

2017 ✈️ ANNUAL REPORT



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GREATER MONCTON ROMÉO LEBLANC INTERNATIONAL AIRPORT
AÉROPORT INTERNATIONAL ROMÉO-LEBLANC DU GRAND MONCTON

HIGHLIGHTS



Most passengers ever flying through the YQM terminal building: 665,630.
(By the way, the “new” terminal building was fully paid for in 2017!)



First travel agency in an airport location in Atlantic Canada.
Welcome to Marlin Travel!



Highest cargo revenue ever in 2017 at \$2.67 million!



Second annual YQM Runway Run
with more than **150 participants**
and **\$8,558** raised for charity.



Implementation of new Airport Operations Specialist (AOS) role at YQM where an employee can undertake both an emergency response and firefighter role in addition to a field operations role.



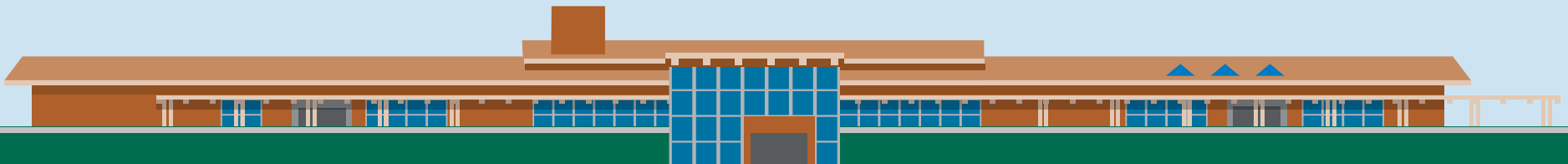
Airport surplus of \$1.49 million!



2017 employee survey results: 3 out of 5 top performing areas were rated by our employees as being safety related. A great indication of strides made in this area.



Community engagement: Hosting of Greater Moncton Chamber of Commerce Business After Hours event at Airport Operations Facility in January 2017.



CHAIR'S MESSAGE

Christopher
Bacich



2017 was a great year!

There were many successes to celebrate in 2017. Passenger travel was up, representing our second-best year ever. Our revenues from cargo were also up this year and represented our best performance ever. While other airports around us are losing sun destinations, we continue to grow our business with direct offerings to Florida, Mexico, Cuba, Jamaica and the Dominican Republic. While our newest and low-cost airline alternative did not prove viable in Canada, we feel our success on the Hamilton route and easy access to the travelling public put us in a great position with many of the new value-based players entering the market.

Financially healthy

From a financial perspective, the Greater Moncton International Airport Authority Inc. (GMIAA) recorded a 1% improvement in revenue over 2016. We paid off the loan related to the new terminal and reduced our overall debt by almost \$3.9 million. This also helped to produce a significant improvement in our bottom line over 2016. It was not expected. The management team continues to focus on making the right financial decisions when it comes to capital expenditures. It is important to note that the next few years will hold many challenges for the management team and the Board as repairs and potential new investments will need to be made to enhance safety and security at the Greater Moncton Roméo LeBlanc International Airport (YQM). For this reason, a decision was made to increase the Airport Improvement Fee for 2018. We are now consistent with other airports in the region.

Environmental stewardship

With the direction of Vantage Airport Group and the management team, the Board continues to support the GMIAA in their goal toward ecological responsibility and carbon reduction. We continue to play an active role in supporting management's undertaking to have a greener airport by actively achieving a Level 2 ACI Airport Carbon Accreditation. Many steps are being taken by reducing energy use and focusing on recycling. I commend CEO Bernard LeBlanc and his team for the work that they are doing in this area to help make our airport one of the greenest in Atlantic Canada.



We paid off the loan related to the new terminal and reduced our overall debt by almost \$2.8 million. This also helped to produce a significant improvement in our bottom line over 2016."

Airport leadership evolution

I would be remiss if I did not mention that there has been a significant change in the management team at our airport in 2017 with two new recruits and three changes in roles. We have our new Director of Finance and Administration, Courtney Burns, who joined our team in the fall as well as a new Director of Airport Commercial Development, Glen Rollins, who begins in early 2018. They bring a wealth of knowledge and skills to the team. We were also pleased with the announcement of two senior managers in our operations – Brian Hackett and Vincent Martin. Both have been members

of the GMIAA team for several years – as well as Will Sutherland who now takes on the role of Manager of Regulatory Affairs. The Board is extremely pleased with their leadership and oversight in this very important area.

Looking forward

Being New Brunswick's busiest airport isn't always easy. Our newer, completely modern facilities, extended runway, proximity to more than one million people in a two-hour radius, record good-landing days fortified by our up-to-date safety systems and knowledgeable staff are just part of the reason for our significant advantage over other airports in our province. This is reinforced by a Board of Directors that has been willing to make the key investments where required to offer the best services and functionality to our customers, tenants and staff.

I would like to thank, on behalf of the Board, the people who supported our airport – your airport – in 2017. We are looking forward to many more great years of travelling and shipping together.

A handwritten signature in black ink, appearing to read 'C. Bacich'.

Christopher Bacich

Chair

Greater Moncton International Airport Authority Inc.

PRESIDENT AND CEO'S MESSAGE

Bernard
LeBlanc



Dear YQM stakeholders,

In 2017, the Greater Moncton Roméo LeBlanc International Airport (YQM) marked the 20th anniversary of federal government privatization and oversight of the airport's activities by a non-profit community-based board of directors.

In addition to recognizing this anniversary, it was also a very opportune time for us to start looking at the next 20 years in order to ensure that we are positioning ourselves for continued long-term success.

2018-2038 Master Plan

To do so, we initiated the development of a new 20-year 2018-2038 Master Plan which will involve a significant community engagement component to ensure that our activities and direction are in line with the wants, needs and expectations of stakeholders and airport users.

In terms of highlights, 2017 was a hugely successful year from a variety of perspectives including:

- **Passenger traffic:** Second-best year ever at 665,630 passengers and the most passengers flowing through our terminal building ever
- **Cargo activity:** Best revenue year ever at \$2.67 million
- **Financial results:** Very healthy. Airport excess of revenue over expenses of \$1.49 million (a 46% improvement over our budget)

- **Community engagement:** Significant number of community engagement events, including Canada 150 event, airport 20th anniversary celebration, second annual Runway Run, and a nomination for a Greater Moncton Chamber of Commerce Excellence Award.

Management restructuring

During the course of the year, YQM also undertook a significant management restructuring and refocusing of its Vantage Airport Group and Greater Moncton International Airport Authority (GMIAA) management team to ensure a cohesive approach and continued long-term success and results. This undertaking was completed in early 2018 such that I am pleased to present the management team members:

Vantage Airport Group - management

- **Bernard LeBlanc** – President/CEO and Managing Director
- **Courtney Burns** – Director, Finance and Administration (effective September 2017)
- **Glen Rollins** – Director, Airport Commercial Development (effective January 2018)

Greater Moncton International Airport Authority - management

- **Vincent Martin** – Senior Manager, Engineering and Operations (effective July 2017)
- **Brian Hackett** – Senior Manager, Airside Operations (effective July 2017)
- **Will Sutherland** – Manager, Regulatory Affairs (effective January 2018)

Workforce efficiencies

In 2017, along with our unionized workforce, we worked on implementing an Airport Operations Specialist role which provided workforce flexibility and potential efficiencies in regard to an employee being able to undertake both an emergency response as well as an airfield operations role. This role is not new to Canadian airports but is new to YQM and something that was the result of joint union/management efforts and a focus on long-term financial sustainability.



... as we prepare ourselves to set new 20-year plans and strategic priorities, we remain confident of the airport's continued success but also of the need to ensure our community's engagement and support to guarantee this.

Increased investment from airline partners

Over the course of the year, we saw our airline partners invest in increased flight frequencies and changes in their operational models.

As such, Air Canada increased its Montreal flight frequency while WestJet moved to a smaller aircraft model (737 to Q400) which provided the benefit of three flights per day feeding its Toronto hub and connection point. It also led to a 6.5% increase in its domestic traffic over 2016. Although Porter added service to nearby airports (Fredericton and Saint John) over the course of the year, this had minimal impact on the airline's passenger traffic at YQM over the course of 2017.

One good news/bad news story in 2017 was NewLeaf's termination of its service in April which meant approximately 2,000 fewer passengers per month travelling through YQM via the airline. The good news was that the remaining three partner airlines managed to recoup this volume leading to a year where we grew our total passenger traffic by 8,358 passengers, or the equivalent of 107 fully loaded Q400 aircraft. Still, the NewLeaf experience was a very positive one and showed the benefit of having a low-cost airline as one of our customer offerings – this being one true manner for the airport to stimulate and grow passenger traffic at the airport.

A very significant year in the Canadian market is expected in 2018 in terms of the potential to grow the low-cost carrier sector of the market. This is an area that we are working to participate in over time while also watching carefully in terms of long-term sustainability of such a service offering.

Employee and board commitment

Yet our very positive 2017 results were only possible due to the efforts of all our employees. I would therefore like to thank each and every one of them for their dedicated efforts and commitment to ensuring YQM's long-term success.

Similarly, the GMIAA Board of Directors not only provides governance oversight but also continuously challenges management to keep improving on its successes and its efforts. As such, I would like to personally thank Board Chair Christopher Bacich and all Board members for their continued support of the GMIAA management team and the Vantage Airport Group's direction and undertakings.

Looking forward

As we enter 2018, fickle weather, new regulations requiring financial investments, airline upstarts or changes in direction are all great reminders of evolving challenges that we face in the aviation sector.

Still, as we prepare ourselves to set new 20-year plans and strategic priorities, we remain confident of the airport's continued success but also of the need to ensure our community's engagement and support to guarantee this. As always, we wish to thank all travellers in and out of YQM, as well as our partner airlines, airport tenants and volunteers, for your continued support from the business, cargo, or leisure perspective!



Bernard F. LeBlanc

President and CEO, Managing Director

Greater Moncton International Airport Authority Inc.

Vantage Airport Group – Regional Executive, Atlantic Canada



↑ Arrivals
Arrivées

← ? Info

→ Departure Gates
Portes d'embarquement

Pier

BAR

2/30.00

smartwater

EXIT

SAY
IT'S
YOUR
TURN

FLYERS
\$34.00

MOT CITY

OPERATIONS

Terminal Building

Our Terminal Building, which opened in 2002, although fully paid for in 2017, is now starting to require a little more maintenance in order to keep it looking fresh. In the coming years, we will see a continued focus on refurbishing areas as well as looking for ways to become more energy efficient. We replaced part of our roof and gutters in 2017 as well as undertook some small lighting retrofits. We also saw a change in our facility cleaning services provider in 2017 and are working continuously with them in order to maintain a high level of service.

City of Dieppe

Our operations team worked with the City of Dieppe to successfully resolve a longstanding water billing issue. This will result in lower expenses moving forward.

Safety Management System (SMS)

GMIAA's Safety Management System (SMS) was integral in making 2017 a successful year. SMS is all about safety risk management and thanks to a very healthy safety culture exhibited by our management, employees and tenants, our team was able to identify, review and resolve more than 70 potential safety issues – our most successful year yet.

Furthermore, the vast majority of these issues were reported and resolved proactively before an unsafe condition gave way to an incident. In staying proactive, in 2017, GMIAA maintained a consistent schedule of weekly and monthly SMS-related meetings with our staff and stakeholders where safety information is exchanged freely and without the fear of punitive action for safety hazard reporters. Significant changes to the structure of GMIAA's SMS occurred in 2017. Now, more strongly than ever, involvement in safety is demanded from all levels of the organization, and great effort has been taken to ensure that all staff and management are comfortable with their respective safety roles, with safety-related training hours for the year totalling in the thousands.



Other highlights

- Airfield winter operations successfully implemented a new winter work schedule with two airfield team leads managing four airfield crews.
- Eliminated blueberry flower tops in the spring, leading to significantly reduced bird activity in the summer and fall.
- Four Airport Operations Specialists transitioned in their roles to combine Emergency Response Services and Airfield Operations. This evolution had a positive impact on overall operations.



In 2017, Airport Operations Specialist (AOS) Jordan Short (centre) received his Aircraft Rescue and Firefighting Training Certificate as part of the AOS transition to include Emergency First Response to Airfield Operations duties.

Capital Program and equipment

Our Capital Program saw another busy year with multiple initiatives being completed.

The largest project was our terminal space expansion for Canada Border Services Agency (CBSA) allowing for a more efficient passenger processing while enhancing the customer experience. Our designation as an Airport of Entry (AOE) was increased from AOE/225 to AOE/300 allowing for aircraft of up to 300 passengers (including the crew) to be processed at YQM.

In 2017, we also performed a significant asphalt repair on runway 11-29 to extend the life of the surface. This work was carried out with no operational delays while the runway was closed.

There were also several electrical capital initiatives including the replacement of our Field Electrical Centre (FEC) generator. The power feeder cables for both runway 06-24 and runway 11-29 were replaced as well as new LED floodlighting for Apron V. The south side of the airport also saw new LED floodlights and new lighting poles for the roadway leading up to the control tower.

Finally, we also replaced the flooring in our passenger hold room (post-security) to see it blend with the new flooring in our arrivals and customs primary areas.

Rather than replace two aging loaders, two front-end loaders will be rented from mid-November to mid-April for winter operations beginning in 2018-2019. This program will allow capital funds to be allocated to other projects. Meanwhile, a new Rosenbauer Panther 4X4 aircraft rescue and firefighting (ARFF) truck was purchased in 2017 for delivery in mid-2018.



Asphalt repair work on Runway 11-29.



The addition a new one-ton 4X4 truck with dump body and "V" plow will be beneficial to both summer and winter operations.



Rosenbauer Panther 4X4 aircraft rescue and firefighting (ARFF) truck



Regulatory

Part of the restructuring in our Operations Department saw the creation of a new Manager of Regulatory Affairs role overseeing all regulatory areas, including safety, security and environment portfolios. This role is effective January 1, 2018.

Environmental

In our pursuit of achieving Level 2 Airport Carbon Accreditation Program, we engaged a consultant to help us prioritize and identify energy efficiency opportunities. From this study, we have added two capital initiatives to our 2018 business plan which will result in lower electrical consumption costs for our terminal building, ultimately reducing YQM's overall carbon footprint.

Security

In 2017, we entered the fourth contract year with our physical security vendor, Northeastern Protection Services Inc. This ongoing relationship assists us in providing consistent and effective customer service and ensures our continued compliance with our Transport Canada security obligations and operational requirements.

Safety

Safety is a top priority for GMIAA and people are taking notice. A 2017 employee survey reveals that safety is a top performing area for the GMIAA. The people who know us best feel that "YQM is a safe place to work" and that they are "encouraged to report safety deficiencies and occurrences." Employees and management meet on a weekly basis to ensure that two-way safety communication occurs without barriers.

MARKETING AND BUSINESS DEVELOPMENT REVIEW



The year in numbers

Passenger traffic at YQM increased in 2017, resulting in its second-best year on record. In 2017, **665,630** passengers travelled through YQM, a **1.3%** increase over 2016 (657,272) and a **3.3%** increase over 2015 (644,275).

YQM's main airline partners included Air Canada Express, the airline offering the most frequency from Greater Moncton, as well as Porter and WestJet. This year's increase was also linked to WestJet adding frequency and seat capacity to Toronto, which represented a **6.5%** year-over-year increase in domestic traffic. Another airline with remarkable growth was Sunwing, with a **9.6%** increase for a total of more than **30,000** passengers. It should be noted that this is Sunwing's second consecutive year of nearly **10%** growth.

Cargo activity continued to be busy in 2017 with partners CargoJet, EVAS, FedEx (Morningstar Air Express) and WestJet, with **20,927** tonnes of freight moving through YQM, a slight decrease from **21,722** tonnes in 2016. We thank our partners for their mutual commitment to our cargo business and look forward to working with them in 2018 as a hub for the export and import of goods from around the globe. Cargo revenue was at its highest ever in 2017 at **\$2,669,347**.

Sun destinations continued to soar in 2017

The winter and spring of 2017 saw 13 direct non-stop flights per week to locations in five countries. Transat Holidays offered direct flights from YQM to Florida, Mexico, Cuba and Dominican Republic, while Sunwing Vacations offered direct flights to Florida, Cuba, Jamaica, Dominican Republic and Mexico. Meanwhile, WestJet provided sunseekers with direct flights from YQM to Mexico and Florida.



In late 2017, Celebrity Cruises announced that they would be returning to YQM in March 2018 with two all-inclusive Eastern Caribbean cruises with direct flights out of YQM to Miami and Ft. Lauderdale, Florida.

Marketing campaigns and events

Some of our main marketing campaigns in 2017 included:

- Continued to strengthen YQM's presence on social media (Facebook, Twitter and Instagram)
- Radio promotions on radio stations in New Brunswick (Fredericton/Saint John) and Prince Edward Island.
- New billboard on Trans-Canada Highway
- Management team presentations to stakeholders, including:
 - Probus Club
 - Greater Moncton Chamber of Commerce Business After Hours event at Airport Operations Facility
 - Conseil économique du Nouveau-Brunswick
 - Institute of Corporate Directors
 - Municipal councils (Moncton, Dieppe, Riverview)
 - Airline Consultative Committee
 - Community Consultative Committee
 - YQM Annual General Meeting
 - 3+ Corporation

Community relations

In 2017, YQM contributed more than \$40,000 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 2017 (cash donation, in-kind, volunteer, sponsorship):

- 3+ Corporation
- AIDS Moncton
- Atlantic Ballet Theatre of Canada
- Boys and Girls Club of Moncton
- Canada Helps
- Children's Wish Foundation
- CHU Dumont Foundation
- Expansion Dieppe
- FIFA Women's World Cup Field of Dreams
- Food Depot Alimentaire
- Friends of The Moncton Hospital Foundation
- Greater Moncton Chamber of Commerce
- Harmonie et Jazz - École l'Odysée
- Hope Air
- Junior Achievement New Brunswick
- Juvenile Diabetes Research Foundation (JDRF)
- Kids Help Phone
- Make-a-Wish Foundation
- Moncton Headstart
- Moncton Wildcats
- Mosaïq Multicultural Festival
- New Brunswick Adoption Foundation
- New Brunswick Export Awards
- New Brunswick Youth Orchestra
- Prostate Cancer Canada
- Saint John Regional Hospital Foundation
- Transportation Club of Moncton
- United Way of Greater Moncton and Southeastern New Brunswick
- War Amps Canada



Community relations (Continued)

To be eligible for a cash or in-kind donation or sponsorship, 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).

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 two charities per year (one for the first half of the year and one for the second half). The amount collected in the donation box during the six-month period would be matched by YQM to a maximum of \$3,000.

Funds raised through the donation box during the first half of 2017 were donated to the Boys and Girls Club of Moncton, while The War Amps were the charity of choice during the second half of the year. Each group received \$1,000.



Airport volunteers



YQM's corporate reputation stands out!

In May 2017, YQM was honoured to be recognized as having one of the top three corporate reputations in New Brunswick based on a survey by respected polling firm Corporate Research Associates (CRA).

Along with YQM, other New Brunswick corporations recognized with high marks in CRA's second annual Atlantic Reputation Monitor were Atlantic Superstore and Shoppers Drug Mart. All three organizations received the highest ratings among the 42 large and mostly private-sector organizations included in the study. The study asked residents to rate various organizations in the province in terms of overall reputation.

We are very proud of these findings and are motivated in even further to continue to enhance our offerings and the customer service and corporate expertise that support them.



A community BBQ open to the public was also held at YQM to celebrate Canada Day and Canada 150.

Canada 150

In 2017, YQM recognized Canada's 150th birthday with the official unveiling of 60 awe-inspiring, hand-painted murals created by youth from every province and territory across Canada.



The national 150+ Reasons We Love Canada project was created by VIBE Arts, an award-winning charitable organization that engages youth from marginalized communities through free arts education. The artists, who range in age from nine and up, come from 30 community organizations across the country including homeless shelters, under-resourced schools and youth agencies. The breathtaking murals express the spirit of Canada from their many unique perspectives honouring the diversity, culture, character and strength of our nation.

In New Brunswick, the art was created by youth from Chrysalis House in Fredericton, a nurturing home for youth to mend their past hurts in a supportive environment to develop essential life skills. At YQM, the artworks are displayed in the tunnel from the parking lot into the main terminal.

Rob Robichaud Memorial Scholarships

At our Annual General Meeting (AGM) held in May 2017 at the Moncton Golf and Country Club in Riverview, we awarded the 2017 Rob Robichaud Memorial Scholarships worth \$2,000 each to Annie Crawford-LeBlanc and Colby Evans. Annie is registered in the integrated commercial pilot course at Moncton Flight College and will graduate in 2018, while Colby is studying science (major in aviation) at Mount Allison University and will graduate in 2019.

Two \$2,000 scholarships are awarded annually in memory of former YQM CEO Rob Robichaud who passed away in 2014. Students taking a course in the transportation industry field are eligible to apply.

Lieutenant-Colonel Rob Lane



At our Annual General Meeting (AGM) held in May 2017, we were pleased to name a street at the airport in honour of our former CEO Rob Robichaud, who passed away in 2014: Lieutenant-Colonel Rob Lane. We were honoured to have members of Rob's family in attendance to receive a copy of the street sign to be installed.

Celebrating the musical arts at YQM

Throughout the year, YQM visitors continued to enjoy usage of a public piano in the terminal building – one of six placed around the area in 2016 by Lisa Griffin and Matt Williston of Art for Art's Sake. The piano was a hit with passengers, many of whom happily took a seat at the instrument to regale onlookers with their musical talent.

In 2017, for the third consecutive year, YQM presented a holiday music program in the main terminal from December 11 to 24. This year, 14 separate musical acts from the area and from as far away as Prince Edward Island entertained with holiday-themed music for which they were provided an honorarium based a sliding scale system based on whether they were a solo, duo, trio and quartet. Each act was promoted online through YQM's social media channels on the day of their appearance.



Retail and food

Longtime retail partner Relay (convenience store) - operated by Paradies Lagardère - has been a beacon of consistency in the airport terminal throughout the years and continued this tradition of serving travellers, staff and visitors to the airport in 2017. A number of national and international vehicle rental agencies are also successfully doing business at YQM as they have been doing for years.

In 2017, Aramark launched Tim Hortons restaurants - both groundside and airside - as its YQM airport offering. In addition to traditional offerings found at other Tim Hortons, the YQM outlet offers other more traditional foods and beverages, as well. The bar in the Departures Lounge also serves passengers and guests travelling through - or visiting - YQM.

We were very pleased to welcome the Maritime Marlin travel agency to the terminal building in November - the company's third branch in New Brunswick, in addition to Saint John and Miramichi. That agency is part of Transat Distribution Canada, the country's Canada's leading retail distributor of holiday travel.



ASQ Survey

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 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.

As it did in 2016, YQM once again did very well in 2017 when compared to other participating Canadian airports:

- **YQM ranked #2 in overall satisfaction among airports similar in size or in geographic proximity that take part in the program, including Québec City (YQB), Montreal (YUL), Ottawa (YOW) and Halifax (YHZ)**
- **YQM ranked #3 in overall satisfaction among Canadian airports of less than two million passengers per year, the highest rank of any similar Canadian airport east of Saskatchewan**
- **YQM ranked #12 in overall satisfaction among all airports in North America, the highest ranked Canadian airport east of Toronto**

YQM continues to work hard every day to meet and exceed the expectations of travellers and partners.

School Program

YQM continued its School Program in 2017 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.

We were pleased to welcome a number of daycare and school groups throughout the year, providing excellent exposure to the world of aviation for these young minds.



Runway Run

YQM's second annual Runway Run held on September 10 was another big success, raising \$8,558 for the United Way of Greater Moncton and Southeastern NB through race registrations and raffle tickets. The 2017 event was held in September as opposed to October in our first year.

This year's sponsors were Porter Airlines, BMW Moncton, Paradies Lagardère, Dunne Group, Expansion Dieppe, Holiday Inn Express Airport Dieppe, Northeastern Protection Service, Xtreme Cold, Midland, UNI, Sequoia Dieppe, Gojis, Fit Rocks, Pizza Delight, K94.5, MAX 103.9 FM Moncton, Choix 99.9 l'Acadie Country, Wingate Dieppe, Subway Dieppe, Crowne Plaza Downtown Moncton, Fairfield Inn & Suites, Sky Zone Dieppe/ Greater Moncton, Sobeys (Regis Street), Bob Lee Productions and Tim Hortons (YQM location). Partners who made the event possible were Running Room and the United Way. Porter Airlines also generously gave away a pair of tickets for flights in their network of more than 20 airports served.



Looking Ahead to 2018

New resources will be added to the commercial development team – meaning new ideas and new ways of doing things, especially in the area of recruiting new or expanded airline partnerships. What will remain unchanged is our steadfast commitment on safeguarding our relationships with existing partners and continuing to support our community through participation and engagement initiatives such as the 2018 Runway Run to raise money and awareness for the United Way of Greater Moncton and Southeastern New Brunswick.

Other continued initiatives in 2018 will include:

- Retention and expansion of sun destinations; giving our travellers more choices of when and where to fly.
- New and expanded community partnership engagement initiatives.
- Targeting of new air carrier partners supporting increased traffic at YQM, with a particular focus on low-cost carriers.
- Pursuit of European summer seasonal services.

- Optimized cargo freight opportunities with local and expanded shipment options.
- Improved parking services and convenient payment options.

The Greater Moncton International Airport Authority Inc. (GMIAA) will also be soliciting expressions of interest from qualified firms, developers and/or institutions outlining their interest in the development and commercialization of leased land controlled by the GMIAA. The goal is to incubate innovative, high-quality development ideas and conceptual business approaches for our leased lands. The successful respondent partners will address urban design, land-use mix, business case, and partnership options.

The next year holds much promise as the commercial team continues to imagine new ideas, engage our stakeholders and recruit new partnerships to expand and grow our corner of the world to new heights.





YQM would like to thank Jack Poirier for these photos.



BOARD COMMITTEES

Six standing committees met on a regular basis throughout 2017: Executive Committee; Audit Committee; Environment Committee; Governance Committee; Human Resources Committee; and Strategic Planning 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 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.

The following is an overview of committee memberships as of December 31, 2017:

Executive Committee

The Executive Committee is comprised of Christopher Bacich (Chair), Nancy Whipp (Board Vice-Chair / Governance Chair), Maurice Richard (Secretary-Treasurer / Audit Chair), Diane Allain (Human Resources Chair), Roland Collette (Environment Chair) and Shane Esson (Strategic Planning Chair). 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), Clifford Lavigne, Scott Lewis, Janice Lirette Evers and Nancy Whipp. 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), Arthur Allan, Clifford Lavigne and Janice Ryan. 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 Nancy Whipp (Chair), Arthur Allan, Patrick Grew and Janice Ryan. Every year, the Governance Committee reviews the terms of reference for the Board, committee, 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 Board membership evaluation matrices.

Human Resources Committee

The members of this committee are Diane Allain (Chair), Shane Esson, Patrick Grew and Scott Lewis. 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 Shane Esson (Chair), Diane Allain, Roland Collette and Janice Lirette Evers. 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.



YQM Management Team



Bernard F. LeBlanc, P.Eng.
President and CEO (GMIAA Inc.)
Managing Director (YQM)



Courtney Burns, CPA, CA
Director, Finance and
Administration



Glen Rollins
Director, Airport Commercial
Development



Vincent Martin, P.Eng.
Senior Manager, Engineering
and Operations



Brian Hackett
Senior Manager, Airside Operations



Will Sutherland
Manager, Regulatory Affairs

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 2017, YQM relaunched its Committee and relaunched its membership. The Committee, which meets in the spring and fall, is a public forum and meeting open to the public. The current membership of the Committee includes:

Representing stakeholders:

- **Claude Bourgeois**, ACTA
(travel agent community representative)
- **Jean-Marc Brideau**, City of Dieppe
- **Bill Budd**, City of Moncton
- **Ted Davis**, Nav Canada
- **Jim Doyle**, Province of New Brunswick
- **Tyla Finlay**, Town of Riverview
- **Louis Godbout**, Expansion Dieppe
- **Mathieu LeBlanc**,
Greater Moncton Chamber of Commerce
- **Eric Maurant**, 3+ Corporation
- **Danny Pellerin**, Town of Shediac

Representing YQM:

- **Bernard LeBlanc**, President and CEO, Managing Director
- **Vincent Martin**, Senior Manager, Engineering and Operations

Board accountability

In 2017, there were no code of non-compliance issues for the GMIAA Inc. Board of Directors.

GMIAA Inc. Board of Directors



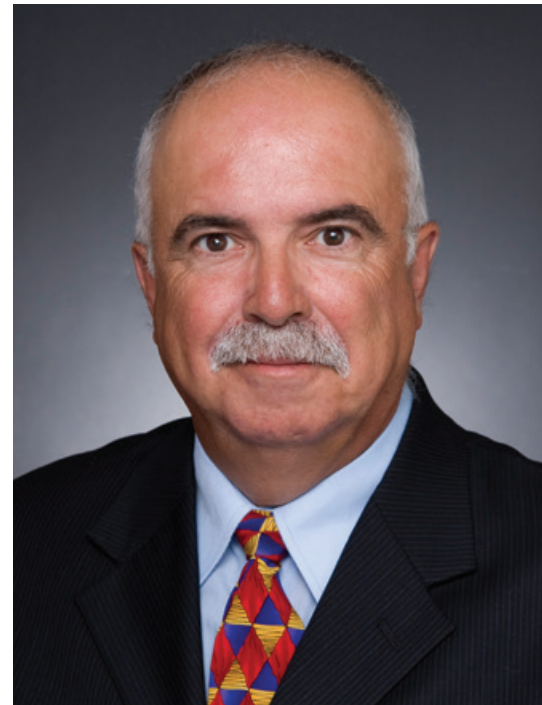
Christopher Bacich

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



Nancy Whipp, FCPA, CA

Title: Vice-Chair,
Governance Committee Chair
Occupation: President, Whippster Inc.
Nominator: GMIAA Inc.



Maurice Richard

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

GMIAA Inc. Board of Directors



Diane Allain

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



Arthur Allan

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



Brian Baxter

Title: Director
Occupation: President, Botsford Investments Inc.
Nominator: Government of Canada
(Departed Board in July 2017.)

GMIAA Inc. Board of Directors



Roland Collette

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



Brian Donaghy

Title: Director
Occupation: Owner, Codiac Printing
Nominator: Government of Canada
(*Departed Board in July 2017.*)



Shane Esson

Title: Strategic Planning Committee Chair
Occupation: Senior Vice-President and
General Manager, Midland Transport Limited
Nominator: 3+ Corporation

GMIAA Inc. Board of Directors



Patrick Grew

Title: Director

Occupation: Lawyer, Grew MacDonald

Nominator: Town of Riverview



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.

GMIAA Inc. Board of Directors



Gil Meredith

Title: Director

Occupation: Retired telecommunications professional

Nominator: Town of Riverview
(Departed Board in July 2017.)



André Pelletier

Title: Past-Chair; Director

Occupation: Director, Real Estate and Mortgage Loans, Assumption Life

Nominator: Greater Moncton Chamber of Commerce

(Departed Board in July 2017.)



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 2017 was:.....\$ (thousands)

Diane Allain.....	7.9
Arthur Allan	2.4
Christopher Bacich	21.2
Brian Baxter	2.1
Roland Collette	7.3
Brian Donaghy.....	5.1
Shane Esson	6.7
Patrick Grew	7.6
Clifford Lavigne	7.6
Scott Lewis.....	3.3
Janice Lirette Evers.....	7.9
Gil Meredith.....	4.5
André Pelletier.....	4.5
Maurice Richard	14.0
Janice Ryan	7.6
Nancy Whipp.....	9.4

Changes to GMIAA Inc.'s Board of Directors in 2017 were as follows:

Departing Board members:

Brian Baxter (July 2017)
 Brian Donaghy (July 2017)
 Gil Meredith (July 2017)
 André Pelletier (July 2017)

New Board members:

Arthur Allan (August 2017)
 Scott Lewis (August 2017)

STRATEGIC INITIATIVES

In early 2015, the GMIAA Board of Directors and management team developed a 2015-2020 Strategic Plan focused on the following priorities:

- 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.

In 2018, as part of its ground lease obligations with Transport Canada, the GMIAA will develop a 2018-2038 Master Plan. Concurrent with this exercise, the Board and management team will also review its current Strategic Plan and develop a new plan for the 2018-2023 timeframe.

2017 actual vs. Business Plan (shown in millions of dollars)

	Actual	Plan	Difference	Explanation
Revenue	17.5	17.7	(0.2)	Airline flight schedule and equipment changes reducing anticipated revenue. Food and beverage ramping up of new offerings, resulting in lower than anticipated revenue sharing. Parking revenue was 3% less than expected for 2017.
Expenses	16.4	17.1	(0.7)	Lower than expected amortization as a result of cancelled/deferred 2017 capital projects. Emphasis on cost-reduction initiatives. Water billing refund from City of Dieppe.
Capital expenditures	1.9	4.1	(2.2)	Cancellation of three smaller projects plus deferral of airport parking lot expansion/upgrade as a result of bids being over budget. New emergency response vehicle delivery to be in 2018 rather than 2017.

Business Plan forecast 2018-2022

	2018	2019	2020	2021	2022
Revenue	\$19.0	\$19.2	\$19.5	\$19.9	\$20.4
Expenses	16.8	17.5	18.3	18.4	19.0
Capital expenditures	4.6	13.3	7.9	1.4	9.8

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 has been paying rent to the Government of Canada since 2016.

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 such contracts in 2017.

The excess of revenue over expenses for 2017 was \$1,489,385 compared to \$961,409 in 2016. Aeronautical revenue dropped slightly in 2017 as a result of landing fee reductions due to airline aircraft equipment and schedule changes. Still, the year ended with a significant increase in earnings resulting from a concentrated effort on expense reduction and a water utility cost refund from the City of Dieppe. Operating expenses decreased from \$16,576,027 in 2016 to \$16,379,598 in 2017. All contributions are used to fund operational capital requirements ranging from mobile equipment, airfield maintenance and terminal building upgrades.

The AIR Fund generated \$6,044,084 net of collection expenses in 2017, compared to \$6,061,851 in 2016. The purpose of the AIR Fund is to finance the maintenance and development of infrastructure projects such as the CBSA area retrofit, Runway 11/29 reconstruction and other capital projects. Since 1999, the AIR Fund has raised \$72.5 million. These funds were in turn used to pay \$20 million in interest, principal payments of \$35.7 million and purchased \$14.6 million in capital assets. The net balance in the AIR Fund for 2017 was \$2.38 million and will be used to finance identified infrastructure requirements over the next five years of approximately \$27 million.

FINANCIAL STATEMENTS

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

December 31, 2017

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Independent Auditor's Report

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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, 2017, and the statements of operations and changes in net assets and 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, 2017, 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 29, 2018

Grant Thornton LLP
Chartered Professional Accountants

Statements of Operations and Changes in Net Assets

Year ended December 31, 2017

2017

2016

Revenues

Aircraft (Page 57)	\$ 6,346,518	\$ 6,433,758
Airport (Page 57)	5,180,647	4,914,738
	11,527,165	11,348,496
AIR Fund revenues, net of expenses (Note 12)	6,044,084	6,061,851
Total:	17,571,249	17,410,347

Expenditures

Salaries and employee benefits (Page 57)	3,328,356	3,262,234
Other operating and administration expenses (Page 58)	6,714,775	6,918,393
Amortization	4,826,981	4,729,426
Ground lease rent (Note 11(a))	449,612	441,744
Interest on bank financing	1,059,874	1,224,230
Total:	16,379,598	16,576,027

Excess of revenues over expenditures before other items	1,191,651	834,320
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Other items

Change in fair value of financial instruments (Note 8)	40,253	127,089
Water and sewer recovery (Note 10)	257,481	-
Total:	297,734	127,089

Excess of revenues over expenditures	\$ 1,489,385	\$ 961,409
--------------------------------------	---------------------	------------

Net assets, beginning of year	\$ 30,191,320	\$ 29,369,911
Excess of revenues over expenditures	1,489,385	961,409
Remeasurement in actuarial losses	-	(140,000)
Net assets, end of year	\$ 31,680,705	\$ 30,191,320

See accompanying notes and schedules to the financial statements.

Statements of Financial Position

Year ended December 31, 2017

2017

2016

Assets

Current

Cash and cash equivalents	\$ 4,487,412	\$ 3,671,736
Receivables	1,440,292	1,463,988
Materials and supplies	132,469	148,559
Prepaid expenses	163,847	134,859
Total:	6,224,020	5,419,142
Restricted cash (Note 3)	2,382,348	3,360,445
Pension surplus (Note 4)	2,172,000	1,872,000
Capital Assets (Note 5)	53,629,480	56,609,696
Total:	64,407,848	67,261,283

Liabilities

Current

Payable (Note 6)		
Trade	\$ 1,472,942	1,843,920
Capital	84,009	214,442
Unearned revenue	9,332	8,677
Refundable deposits	154,324	156,192
Bank financing due within one year (Note 7)	2,252,953	3,980,911
Total:	3,973,560	6,204,142
Callable portion of bank financing (Note 7)	3,616,667	4,077,954
Total:	7,590,227	10,282,096

See accompanying notes and schedules to the financial statements.

Statements of Financial Position (Continued)

Year ended December 31, 2017

2017

2016


Liabilities (continued)

Long-term


Severance liabilities	543,164	478,863
Bank financing (Note 7)	24,593,752	26,268,751
Financial instruments liability (Note 8)	-	40,253
Total:	25,136,916	26,787,867
	32,727,143	37,069,963
Net assets	31,680,705	30,191,320
Total:	64,407,848	67,261,283

Commitments (Note 11)

On behalf of the board



Chris Bacich, Director



Maurice Richard, Director

See accompanying notes and schedules to the financial statements.

Statement of Cash Flows

Year ended December 31 , 2017

2017

2016

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenues over expenditures	\$ 1,489,385	\$ 961,409
Items not affecting cash		
Amortization	4,826,981	4,729,426
Gain on disposal	(31,133)	(12,250)
Pension expense (Note 4)	44,000	58,000
Change in fair value of financial instruments	(40,253)	(127,089)
Total:	6,288,980	5,609,496
Change in non-cash working capital items (Note 9)	(297,092)	(96,812)
Pension payments (Note 4)	(344,000)	(316,000)
Total:	5,647,888	5,196,684

Financing

Repayment of bank financing	(3,864,244)	(4,030,904)
Change in capital payables	(130,433)	(709,370)
Total:	(3,994,677)	(4,740,274)

See accompanying notes and schedules to the financial statements.

Statement of Cash Flows (Continued)

Year ended December 31, 2017

	2017	2016
Investing		
Change in restricted cash, net	978,097	(244,528)
Proceeds on disposition of assets	148,382	12,250
Motor vehicles	(387,198)	(41,578)
Equipment	(60,169)	(110,545)
Infrastructure	(623,747)	(199,302)
New ATB	(892,900)	(1,285,953)
Total:	(837,535)	(1,869,656)
Increase (decrease) in cash and cash equivalents	815,676	(1,413,246)
Cash and cash equivalents		
Beginning of year	3,671,736	5,084,982
End of year	\$ 4,487,412	\$ 3,671,736

See accompanying notes and schedules to the financial statements.

Notes to the Financial Statements

December 31, 2017

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 (Note 11(c)).

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.

Notes to the Financial Statements (Continued)

December 31, 2017

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 vehicle.....	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 (Continued)

December 31, 2017

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

	2017	2016
AIR Fund for capital purposes	\$ 2,382,348	\$ 2,803,433
Other capital funds (Board restricted)	-	522,781
Capital financing funds	-	34,231
	\$ 2,382,348	\$ 3,360,445

Notes to the Financial Statements (Continued)

December 31, 2017

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:	2017	2016
Accrued benefit obligation	\$ (6,784,000)	\$ (6,315,000)
Fair market value of plan assets	8,956,000	8,187,000
Funded status – pension surplus	\$ 2,172,000	\$ 1,872,000

The pension plan is required to complete solvency valuations as part of the normal regulatory compliance. As a result of the January 1, 2017 solvency valuation, the pension plan had a solvency deficiency of approximately \$900,000 and is required to make special monthly payments of approximately \$15,000 for 5 years.

	2017	2016
Net pension expense	\$ 44,000	\$ 58,000
Employer contributions	344,000	316,000
Employee contributions	34,000	32,000
Benefits paid	204,000	210,000

Notes to the Financial Statements (Continued)

December 31, 2017

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

Information about the CAC defined benefit plan follows:	2017	2016
Discount rate	4.5%	4.75%
Rate of compensation increase	2.5%	2.5%
Rate of inflation	2.0%	2.0%
Mortality Table	CPM	CPM

The actuarial present value of accumulated plan benefits for the 2017 fiscal year is based on an extrapolation provided by the actuaries. The last formal actuarial valuation performed was effective January 1, 2017. The actuaries believe the financial results would not differ materially from the extrapolation if a formal valuation was performed as at December 31, 2017. The next valuation report is due from the actuaries effective January 1, 2018..

	Percentage of Plan Assets	
	2017	2016
Defined benefit plan assets consists of:		
Equity securities	56.3%	56.0%
Debt securities	34.5%	34.9%
Other	9.2%	9.1%
	100%	100%

In addition, GMIAA contributed \$128,175 (2016 - \$107,589) to a defined contribution plan for employees during the year.

Notes to the Financial Statements (Continued)

December 31, 2017

5. CAPITAL ASSETS

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	2017 Net Book value
Airside infrastructure**	53,887,267	(16,287,509)	(16,670,933)	20,928,825
Equipment	2,026,550	(219,115)	(1,586,797)	220,638
Groundside infrastructure**	21,192,689	(4,625,448)	(2,575,539)	13,991,702
Motor vehicles	7,311,788	(164,591)	(4,437,093)	2,710,104
New ATB**	30,644,636	(4,031,263)	(11,186,157)	15,427,216
Old ATB renovations**	1,270,573	(495,356)	(714,941)	60,276
Asset under construction	290,719	-	-	290,719
(Note 11(d))				
Total:	\$ 116,624,222	\$ (25,823,282)	\$ (37,171,460)	\$ 53,629,480
	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

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

Notes to the Financial Statements (Continued)

December 31, 2017

6. PAYABLES

Included in payables and accruals are federal government remittance due of \$2,574 (December 31, 2016 - \$2,901) relating to payroll source deductions and \$107,066 (December 31, 2016 - \$45,590) relating to HST.

7. BANK FINANCING

	2017	2016
CIBC term loan, matured during the year.	\$ -	\$ 1,616,672
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.	111,288	333,860
CIBC demand 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.	4,083,334	4,433,334
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 instalments of \$137,500.	7,975,000	8,525,000
CIBC term loan, maturing December 2022 at bankers acceptance plus 0.83% per annum renewed every 30 days. There is an interest rate swap with a fixed rate of 3.49% per annum (original amount \$11.0 million). Principal repayments are quarterly instalments of \$137,500.	8,662,500	9,212,500
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 instalments of \$143,750.	9,631,250	10,206,250
Total:	30,463,372	34,327,616
Less current portion	2,252,953	3,980,911
Less callable portion	3,616,667	4,077,954
Due beyond one year	\$ 24,593,752	\$ 26,268,751

Notes to the Financial Statements (Continued)

December 31, 2017

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 repayments are as follows:

2018.....	\$ 2,252,953
2019.....	2,141,667
2020.....	2,141,667
2021.....	2,141,667
2022.....	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 \$40,253 for 2017 (2016 - \$127,089). At December 31, 2017, the interest rate swap was valued at \$Nil (December 31, 2016 - \$40,253). The notional amount of derivative financial instruments at December 31, 2017 was \$Nil (December 31, 2016 - \$1,616,672). 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 \$26,268,750 (December 31, 2016 - \$27,943,750). The GMIAA has elected to apply hedge accounting to these instruments (see Note 2 "Derivative financial instruments"). At December 31, 2017 interest rate swaps were valued at \$1,057,612 (December 31, 2016 - \$2,207,636).

9. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2017	2016
Receivables	\$ 23,696	\$ (382,170)
Materials and supplies	16,090	(14,106)
Prepaid expenses	(28,988)	(17,836)
Payables - trade	(370,978)	323,822
Unearned revenue	655	118
Refundable deposits	(1,868)	(450)
Severance liabilities	64,301	(6,190)
Total:	\$ (297,092)	\$ (96,812)

Notes to the Financial Statements (Continued)

December 31, 2017

10. WATER AND SEWER RECOVERY

During the year, the Greater Moncton International Airport Authority Inc. has received a reimbursement from the City of Dieppe related to an adjustment to water and sewer usage readings and billings for the period 2014 to 2017. The portion relating to 2017 has been shown as a reduction to water and sewer expense and the amount relating to 2014-2016 has been shown as a recovery.

11. 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 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 7 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 58).

Notes to the Financial Statements (Continued)

December 31, 2017

(d) The GMIAA has committed to purchase an airport rescue and firefighting vehicle (ARFF) expected to be delivered in May of 2018 from Rosenbaeur, a company located in Minnesota.

The GMIAA entered into an Open US Foreign Exchange Forward Contract for the purchase of this vehicle in May 2018. The rate to enter a forward contract for May 2018 is 1.2852. Hedge accounting will be used for this transaction.

12. 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.

	2017	2016
Fees collected	\$ 6,478,767	\$ 6,504,323
Interest	27,601	18,603
	6,506,368	6,522,926
Handling fees	(462,284)	(461,075)
Excess of revenues over expenses	\$ 6,044,084	\$ 6,061,851

13. 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 (Continued)

December 31, 2017

(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 \$30.4 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, 2017, the notional amount related to interest rate swaps was \$26.3 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.

Notes to the Financial Statements (Continued)

December 31, 2017

14. 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.

15. COMPARATIVE FIGURES

Comparative figures have been adjusted to conform to changes in the current year presentation

Schedules to the Financial Statements

Year ended December 31

Aircraft revenues

	2017	2016
Landing fees	\$ 4,559,518	\$ 4,570,409
Terminal fees	1,787,000	1,863,349
Total:	\$ 6,346,518	\$ 6,433,758

Airport revenues

Airport emergency services	\$ 226,400	\$ 162,158
Concessions	1,602,228	1,478,774
Interest	41,265	36,910
Miscellaneous	60,381	39,073
Parking	2,092,677	2,067,634
Recovery of expenses from tenants	172,974	180,570
Recovery of property taxes from tenants	369,576	362,231
Rent	615,146	587,388
Total:	\$ 5,180,647	\$ 4,914,738

Salaries and employee benefits

Salaries and wages	\$ 2,898,219	\$ 2,827,870
Employee benefits	430,137	434,364
Total:	\$ 3,328,356	\$ 3,262,234

Schedules to the Financial Statements (Continued)

Year ended December 31

Schedule of Other operating and administration expenses

Advertising and marketing	\$ 289,107	\$ 373,731
Bad debt expense	5,219	4,879
Board administration	193,012	196,737
Communications - telephone/cellular	62,306	70,745
Contract and special services	707,055	696,251
Electricity	608,929	600,943
Fuel	340,193	331,983
Insurance	151,931	150,044
Interest and bank charges	104,810	89,770
Janitorial services	257,690	338,571
Management and support services	904,790	889,579
Materials and supplies	353,883	335,772
Miscellaneous	141,460	129,826
Office supplies	11,173	15,881
Professional and consulting services	175,557	45,148
Property taxes	1,086,039	1,069,931
Repairs and maintenance	589,424	702,177
Security services	589,471	571,589
Travel	66,897	116,252
Water and sewer	75,829	188,584
	\$ 6,714,775	\$ 6,918,393