services	103,121	103,178
Property taxes	887,241	877,296
Repairs and maintenance	750,018	492,812
Security services	606,860	592,305
Travel	137,185	136,170
Water and sewer	128,694	112,113
	$ 7,401,066	$ 6,803,092