

# 2016 ANNUAL REPORT

GREATER MONCTON  
ROMÉO LEBLANC  
INTERNATIONAL AIRPORT



AÉROPORT INTERNATIONAL  
ROMÉO-LEBLANC  
DU GRAND MONCTON



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GREATER MONCTON  
ROMÉO LEBLANC  
INTERNATIONAL AIRPORT



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ROMÉO-LEBLANC  
DU GRAND MONCTON





**Christopher  
Bacich**

# CHAIR'S MESSAGE

## Dear Greater Moncton Community Stakeholders

I am very proud of the many accomplishments this year by our Greater Moncton International Airport Authority (GMIAA) Board and management teams.

### A successful year

Passenger growth was up for the year while cargo revenue and volumes remained steady when compared to 2015. We continue to be the busiest airport in New Brunswick with flights daily to Toronto, Ottawa, Halifax and Montreal, as well as many sun destinations in the cooler months.

### Airport renamed

One of the most significant events this year was the renaming of our airport. In 2016, we became the Greater Moncton Roméo LeBlanc International Airport. This initiative, put forward by the Minister of Transport, was well supported by our community and our Board.

The announcement brought the Honourable Marc Garneau, federal Minister of Transport, to our airport in August. Throughout his life, the

Right Honourable Roméo LeBlanc was called many things: father, husband, teacher, journalist, Member of Parliament, Minister of Fisheries, Senator, and Governor General.

In all of these roles, he was always committed to – and considerate of – those around him. He was instrumental in building relationships between francophones and anglophones as well as the Aboriginal peoples of Canada. He was a strong promoter of our region and its people. He never forgot his roots right here in New Brunswick.

### Evolving business model

This year also marked the first year that our airport paid rent to the federal government. Because of the commercial success of the GMIAA, our rent factor is considerably higher than other airports in New Brunswick. This

amount totalled \$441,744 in 2016 and will continue to grow as we ourselves grow. Rent was responsible for a significant decline in our operating profit for the year. Fortunately, through the prudent financial planning of the management team, the Board, and Vantage Airport Group, we were able to absorb this new expense. This is very important given the competitive nature of our business environment – some would say the most competitive in North America.

### Privatization

On the federal government side, we continue to see conversations about privatization. As a smaller airport (under five million passengers), there are both positives and negatives to privatization for our airport. As governments continue to divest themselves of assets, I am sure the conversation will continue.



As a Board, we will work with the federal, provincial and municipal governments to ensure the longevity and continued success of our airport. Many airports have taken an official position on privatization. At this point, we will take a wait-and-see approach.

**Management team successes**

Bernard LeBlanc and his management team had many accomplishments this year. One of these was their commitment to the environment. In 2016, the GMIAA received an Airport Carbon Accreditation. The GMIAA joins an exclusive list of only 21 airports in North America who have achieved this designation.

To quote Airports Council International (ACI): *“Mobility is a basic human need - but it goes hand-in-hand with energy consumption and all of its consequences. In today’s globalized world, the theme of mobility surrounds us and air travel is more prevalent than ever before. Airports bring undeniable benefits to society - connecting places, people and products with a range unmatched by any other mode of transport.*

*However, as the visible face of air transport on the ground, they also need to work to improve aviation’s reputation in relation to environmental efficiency and carbon reduction. Following years of working individually to address their local environmental impact,*

*airports are now working in a collective way. Airport Carbon Accreditation is empowering their efforts to make further strides in managing, reducing and ultimately neutralizing their carbon footprint.”*

Our Board continues to be very supportive of the changes that Bernard and his team are making to their operation to ensure that we do our part to protect the environment. Ultimately, there can be short-term costs to being green. Going forward, our Board, Vantage Airport Group and our management team will need to consider all of the costs and benefits of pursuing this program further. For its efforts so far, the Greater Moncton Chamber of Commerce honoured our airport with its 2016 Environmental Excellence Award.

At the same time, our airport was also honoured with the Excellence in Business Award. This award is given to a business that has been operating for 10 years or more. Nominees have demonstrated excellence in business operations in a number of areas such as production, marketing, sales, quality control, customer service, human resources, financial management, etc. As well, candidates are clearly viewed by their peers as a leader in business excellence and have demonstrated the best aspects of an entrepreneurial spirit. In addition, nominees have a proven record of community involvement and

are role models for the business community.

Given the ultra-competitive nature of the airport business in Atlantic Canada, and more specifically New Brunswick, our airport is well equipped for success. Your Board, under the advice of management, has made many key strategic investments in infrastructure. We have the newest terminal building in the region. We have a new Airport Operations Facility which houses all of our airside operations. We have a 10,001-ft runway. We have a strong, established integrator network for freight. Most importantly, we have the support of our local communities. While many airports are looking at large investments to move their business forward, we have made the investments. We have reduced our debt by more than \$4 million this year alone. Many other airports will require significant borrowing to catch up to the GMIAA.

In closing, I would like to thank each and every one of you for using your airport. The only way to keep it here and moving forward is to ensure that it continues to be your airport of choice.

Sincerely,



**Christopher Bacich**  
Chair  
Greater Moncton International  
Airport Authority Inc.



# 2016 GMIAA Airport Team Accomplishments

As with every year, 2016 has been full of excitement, new opportunities, as well as its share of challenges.

**Bernard F. LeBlanc**

## PRESIDENT & CEO'S MESSAGE

Over the course of the year, we have seen exciting new developments such as the startup of a new ultra-low-cost carrier, NewLeaf, as well as some unfortunate departures early on, such as KF Aerospace's European cargo service and WestJet's Ottawa and Hamilton routes.

Still, our team managed to work together to buffer the negative events and support the positive developments – the result being that we ended up showing eight continuous months of passenger traffic growth in 2016 from May to December! This allowed positive growth of 12,997 passengers (more than 2%) over the prior year and allowed the Greater Moncton Roméo LeBlanc International Airport (YQM) to recapture some of the mobile worker traffic volume lost over 2015.

In 2016, the management team also worked together with the

union representing our employees to finalize a five-year collective agreement taking us to the end of 2020. This agreement balanced the airport's operational and competitive needs with a consideration for our employees' long-term concerns and welfare. It also incorporated a new Airport Operations Specialist role which, over the long term, will allow increased flexibility and efficiencies in operating activities by allowing operational personnel to also fulfil an emergency response and readiness role.

We also had an airport name change in mid-August to the Greater Moncton Roméo LeBlanc International Airport – and got to meet a real-life astronaut, Minister of Transport Marc Garneau! As a result, an investment was made in signage upgrading at the airport to best promote our airport and new aerodrome designation. In December, we welcomed the

first-time visit of a Lufthansa Cargo aircraft to pick up an estimated 70 tonnes of live lobster. Although this was short of our “dedicated freighter” air cargo volume expectations for the year, it did highlight that YQM has a role in this industry subject to the correct aircraft fit to our infrastructure.

We also closed off the year with the addition of new restaurant offerings and the expansion of the Aramark restaurant menu to include both airside and groundside Tim Hortons offerings as well as trendier CAVU sandwich and salad offerings. The updated restaurant looks great – and this should be a very welcome addition by our airport users, as well as our tenants and staff.

The year 2016 was also the first one in which YQM had to pay rent to the federal government. At \$441,744, this has a significant impact on our surplus funds

available to reinvest in our airport facilities and thus forces us to be even more efficient than we already are. Although we did approach our profitability targets for the year, it was necessary to mitigate the impact of reduced revenues stemming from airline schedule and aircraft size changes which resulted in lower landing and terminal fees. This was also a year when we maintained our Airport Improvement Fee (used for project capital funding) at \$20, the same level it has been at since 2011.

Over the course of the year, I also had the opportunity to personally participate in more than 35 Board and committee meetings (not including Board Chair and CEO sessions), resulting in a very busy year overall. The GMIAA Board is extremely engaged and continuously working toward ensuring the airport's continued success and sustainability.

In 2016, the YQM team has continued to focus its efforts on our three identified strategic priorities:

- Leveraging the cargo investment
- Becoming the preferred people mover in our region
- Developing a communications plan and better engaging with our community

This has resulted in the undertaking of a very large number of initiatives and focusing on the delivery of annual business plan commitments. These are highlighted in pages 35 to 39 of

this annual report and are a great reminder that achievement of our targets is only possible through a coordinated team effort. For this, it is necessary to thank each and every YQM employee, as well as our team of volunteers, our tenants and service providers and our partner airlines. In 2016, we also had one of our long-term employees retire. On behalf of YQM, I would like to thank Émile Noël for his years of service to our organization.

Of particular note are the airport's achievement of Level 1 in Airport Carbon Accreditation Certification, a first step toward carbon footprint reduction. Also significant was YQM's being awarded the Greater Moncton Chamber of Commerce's Business Excellence and Environmental Excellence Awards in recognition of the Greater Moncton Roméo LeBlanc International Airport's key achievements. We also launched our first (and very successful) YQM Runway Run.

I would therefore like to take this opportunity to sincerely thank our Board Chair Chris Bacich and the full Board of Directors for all your support over the course of 2016 and for the significant contributions you have made to the airport's continued success. Your efforts ensure that passengers (and airlines) choose to fly out of YQM and are what make us a valuable addition to our community, our region and the Province of New Brunswick.

Sincerely,



**Bernard F. LeBlanc**  
President & CEO  
Greater Moncton International  
Airport Authority Inc.





# 2016 HIGHLIGHTS SUMMARY





## JANUARY

Cargo strategic session with Board of Directors



## FEBRUARY

YQM Economic Impact Study launch:  
120+ attendees



## MAY

Confirmation of Airport Carbon Accreditation  
Level 1 Certification



## JUNE

NewLeaf launch news conference



## MARCH

Collective agreement negotiations (three days):  
Agreement reached



## APRIL

Tri-City/Maritime Chamber Business Expo trade  
show: YQM participation



## JULY

Initiation of second WestJet frequency to  
Toronto Pearson International Airport



## AUGUST

YQM name change announcement  
(80+ attendees)





## SEPTEMBER

YQM Cargo Symposium (two days)



## OCTOBER

YQM recipient of Greater Moncton Chamber of Commerce (GMCC) Environmental and Business Excellence Awards



## NOVEMBER

NewLeaf and Porter business development visits



## DECEMBER

Holiday season Christmas cheer singers/ musicians at YQM

## Additional activities to support the strategic priorities and operational needs:

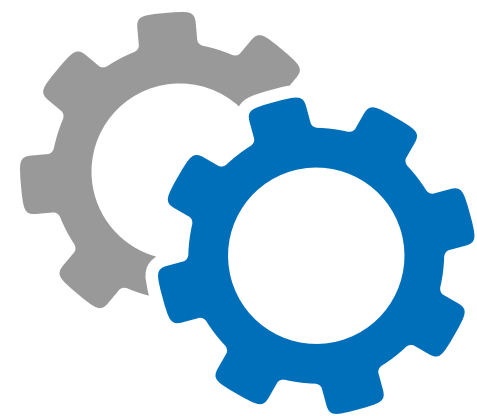
- Weekly employee meetings
- Weekly employee safety meetings
- Bi-weekly management team meetings
- Bi-weekly Executive management team meetings
- Monthly news releases
- Quarterly newsletters
- Increased social media presence
- Management team community presentations and involvement
- Website updating (2017 launch)
- Regularly scheduled Safety Management System, Environmental Management System and regulatory compliance meetings and annual reviews





OPERATIONS





# AIRPORT OPERATIONS FACILITY

It was a benchmark year for the Operations Department as it celebrated one full year of working out of the new Airport Operations Facility (AOF). The building has met or exceeded the expectations of employees and there have been noticeable improvements in operational efficiency and effectiveness.

The combined facility now has fleet maintenance, field maintenance, electrical maintenance and aircraft rescue and firefighting together under one roof, a vast improvement from the independent facilities used by each group in years past. Every week, for example, operations personnel meet in the AOF to discuss airport safety – a meeting that can easily be accommodated in the large classroom of the AOF.







**APEX** AIRPORT  
EXCELLENCE  
IN SAFETY

In October, YQM hosted a team from Airport Council International (ACI) Excellence in Safety (APEX) who conducted a trial program for auditing safety practices at Canadian airports. The audit specifically looked at Aircraft Rescue and Fire Fighting (ARFF), wildlife management and Safety Management System (SMS) quality assurance. This trial program was based on the international APEX program to see if it could be applied to all Canadian airports to meet the regulatory requirement for auditing components of the safety management system. The benefit of this particular program was the opportunity to share best practices with subject matter experts from the industry. This program has a lot of potential for improving safety at Canadian airports.







# CAPITAL

Aviation Avenue was repaved last year, and the entrance to the road that accesses the Midland facility was modified to improve the safety for vehicles, especially trucks, entering onto Aviation Avenue. Significant asphalt repair was also carried out on runway 11/29. Fortunately, there were no operational delays while the runway was closed during this work. The other significant capital item was the replacement of seating in the departure lounge and the purchase of a generator for the Field Electrical Centre to replace one that had reached the end of its lifecycle. The customs area was designated for renovation this year but, owing to some design changes, this project has been pushed forward to 2017.







YQM believes a structured commitment to reduce its carbon footprint will reinforce and formalize its environmental stewardship efforts. Last year, with Board approval, YQM participated in the global Airport Carbon Accreditation (ACA) program. After completing the carbon verification process, in May 2016 YQM became the fifth Canadian airport - and only the 13th in North America - to be certified Level 1 in the Airport Carbon Accreditation Program. This is the first phase as YQM will continue to work toward reducing its carbon footprint. YQM has also embarked upon a full waste diversification program similar to the residential waste program.





# MARKETING & BUSINESS DEVELOPMENT REVIEW

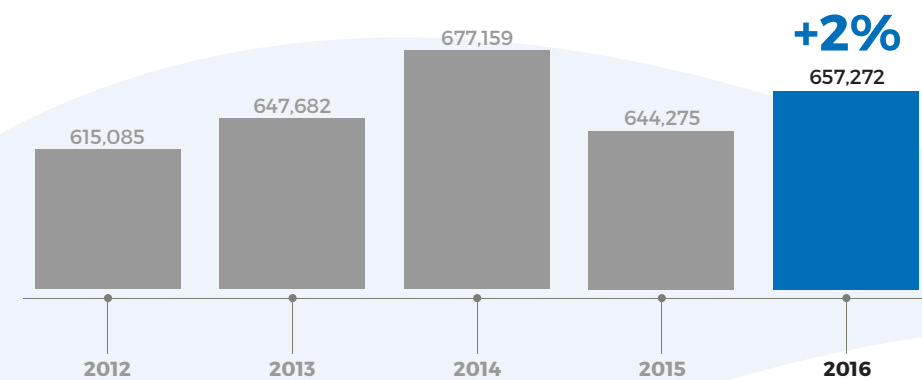




# THE YEAR IN NUMBERS

YQM was pleased to see a rebound in passenger numbers in 2016 after a slight dip in 2015 due to a national drop in mobile worker traffic to and from Alberta and Western Canada.

In 2016, passenger numbers rose by **2%** to **657,272** over 2015 (644,275), continuing a positive overall trend for New Brunswick's largest airport.



Cargo activity continued to be a top business priority for the airport ending the year with **25,022 tonnes of freight departing in 2016**. Our business partners are also to thank for this continued success, namely Cargojet, Purolator, FedEx and UPS who operate major distribution facilities on airport property. In 2016, we also welcomed dedicated air cargo freight carrier Lufthansa Air Cargo. Our 2016 cargo figures were in line with previous years: 25,179 metric tonnes in 2015; 24,905 in 2014; and 24,172 in 2013.

The 2016 Air Cargo Logistics Symposium, hosted by YQM, was held in September at the Delta Beauséjour in Moncton. The Symposium was attended by 100 people and brought forward new trends in the air cargo logistics industry from prominent speakers and strategic players as well as from guest speaker Rod Black, a Canadian sportscaster for TSN and CTV Sports. The event also provided networking opportunities with existing and potential partners.

YQM continues to work diligently to expand this side of the airport's business.

## DOMESTIC FLIGHTS

TO

HALIFAX • MONTREAL  
HAMILTON • OTTAWA • TORONTO

YQM passengers flew on our main airline partners, including Air Canada Express, the airline offering the most frequency from Greater Moncton, as well as Porter, WestJet and newly added NewLeaf offering a Hamilton service which began in July. The increase is also linked to WestJet adding extra flights to Toronto that started in July.

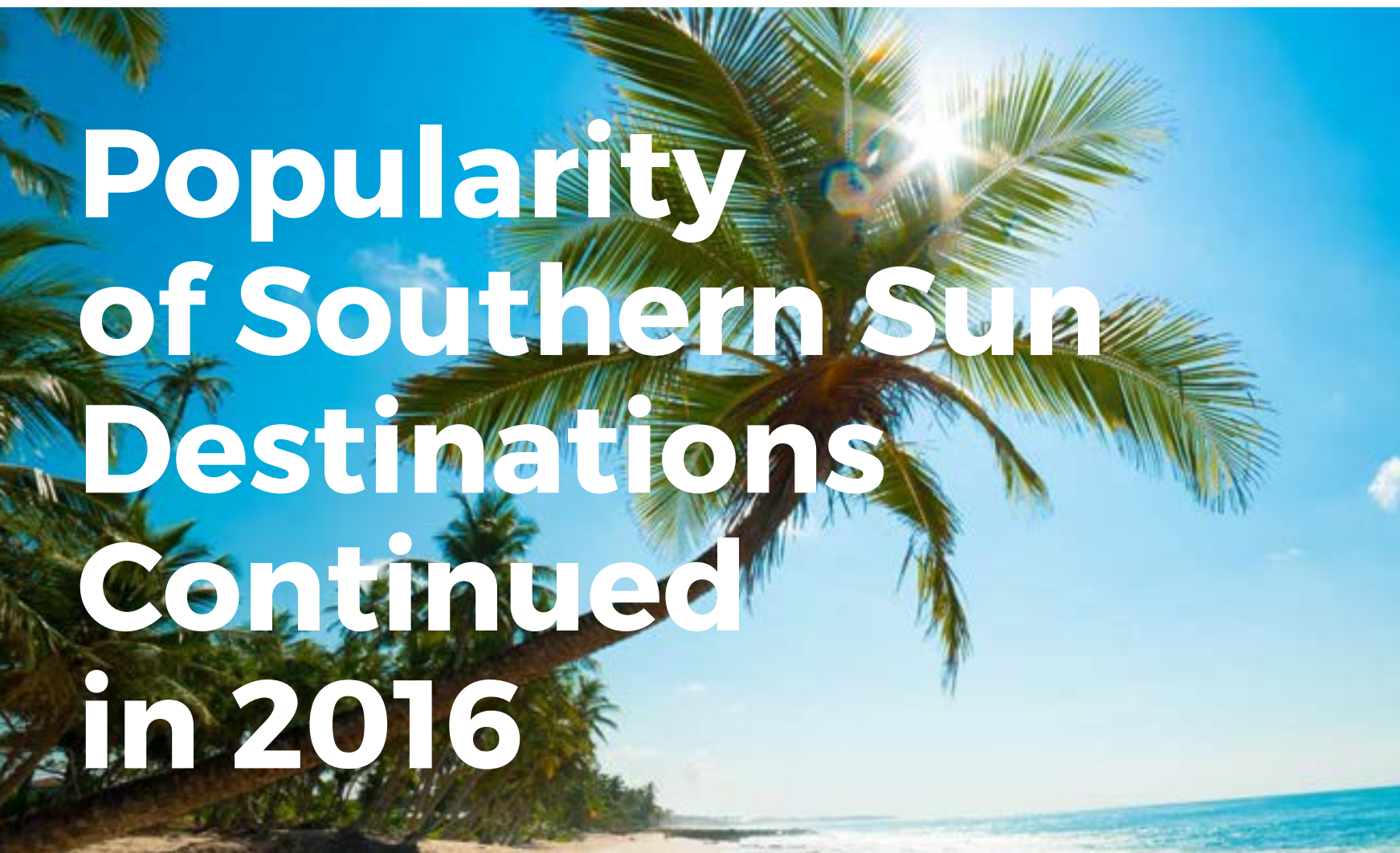
porter AIR CANADA

newleaf WESTJET  
Low fare. Here to there.



**25,022 TONNES**  
of freight departed in  
**2016**





- PUNTA CANA, DOMINICAN REPUBLIC
- WEST PALM BEACH, FLORIDA
- CAYO COCO, CUBA
- CANCUN, MEXICO
- MONTEGO BAY, JAMAICA
- VARADERO, CUBA
- ORLANDO, FLORIDA

**14** WEEKLY SUN  
DESTINATION FLIGHTS!

YQM continued to be a destination for Maritime winter sun-seekers in 2016 due to airlines offering direct non-stop flights to southern destinations.

Direct flights out of YQM for 2016 were available to Florida (Orlando, West Palm Beach), Mexico (Cancun), Dominican Republic (Punta Cana), Cuba (Cayo Coco, Varadero) and Jamaica (Montego Bay) through carriers such as Sunwing Travel Group, Transat Holidays and WestJet.

For the second year in a row, all-inclusive Caribbean cruise packages from Celebrity Cruises with a direct flight from YQM to Florida (West Palm Beach) were also available.

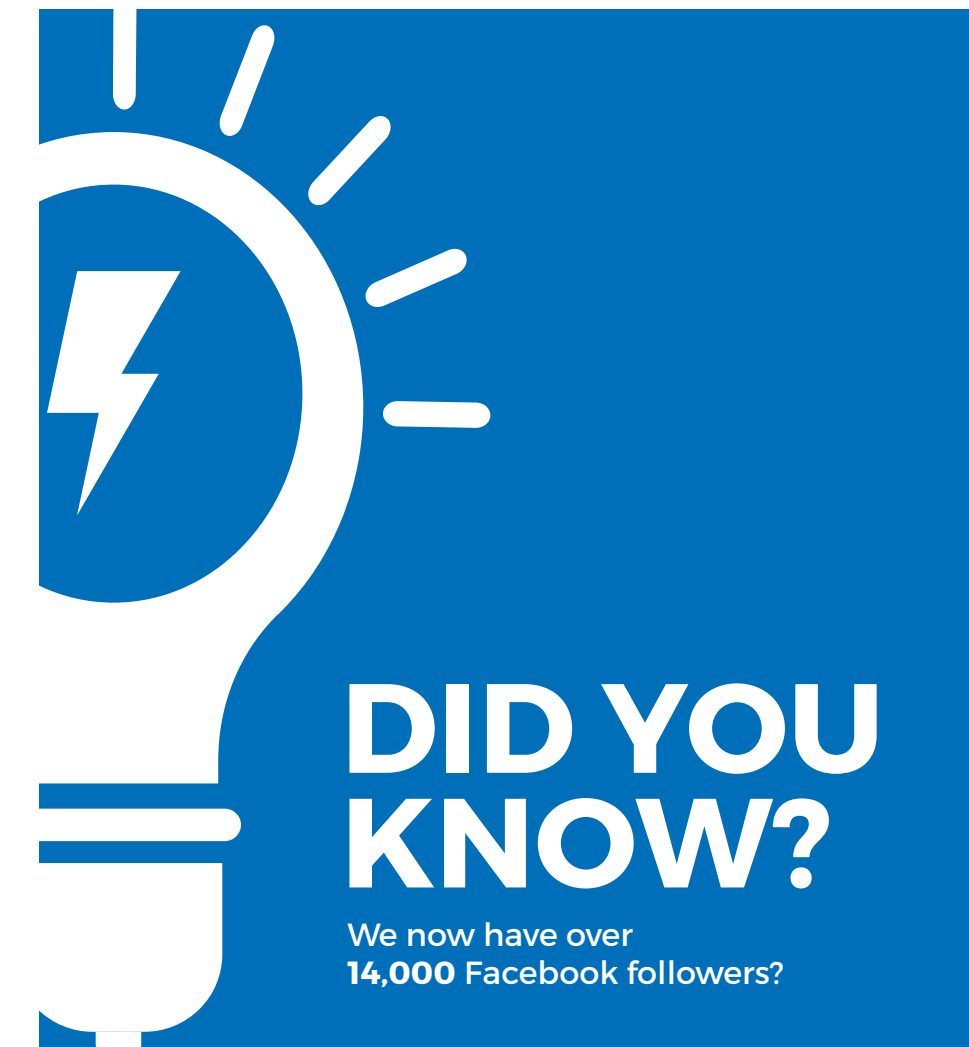




# Marketing Campaigns and Events

Some of our main marketing campaigns in 2016 included:

- Prince Edward Island Hot 105.5 radio promotion
- Southern destination promotion in terminal building
- Continued to strengthen presence on social media (Facebook, Twitter and Instagram)
- Engagement with New Brunswick travel agents
- Management team presentations to stakeholders such as the Transportation Club of Moncton, Rotary Club, etc.
- Launch of Rob Robichaud Scholarship
- Economic Impact Study Launch
- School Program
- First-ever Runway Run
- Participation in Tri-City/Maritime Chamber of Commerce Trade Show







# COMMUNITY RELATIONS



In 2016, the YQM contributed **nearly \$34,000** in addition to in-kind donations to a number of community events and organizations. As well, YQM employees volunteered and provided in-kind assistance to a number of events and organizations. The following is a list of organizations, causes and events we supported in 2016 (cash donation, in-kind, volunteer, sponsorship):

- 3+ Corporation
- AIDS Moncton
- Atlantic Ballet Theatre of Canada
- Atlantic Cancer Research Institute
- Boys and Girls Club of Moncton
- Canada Helps
- Canadian Red Cross
- CHU Dumont Foundation
- Expansion Dieppe
- FIFA Women's World Cup Canada 2015
- Greater Moncton Chamber of Commerce
- Greater Moncton Progress Club
- Greater Moncton SPCA
- Hope Air
- Junior Achievement New Brunswick
- Juvenile Diabetes Research Foundation
- MAGMA
- Moncton Headstart
- Moncton Wildcats
- New Brunswick Lung Association
- New Brunswick Youth Orchestra
- Prostate Cancer Canada
- Transportation Club of Moncton
- United Way of Greater Moncton and Southeastern New Brunswick

Beginning in 2016, charities were asked to provide a formal request-for-donation form to YQM. A committee evaluated the requests to determine which ones would be selected for funding. Funding could be in the form of a one-time donation or event sponsorship (purchase of tickets or participation in an event).

As part of the revamped system, YQM also set up a donation box located at the entrance of the security and boarding area. The initiative allows passengers to donate their spare change to support four charities per year (one per quarter). As an added bonus, the amount collected in the donation box during the three-month period would be matched by YQM to a maximum of \$3,000.

Funds raised through the donation box system in 2016 were donated to:

- **Atlantic Cancer Research Institute** - \$1,000 (first quarter)
- **Hope Air** - \$1,000 (second quarter)
- **New Brunswick Lung Association** - \$1,000 (third quarter)
- **Moncton Headstart** - \$1,000 (fourth quarter)



INSTITUT ATLANTIQUE  
DE RECHERCHE SUR  
LE CANCER

ATLANTIC  
CANCER RESEARCH  
INSTITUTE



THE **LUNG ASSOCIATION™**  
L'ASSOCIATION PULMONAIRE  
New Brunswick/Nouveau-Brunswick







Throughout 2016, a public piano continued to be available in the terminal building to the delight of passengers and visitors. The piano is sponsored by Lisa Griffin and Matt Williston of Art for Art's Sake and is one of several public pianos in the Greater Moncton area.

For the second year in a row in 2016, YQM presented a holiday music program in the main terminal. A number of talented acts were booked to perform holiday music during the holiday travel season. Performances took place from Dec. 12 to Dec. 24. Performers were provided an honorarium based a sliding scale system for solo, duo, trio and quartet.



Retail partners in 2016 included Relay (convenience store) and a number of national and international vehicle rental agencies. As well, 2016 saw the construction of a combination Tim Hortons / CAVU restaurant (open to both the public and security areas) which replaced the former Aramark food outlet. (Food services remain managed by Aramark.) YQM is currently looking to lease more space in the terminal building to commercial ventures.



ACI's Airport Service Quality (ASQ) is the world-renowned and globally established global benchmarking program measuring passengers' satisfaction while travelling through an airport. YQM joined this program for the first time in 2015.

The ASQ program provides the research tools and management information to better understand passengers' views and what they want from an airport's products and services.

YQM shone in Q4 2016 when compared to other participating Canadian airports:

- YQM ranked #1 in 16 categories
- YQM ranked #2 in 11 categories
- YQM ranked #3 in one category

Out of a total of 37 questions in the survey, YQM was in the top three for 28 of them (or 76% of the total categories).

We are very pleased with these outstanding results and will continue to strive to do even better!



In April, YQM introduced our new School Program that allows elementary school students across the Greater Moncton area to participate in exciting and educational tours at the airport.

Tours include hands-on materials and give students the opportunity to learn about the operations of an airport as well as how YQM welcomes travellers and connects the tri-community to destinations around the world.

YQM's first annual Runway Run held on October 1 was a big success, raising \$10,500 for charity through race registrations, raffle tickets and RBC's community program (\$2,000). In addition to RBC, our sponsors were WestJet, Bob Lee Productions and BMW Moncton. Partners included Running Room and Greater Moncton and Southeastern New Brunswick United Way.

## LOOKING AHEAD TO 2017

Every year, the commercial team – supported by many others inside and outside of YQM – works very hard to attract new airlines and increase the airport's positive profile in the community. As in the past, this was also the case in 2016.

In 2017, we will concentrate on increasing choices for YQM customers and visitors by revamping how we deliver food services through the new Tim Hortons and CAVU restaurant offerings. We are looking forward to this improvement to our already very good food offerings through Aramark. We will continue to seek to improve/increase our other retail options, as well.

Other continued initiatives in 2017 will include:

- Retain current sun destinations and increase that number and duration based on demand.
- Identify potential new carriers in order to increase traffic at YQM, with a particular focus on low-cost carriers.
- Attract a European summer seasonal service.
- Grow and maintain our current integration/freighter partners.
- Evaluate the potential for land development as a revenue source.
- Expanded parking offerings and space availability.





# BOARD COMMITTEES





Six standing committees met on a regular basis throughout 2016:

Executive Committee; Audit Committee; Strategic Planning; Environmental Committee; Governance Committee; and Human Resources Committee. Ad hoc committees are formed if and as 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 and operational 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 & 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.



**Randolph P. Jones**

On January 26, 2016, we were deeply saddened to learn of the passing of one of our valued board members, Randy Jones, after a lengthy illness. He joined the GMIAA board in July 2013 and served on the Audit Committee and Environment Committee, and had most recently joined the Human Resources Committee. He was a nominee of the Town of Riverview.

Outside of the airport world, Randy provided insolvency advisory services for more than 40 years to chartered banks, credit unions, secured lenders as well as to owners and management. He spent most of his career as a chartered accountant in the role of Vice-President for PricewaterhouseCoopers Inc. A recognized leader in the community, he was also a strong contributor to his profession. We extend our deepest condolences to Randy's family, friends and colleagues.



# 2016 GMIAA MANAGEMENT TEAM

## Executive Committee

The Executive Committee is comprised of Christopher Bacich (Chair), Nancy Whipp (Vice-Chair), André Pelletier (Past Chair / Strategic Planning), Maurice Richard (Secretary-Treasurer / Audit), Diane Allain (Human Resources), Roland Collette (Environment) and Brian Donaghy (Governance). Its purpose is to consider, promote and transact the business of the GMIAA between regular meetings of the Board of Directors.

## Audit Committee

The members of the Audit Committee are Maurice Richard (Chair), Nancy Whipp, André Pelletier, Janice Lirette Evers and Clifford Lavigne. The 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.

## Environmental Committee

The Environmental Committee is made up of Roland Collette (Chair), Brian Donaghy, Brian Baxter, Gil Meredith and Janice Lirette Evers. This committee's mandate is to establish and monitor all policies associated with environmental issues on airport lands.

## Governance Committee

Membership on this committee is made up of Brian Donaghy (Chair), Gil Meredith, Diane Allain, Janice Ryan and Patrick Grew. Every year, the Governance Committee reviews the Terms of Reference for the Board, committees, Board Chair, President & 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

The members of this committee are Diane Allain (Chair), Nancy Whipp, Janice Ryan, Patrick Grew and Shane Esson. Its mandate is to ensure that YQM has appropriate human resource strategies and policies consistent with good practices and business requirements.

## Strategic Planning Committee

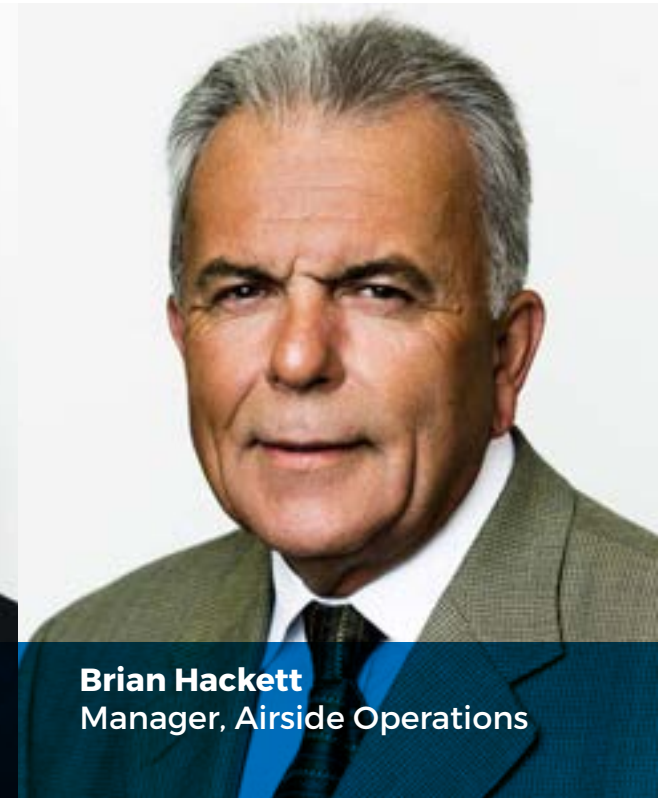
This committee's membership is made up of André Pelletier (Chair), Shane Esson, Clifford Lavigne, Roland Collette and Brian Baxter. Its role is to develop strategic policies and the monitoring thereof in support of the GMIAA's goals and objectives, as well as to oversee the strategic development of YQM's cargo business.



**Bernard F. LeBlanc**  
President & CEO (GMIAA Inc.)  
Managing Director (YQM)



**Natasha Ostaff, CPA, CA**  
Director of Finance and  
Administration



**Brian Hackett**  
Manager, Airside Operations



**Jacques Fournier**  
Director of Airport Commercial  
Development



**Chris Farmer**  
Director of Operations



**Vincent Martin**  
Manager, Engineering and  
Operations



**Community Consultative Committee and the Aeronautical Noise Management Committee**

The Community Consultative Committee and Aeronautical Noise Management Committee are a required initiative as per the ground lease entered into by GMIAA with Transport Canada. This requirement and undertaking takes place to solicit community input and feedback, as well as to highlight or address potential noise-related issues or issues of importance to the community.

In 2016, YQM undertook its Community Consultative Committee and Aeronautical Noise Management Committee session following its Economic Impact Study launch. This allowed more than 100 attendees to participate in this session. In 2017, a separate committee with stakeholder representation will be established to undertake dedicated Community Consultative Committee and Noise Committee sessions.

**Changes to GMIAA Inc.’s Board of Directors in 2016 were as follows:**

- Departing members:** Diane Cormier (July 2016)  
Randolph (Randy) P. Jones (January 2016)
- New members:** Nancy Whipp (March 2016)  
Patrick Grew (July 2016)  
Janice Lirette Evers (December 2016)

**Board Accountability**

In 2016, there were no code of non-compliance issues for the GMIAA Inc. Board of Directors.







# GMIAA INC. BOARD OF DIRECTORS



**Christopher Bacich**

Title: Chair; Executive Committee Chair  
Occupation: General Manager,  
BMW/Mini Moncton  
Nominator: City of Moncton



**Nancy Whipp**

Title: Vice-Chair  
Occupation: President and CEO,  
CPA New Brunswick  
Nominator: GMIAA Inc.



**Diane Allain**

Title: Human Resources Committee Chair  
Occupation: Vice-President, Talent  
Management, UNI Financial Cooperation  
Nominator: GMIAA Inc.



**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



**André Pelletier**

Title: Past-Chair; Strategic Planning and  
Cargo Development Committee Chair  
Occupation: Director, Real Estate  
Subsidiaries and Mortgage Loans,  
Assumption Life  
Nominator: Greater Moncton Chamber  
of Commerce



**Roland Collette**

Title: Environment Committee Chair  
Occupation: President and Owner,  
Proactif Sports Inc.  
Nominator: City of Dieppe



**Diane Cormier**

(Left board in July 2016)  
Title: Director  
Occupation: Private Advisor, National Bank  
Financial  
Nominator: GMIAA Inc.





# GMIAA INC. BOARD OF DIRECTORS



**Brian Donaghy**

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



**Shane Esson**

Title: Director  
Occupation: Senior Vice-President and  
General Manager, Midland Transport  
Limited  
Nominator: 3+ Corporation



**Clifford Lavigne**

Title: Director  
Occupation: Retired teacher  
Nominator: City of Moncton



**Janice Lirette Evers**

Title: Director  
Occupation: Controller, Acadian  
Construction (1991) Ltd.  
Nominator: GMIAA Inc.



**Patrick Grew**

Title: Director  
Occupation: Lawyer, Grew MacDonald  
Nominator: Town of Riverview



**Randolph (Randy) P. Jones**

(passed away in January 2016)  
Title: Director  
Occupation: Trustee in Bankruptcy and  
Restructuring Professional, Allan Marshall &  
Associates Inc.  
Nominator: Town of Riverview



**Gil Meredith**

Title: Director  
Occupation: Retired  
telecommunications professional  
Nominator: Town of Riverview



**Janice Ryan**

Title: Director  
Occupation: President, Botsford Fisheries Ltd.  
Nominator: Province of New Brunswick





# Directors' Remuneration and Expenses

(in thousands of dollars unless otherwise noted)

Directors' compensation	\$ (thousands)
Annual retainer	
Chair	10
Vice-Chair	2.5
Secretary-Treasurer	8
Directors	2.5
Meeting fees	
Board meetings and committee meeting fees are \$300 per Director per meeting attended.	
Total compensation for each Director in 2016 was:	\$ (thousands)
Diane Allain	8.2
Christopher Bacich	25.5
Brian Baxter	5.2
Roland Collette	7.3
Diane Cormier	5.1
Brian Donaghy	9.1
Shane Esson	6.1
Patrick Grew	2.1
Clifford Lavigne	9.7
Janice Lirette Evers	1.5
Gil Meredith	8.2
André Pelletier	5.4
Maurice Richard	14.0
Janice Ryan	6.7
Nancy Whipp	6.3



# STRATEGIC INITIATIVES

For the five-year period 2015-2020, the focus of the GMIAA Board and management will be:

- Pursuit of passenger service growth with emphasis on the establishment of new routes.
- Pursuit and growth of air cargo activity.
- Increased community engagement and communication efforts.

## 2016 Actual vs. Business Plan (shown in millions of dollars)

	Actual	Plan	Difference	Explanation
Revenue	17.4	18.3	(0.9)	Decrease in landing fees due to airline schedule and aircraft size changes, as well as non-aeronautical revenues such as car parking and rentals.
Expenses	16.6	17.2	(0.6)	Lower wage costs as well as reductions in discretionary expenses such as travel, advertising and marketing.
Capital expenditures	1.7	1.8	(0.1)	Deferral of an expansion project offset by an unanticipated and significant runway repair.

## Business Plan Forecast for 2017-2021

	2017	2018	2019	2020	2021
Revenue	17.8	18.3	18.7	19.1	19.6
Expenses	17.2	16.9	17.6	18.1	18.8
Capital expenditures	4.1	9.8	8.7	6.1	1.3





# 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. In meeting ground lease requirements, the GMIAA began paying rent to the Government of Canada after being provided a rent-free period until December 2015.

The GMIAA is committed to doing business locally and in a competitive fashion. All projects with a value in excess of \$75,000 (1997 dollars) adjusted to the Consumer Price Index (CPI) require a public tender or request for proposal. To that end, the GMIAA sought competitive bids on all contracts other than a sole sourcing for terminal furnishings from Arconas and the airport parking system upgrades by WPS as a result of existing product compatibility.

The excess of revenue over expenses for 2016 was \$961,409 compared to \$2,235,033 in 2015. The decrease in net earnings is a result of lower landing fees, depreciation of the new Airport Operations Facility (AOF), as well as the new addition of airport rent payments. Rent and depreciation changes alone account for more than \$900,000 of this surplus change. Operating expenses increased from \$15,570,302 in 2015 to \$16,576,027 in 2016. That increase was largely driven by rent payments which were calculated using a formula reflecting annual gross revenues per the lease agreement, as well as equipment repairs. All contributions are used to fund operational capital requirements ranging from mobile equipment, airfield maintenance and terminal building upgrades.

The AIR Fund generated \$6,061,851 net of collection expenses in 2016, compared to \$5,982,103 in 2015. The purpose of the AIR Fund is to finance the maintenance and development of expansionary infrastructure projects such as the construction of the Airport Operations Facility, the lengthening of Runway 06/24, reconstruction of Runway 11/29, and other expansion capital projects. Since 1999, the AIR Fund has raised \$66.5 million. These funds were in turn used to pay \$19.0 million in interest, principal payments of \$31.8 million and purchased \$13.0 million in capital assets. The net balance in the AIR Fund for 2016 was \$2.8 million and will be used to finance identified infrastructure requirements over the next five years of approximately \$21 million.









# FINANCIAL STATEMENTS

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

December 31, 2016

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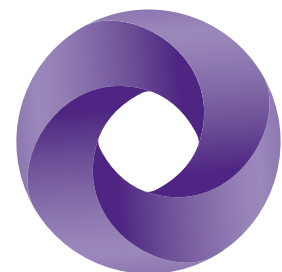
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# INDEPENDENT AUDITOR'S REPORT



## Grant Thornton

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**Grant Thornton LLP**

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To the Members 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, 2016, and the statements of operations and changes in net assets and the statement of cash flows for the year then 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, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Moncton, Canada  
March 24, 2017

*Grant Thornton LLP*  
Chartered Professional Accountants

Statement of Operations and  
Changes in Net Assets

Year ending December 31	2016	2015
Revenues		
Aircraft (Page 82)	\$6,433,758	\$6,559,503
Airport (Page 82)	\$4,914,738	\$5,097,961
Total:	\$11,348,496	\$11,657,464
AIR Fund revenues, net of expenses (Note 11)	\$6,061,851	\$5,982,103
Total:	\$17,410,347	\$17,639,567
Expenditures		
Salaries and employee benefits (Page 82)	\$3,262,234	\$3,219,606
Other operating and administration expenses (Page 83)	\$6,918,393	\$6,731,864
Amortization	\$4,729,426	\$4,287,463
Ground lease rent (Note 10 [a])	\$441,744	-
Interest on bank financing	\$1,224,230	\$1,331,369
Total:	\$16,576,027	\$15,570,302
Excess of revenues over expenditures before other income	\$834,320	\$2,069,265
Other income		
Change in fair value of financial instruments (Note 8)	\$127,089	\$165,768
Excess of revenues over expenditures	\$961,409	\$2,235,033
Net assets, beginning of year	\$29,369,911	\$27,023,878
Remeasurement in actuarial (losses) gains	\$(140,000)	\$111,000
Excess of revenues over expenditures	\$961,409	\$2,235,033
Net assets, end of year	\$30,191,320	\$29,369,911



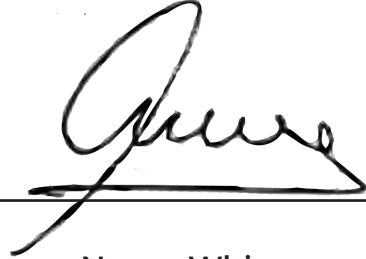
# Statement of Financial Position

Year ending December 31	2016	2015
<b>Assets</b>		
Current		
Cash and cash equivalents	\$2,671,635	\$5,084,982
Receivables	\$1,463,988	\$1,081,814
Materials and supplies	\$148,559	\$134,453
Prepaid expenses	\$134,859	\$117,023
Total:	\$4,419,041	\$6,418,272
Restricted cash (Note 3)	\$4,360,546	\$3,115,917
Pension surplus (Note 4)	\$1,872,000	\$1,754,000
Capital assets (Note 5)	\$56,609,696	\$59,701,746
Total:	\$67,261,283	\$70,989,935
<b>Liabilities</b>		
Current		
Payables (Note 6)		
Trade	\$1,843,920	\$1,520,096
Capital	\$214,442	\$923,812
Unearned revenue	\$8,677	\$8,559
Refundable deposits	\$156,192	\$156,642
Bank financing due within one year (Note 7)	\$3,980,911	\$4,030,905
Total:	\$6,204,142	\$6,640,014
Callable portion of bank financing (Note 7)	\$4,077,954	\$4,767,192
Total:	\$10,282,096	\$11,407,206

Year ending December 31	2016	2015
<b>Liabilities (cont.)</b>		
Long-term		
Severance liabilities	\$478,863	\$485,053
Bank financing (Note 7)	\$26,268,751	\$29,560,423
Financial instruments liability (Note 8)	\$40,253	\$167,342
Total:	\$26,787,867	\$30,212,818
Total (current + long-term):	\$37,069,963	\$41,620,024
<b>Net assets</b>	\$30,191,320	\$29,369,911
Total:	\$67,261,283	\$70,989,935

**Commitments (Note 10)**  
**On behalf of the board**

  
\_\_\_\_\_  
Maurice Richard      **Director**

  
\_\_\_\_\_  
Nancy Whipp      **Director**



# Statement of Cash Flows

Year ending December 31	2016	2015
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenues over expenditures	\$961,409	\$2,235,033
Items not affecting cash:		
Amortization	\$4,729,426	\$4,287,463
Gain on disposal	\$(12,250)	\$(3,473)
Pension expense (Note 4)	\$58,000	\$58,000
Change in fair value of financial instruments	\$(127,089)	\$(165,768)
Total:	\$5,609,496	\$6,411,255
Change in non-cash working capital items (Note 9)	\$(96,812)	\$258,077
Pension payments (Note 4)	\$(316,000)	\$(366,000)
Total:	\$5,196,684	\$6,303,332
Investing		
Change in restricted cash, net	\$(1,244,629)	\$9,577,079
Proceeds on disposition of assets	\$12,250	\$6,752
Motor Vehicles	\$(41,578)	\$(93,232)
Equipment	\$(110,545)	\$(161,972)
Infrastructure	\$(199,302)	\$(9,589,400)
ATB	\$(1,285,953)	\$(883,753)
Total:	\$(2,869,757)	\$(1,144,526)

Year ending December 31	2016	2015
Financing		
Repayment of bank financing	\$(4,030,904)	\$(4,030,905)
Change in capital payables	\$(709,370)	\$236,074
Total:	\$(4,740,274)	\$(3,794,831)
(Decrease) increase in cash and cash equivalents	\$(2,413,347)	\$1,363,975
Cash and cash equivalents		
Beginning of year	\$5,084,982	\$3,721,007
End of year	\$2,671,635	\$5,084,982



# Notes to the Financial Statements

## 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 8 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.

## 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 reported travel. 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.

## 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, first-out 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% - 10%
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.

# Notes to the Financial Statements

### 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, provisions for contingencies, assumption related to pension plan, interest rate swap and severance liabilities. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

### 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.

### 3. Restricted cash

	2016	2015
AIR Fund for capital purposes	\$2,803,433	\$2,133,772
Other capital funds (Board restricted)	\$522,781	\$522,781
Capital financing funds	\$1,034,332	\$459,364
Total:	\$4,360,546	\$3,115,917

### 4. Pension surplus

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.

Information about the CAC defined benefit plan follows:	2016	2015
Accrued benefit obligation	\$(6,315,000)	\$(5,956,000)
Fair market value of plan assets	\$8,187,000	\$7,710,000
Funded status – pension surplus	\$1,872,000	\$1,754,000

The pension plan is required to complete solvency valuations as part of the normal regulatory compliance. As a result of the January 1, 2016 solvency valuation, the pension plan had a solvency deficiency of \$1,102,600 and is required to make special monthly payments of \$15,067 for 5 years.

	2016	2015
Net pension expense	\$58,000	\$58,000
Employer contributions	\$316,000	\$366,000
Employee contributions	\$32,000	\$35,000
Benefits paid	\$210,000	\$198,000



# Notes to the Financial Statements

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

	2016	2015
Discount rate	4.75%	5.25%
Rate of compensation increase	2.5%	3.0%
Rate of inflation	2.0%	2.5%
Mortality Table	CPM	CPM

The actuarial present value of accumulated plan benefits for the 2016 fiscal year is based on an extrapolation provided by the actuaries. The last formal actuarial valuation performed was effective January 1, 2016. The actuaries believe the financial results would not differ materially from the extrapolation if a formal valuation was performed as at December 31, 2016. The next valuation report is due from the actuaries effective January 1, 2017.

Percentage of Plan Assets		
	2016	2015
Defined benefit plan assets consists of:		
Equity securities	56.0%	59.2%
Debt securities	34.9%	32.8%
Other	9.1%	8.0%
Total:	100%	100%

In addition, GMIAA contributed \$107,589 (2015 - \$105,520) to a defined contribution plan for employees during the year.

## 5. Capital assets

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	2016 Net Book Value
Airside infrastructure**	\$53,288,304	\$(16,287,509)	\$(14,411,584)	\$22,589,211
Equipment	\$2,041,206	\$(219,115)	\$(1,541,283)	\$280,808
Groundside infrastructure**	\$21,167,904	\$(4,625,448)	\$(2,021,277)	\$14,521,179
Motor vehicles	\$7,737,701	\$(164,591)	\$(4,246,003)	\$3,327,107
New ATB**	\$29,752,436	\$(4,031,263)	\$(9,880,658)	\$15,840,515
Old ATB renovations**	\$1,215,761	\$(495,356)	\$(669,529)	\$50,876
Total:	\$115,203,312	\$(25,823,282)	\$(32,770,334)	\$56,609,696

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	2015 Net Book Value
Airside infrastructure**	\$53,376,417	\$(16,287,509)	\$(12,252,385)	\$24,836,523
Equipment	\$1,931,364	\$(219,115)	\$(1,409,240)	\$303,009
Groundside infrastructure**	\$20,968,601	\$(4,625,447)	\$(1,469,080)	\$14,874,074
Motor vehicles	\$7,943,772	\$(164,591)	\$(3,893,714)	\$3,885,467
New ATB**	\$28,371,483	\$(3,936,263)	\$(8,722,352)	\$15,712,868
Old ATB renovations**	\$1,215,761	\$(495,356)	\$(630,600)	\$89,805
Total:	\$113,807,398	\$(25,728,281)	\$(28,377,371)	\$59,701,746

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

# Notes to the Financial Statements

## 6. Payables

Included in payables and accruals are federal government remittance due of \$2,901 (December 31, 2015 - \$1,895) relating to payroll source deductions and \$45,590 (December 31, 2015 - \$87,690) relating to HST.

## 7. Bank financing

	2016	2015
CIBC term loan, maturing July 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).	\$1,616,672	\$3,283,338
CIBC demand 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.	\$333,860	\$556,432
CIBC demand loan, amortized to September 2026, repayable in quarterly installments of principal of \$116,667 plus interest. Interest rate is prime minus 1% plus a stamp fee of 0.35% per annum.	\$4,433,334	\$4,900,000
CIBC term loan, maturing June 2022 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 installments of \$137,500.	\$8,525,000	\$9,075,000
CIBC term loan, maturing December 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 installments of \$137,500.	\$9,212,500	\$9,762,500
CIBC term loan, maturing September 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 installments of \$143,750.	\$10,206,250	\$10,781,250
Total:	\$34,327,616	\$38,358,520

	2016	2015
Less current portion	\$3,980,911	\$4,030,905
Less callable portion	\$4,077,954	\$4,767,192
Due beyond one year	\$26,268,751	\$29,560,423

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.

Estimated principal re-payments are as follows:

2017	\$3,980,911
2018	\$2,252,953
2019	\$2,141,667
2020	\$2,141,667
2021	\$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 \$127,089 for 2016 (2015 - \$165,768). At December 31, 2016, the interest rate swap was valued at \$40,253 (December 31, 2015 - \$167,342). The notional amount of derivative financial instruments at December 31, 2016 was \$1,616,672 (December 31, 2015 - \$3,283,338). For interest rate swap’s entered into after January 1, 2011, see Note 2 “Derivative financial instruments” for the GMIAA’s accounting policy.

The GMIAA has three interest rate swaps with a total notional amount of \$27,943,750 (December 31, 2015 - \$29,618,750). The GMIAA has elected to apply hedge accounting to these instruments (see Note 2 “Derivative financial instruments”). At December 31, 2016 interest rate swaps were valued at \$2,207,636 (December 31, 2015 - \$2,614,266).



# Notes to the Financial Statements

## 9. Change in non-cash working capital items

	2016	2015
Receivables	\$(382,170)	\$106,817
Materials and supplies	\$(14,106)	\$(10,081)
Prepaid expenses	\$(17,836)	\$32,482
Payables - trade	\$323,822	\$80,915
Unearned revenue	\$118	\$1,446
Refundable deposits	\$(450)	\$(552)
Severence liabilities	\$(6,190)	\$47,050
Total:	\$(96,812)	\$258,077

## 10. 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.

The lease agreement provided GMIAA a rent free period until December 31, 2015. Starting January 1, 2016 the Airport is required to make annual rent payments to the Landlord utilizing a formula reflecting annual gross revenues as per the lease agreement.

(b) An environmental site assessment on the Greater Moncton Roméo LeBlanc International 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 8 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 83).

## 11. 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.

	2016	2015
Fees collected	\$6,504,323	\$6,414,673
Interest	\$18,603	\$18,733
Total:	\$6,522,926	\$6,433,406
Handling fees	\$(461,075)	\$(451,303)
Excess of revenues over expenses	\$6,061,851	\$5,982,103

## 12. Financial instruments

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.

# Notes to the Financial Statements

(a) **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.

i. **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 \$34.3 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, 2016, the notional amount related to interest rate swaps was \$29.5 million.

(b) **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.

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

(c) **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.

**13. 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.



# Schedules to the Financial Statements

Year ending December 31	2016	2015
<b>Aircraft revenues</b>		
Landing fees	\$4,570,409	\$4,791,713
Terminal fees	\$1,863,349	\$1,767,790
Total:	\$6,433,758	\$6,559,503
<b>Airport revenues</b>		
Concessions	\$1,478,774	\$1,536,393
Interest	\$36,910	\$37,978
Parking	\$2,067,634	\$2,163,961
Rent	\$587,388	\$572,904
Recovery of property taxes from tenants	\$362,231	\$329,423
Recovery of expenses from tenants	\$180,570	\$295,951
Miscellaneous	\$201,231	\$161,351
Total:	\$4,914,738	\$5,097,961
<b>Salaries and employee benefits</b>		
Salaries and wages	\$2,827,870	\$2,798,325
Employee Benefits	\$434,364	\$421,281
Total:	\$3,262,234	\$3,219,606
<b>Schedule of Other operating and administration expenses</b>		
Advertising and marketing	\$373,731	\$348,323
Bad debt expense	\$4,879	\$19,263
Board administration	\$196,737	\$192,758
Communications - telephone/cellular	\$70,745	\$74,079

Year ending December 31	2016	2015
Contract and special services	\$696,251	\$607,872
Electricity	\$600,943	\$561,332
Freight	\$4,851	\$4,639
Fuel	\$331,983	\$443,149
Insurance	\$150,044	\$160,568
Interest and bank charges	\$89,770	\$76,994
Janitorial services	\$338,571	\$336,313
Management and support services	\$889,579	\$1,045,643
Materials and supplies	\$335,772	\$274,725
Miscellaneous	\$129,826	\$140,721
Office supplies	\$11,030	\$10,527
Professional and consulting services	\$45,148	\$68,146
Property taxes	\$1,069,931	\$912,201
Repairs and maintenance	\$702,177	\$568,060
Security services	\$571,589	\$568,340
Travel	\$116,252	\$135,381
Water and sewer	\$188,584	\$182,830
Total:	\$6,918,393	\$6,731,864

GREATER MONCTON  
ROMÉO LEBLANC  
INTERNATIONAL AIRPORT



AÉROPORT INTERNATIONAL  
ROMÉO-LEBLANC  
DU GRAND MONCTON