

# ANNUAL REPORT



2018

AÉROPORT INTERNATIONAL  
ROMÉO-LEBLANC  
DU GRAND MONCTON



GREATER MONCTON  
ROMÉO LEBLANC  
INTERNATIONAL AIRPORT









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# Chair's message

## **FOR THE GREATER MONCTON ROMÉO LEBLANC INTERNATIONAL AIRPORT (YQM), 2018 WAS A YEAR OF MANY FIRSTS.**

For passengers, it was the first time that we saw more than 680,000 people through our main terminal. For cargo, it was the first time that we saw a steady flow of local products being shipped to global markets directly on large, dedicated freighters. For our board, 2018 represented our largest cohort of first-year directors ever. In regards to the environment, we received our ACI Level 2 Carbon Accreditation – effectively reducing our carbon footprint while growing the business.

This year, the management team was able to complete the 20-year Master Plan that is a key component of our ground lease with Transport Canada. We were very happy to see such a high level of engagement from our stakeholders and customers. As well, the Board and management completed our new Strategic Plan. I feel that in my tenure as a Board member, this is one of the most comprehensive and focused plans I have seen at the Greater Moncton International Airport Authority (GMIAA). I would like to thank the committee, our Board, management, SNC Lavalin and Vantage Airport Group for their commitment to this very important and worthwhile exercise.

In 2018, President and CEO Bernard LeBlanc completed the final steps in filling the key management roles at YQM. The new team is engaged, active and working diligently to deliver on the strategic priorities put forward. They are working to deliver better passenger and cargo service while maintaining a safe, secure, clean and accessible airport. I would like to thank Bernard for his hard work and commitment to building a strong and effective management team.

As we close the door on 2018, I am also closing the door on my tenure as Chair and as a Board member. The opportunity to serve on this Board has been a very rewarding experience. The GMIAA continues to be the leader in passenger travel for New Brunswick. Although we have not benefited from recent major capital investments made by federal and provincial governments, we have benefited from the support of our community. Using YQM every time you fly is the most effective way for us to maintain our infrastructure and grow our offerings.

Once again, airlines have been very supportive of YQM and our continued success this year. Our domestic airline partners have enjoyed high load factors and we have benefited with great offerings. It is truly a win-win situation. We continue to be a leader in Atlantic Canada for sun destinations.



**“ OUR AIRPORT CONTINUES TO BE THE FIRST TOUCH POINT FOR PEOPLE VISITING OR RELOCATING TO OUR AREA. IT IS NOT ONLY OUR GATEWAY TO THE REST OF THE WORLD, IT IS THE REST OF THE WORLD’S GATEWAY TO US.”**

In our parking lot, we often see licence plates from Nova Scotia, Prince Edward Island and even Quebec. These travellers have a strong economic impact not only on our airport, but on local businesses, as well.

Our other major business, cargo, has played an important part again this year in the success of YQM. Greater Moncton continues to be a centre for logistical excellence in Atlantic Canada. Our integrator traffic is stronger than ever. It is being fuelled by growing online sales and higher demand for time sensitivity. On behalf of the Board of Directors, I would like to thank our cargo partners for their continued support and wish them great success.

There is a great amount of pride in YQM in Southeastern New Brunswick. After almost 20 years, our terminal is still modern and relevant. Our airport continues to be the first touch point for people visiting or relocating to our area. It is not only our gateway to the rest of the world, it is the rest of the world’s gateway to us. Because of your support, I think it is one of the finest gateways around!



A stylized, handwritten signature in black ink, consisting of a large 'C' followed by a series of loops and a final 'H'.

**CHRISTOPHER BACICH**

Chair

Greater Moncton International Airport Authority Inc.



# President and CEO's message



## **THANK YOU FOR A FANTASTIC 2018! WOW! WHAT A YEAR!**

In 2018, the combined efforts of the Greater Moncton Roméo LeBlanc International Airport's (YQM) employees, board of directors, airline partners, tenants, community and business partners led to the hoped for - and planned for - results.

### **What does this really mean?**

Over the years, significant investments were made in airport infrastructure and effort committed to the developing of relationships to maximize our business activities and airport success.

### **As a result, in 2018, we saw:**

- Our best year ever in terms of passenger traffic at 681,473.
- Our best year ever in terms of international freighter activity with 1,042 tonnes of air cargo shipped to China and Europe via 16 dedicated 747 and 777 freighter aircraft.
- A very profitable year with achievement of annual earnings before interest, tax, depreciation and amortization (EBITDA) of \$1,494,932, exceeding our budget by \$1,051,315.

### **A GREAT TEAM EFFORT!**

Sometimes the stars align and over achievement of objectives is possible.

In this situation, though, I think it is very important to realize and clarify that this was only possible because of our employees' hard work and dedication! The proof of this is that our team worked through the year with several employees' planned and unplanned absences, including maternity leaves, health issues and other unforeseen events.

Given that our full-time contingent of employees is 33 full-time and 12 seasonal employees, even a few absences make a difference, but over a handful of concurrent absences is an even more significant challenge. Still, our team came together, buffered these circumstances and made sure no impacts to our operations were felt. Great job, everyone!

### **LISTENING TO OUR STAKEHOLDERS**

In addition to the above, our team also made a dedicated effort to improving our passenger and user experience at YQM. This was only possible by taking action on the feedback received from our airport users over the course of the year. A few examples of this were the addition of an airside water dispensing unit (user suggestion), the addition of 52 parking spaces in our main parking lot (to address seasonal travel congestion), a cell phone waiting area (for pickup of arriving friends and family), as well as the establishment of a pet relief area (no explanation needed!).

### **MAJOR ACHIEVEMENTS IN 2018**

In 2018, we also made significant progress in achieving other identified key objectives such as:

- Completed a 2018-2038 Master Plan and submitted it to Transport Canada.
- Together with our Board of Directors, we generated a new YQM Strategic Plan focused on the 2018-2021 timeframe.
- Achieved Level 2 Airport Carbon Accreditation (sixth airport in Canada to do so) by reducing our carbon footprint by just under 11% from 2017.



- Generated significant energy and cost reductions in our terminal building through the retrofit of lighting to LED and the installation of a voltage optimization system, as well as the elimination of our staffed parking lot booth. In fact, these efforts led to a 25% decrease in power consumption in December 2018 vs. December 2017.

## LOOKING FORWARD TO 2019

All of this leads to 2019 – and how we can ensure that we equal and go beyond our 2018 achievements.

The current year promises to be just as hectic, with the planned resurfacing of 1,875 metres (6,150 feet) of our main 06-24 runway taking place during the summer months. We are also working with the Canadian Air Transport Security Authority (CATSA) to upgrade our current luggage screening equipment. These two projects alone will require a combined investment of more than \$10 million.

Much more visible to our customers and with an emphasis on the “customer focus” aspect of our activities will be a conversion of our groundside Destinations Lounge to a fully accessible airside and departure lounge location. We anticipate that this will be very welcome by the travelling public particularly when facing unanticipated delays or flight changes, or during our hectic sun destination travel season.

We are also working on establishing how we can best meet regulatory compliance requirements for the undertaking of de-icing activities at YQM. This not only has to deal with the capture and treatment of de-icing fluids, but also any discharges. As such, we have been working very closely with TransAqua (Greater Moncton Wastewater Commission) to establish the best approach and find a mutually acceptable solution. This will also be a significant financial investment that needs to be completed by fall 2020.

YQM's team focus will be on not only achieving our 2019 Business Plan objectives but, more

importantly, taking the long-term perspective to ensure we achieve our 2018-2021 Strategic Plan priorities. And yes, of course, we will maintain a prime emphasis on the attraction of new air service routes and carriers and expansion of our very well supported sun destination offerings.

Finally, I would like to thank everyone who made 2018 a success.

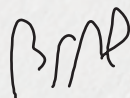
From our employees and Board members, to our passengers and community stakeholders, to our airline partners (Air Canada, WestJet, Porter, Sunwing, Air Transat, Cargojet, FedEx), to our key operational partners who make passenger and cargo activity at YQM possible with specific mention of Airport Terminal Services (ATS), Xtreme Cold, Menzies, Aramark, rental vehicle partners, Canada Border Services Agency (CBSA) and CATSA.

## TEAM YQM GROWS AND EVOLVES

I would also like to recognize that, in 2018, Vincent Martin took on the role of Director of Operations, while Glen Rollins joined us as our Director of Airport Commercial Development, and Belinda Curran became our Manager of Regulatory Affairs. Thanks for stepping up! These three talented individuals join with Brian Hackett, our Senior Manager - Airside Operations, and Courtney Burns, our Director of Finance and Administration, to complete YQM's management team.

Along with the CEO, these YQM directors are Vantage Airport Group employees. It must be noted that we greatly value Vantage's involvement and support of YQM activities and growth.

Many thanks for all your support and contributions in 2018!



**BERNARD LEBLANC**  
CEO





# Operations

OPERATIONALLY, YQM HAD A VERY BUSY AND PRODUCTIVE 2018. IN ADDITION TO ITEMS MENTIONED IN THE CHAIR'S REPORT AND CEO'S REPORT, HERE ARE SOME OTHER KEY HIGHLIGHTS:



## KEY HIGHLIGHTS

### ACHIEVEMENT OF LEVEL 2

Airport Carbon Accreditation

### COMPLETION OF 2018-2038 Master Plan

### AMENDMENT TO AIRPORT Land Use Plan

### CONSTRUCTING ROB ROBICHAUD MEMORIAL adjacent to Lieutenant-Colonel Rob Lane

### NEW LED LIGHTING in Field Electrical Centre Building

### NEW AIRFIELD LIGHTING CONTROL COMPUTERS (Air Traffic Control and Field Electric Centre)

### REPLACEMENT OF FIVE AIRFIELD SIGNS TO LED (including both mandatory instructions and information signs)

### UPGRADES TO APRON VIII de-icing pad to ensure proper operation and glycol containment

### UPGRADING OUR ATB SECURITY CAMERAS

### AIRPORT TERMINAL BUILDING (ATB) decorative lighting (short-term parking and ATB entrance, including ramp area) and ATB LED retrofit

### INITIATION OF THE CANADIAN AIR TRANSPORT SECURITY AUTHORITY (CATSA)-funded hold bag screening (HBS) recapitalization program which will be implemented in 2019

### UNDERTAKING OF CANADIAN AIRPORT SAFETY WEEK ACTIVITIES

### NEW AIRPORT RESCUE AND FIREFIGHTING (ARFF) TRUCK

### UNDERTAKING OF A VANTAGE AIRPORT GROUP OPERATIONAL TEAM PEER REVIEW at YQM focusing on airfield visual aids in June 2018

### EXTENDED HOURS FOR OPERATIONS STAFF to ensure better response to customers while increasing efficiencies

### REFRESHED CHILDREN'S PLAY area in passenger hold room



## LOOKING FORWARD TO 2019

IN ADDITION TO ITEMS MENTIONED IN THE CHAIR'S REPORT AND CEO'S REPORT, HERE ARE SOME OTHER KEY INITIATIVES FOR 2019:

**REHABILITATION OF THE ORIGINAL 1,875 METRES OF RUNWAY 06-24**  
which was constructed in 1999, the scope also includes the intersection of runway 11-29

**IDENTIFYING A SOLUTION TO THE DE-ICING FLUID MANAGEMENT PROGRAM** that will ensure regulatory compliance and environmental sustainability

**CATSA-FUNDED HOLD BAG SCREENING (HBS)**  
recapitalization program

**FLEET REPLACEMENT AND ACCESSORIES**  
(i.e. tractor, SUV hybrid, new plow for our rented loaders)

**REPLACEMENT OF APRON VIII**  
floodlighting to LED

**CONVERTING ATB GROUND SIDE BAR TO AIRSIDE**  
which will include elevator accessibility to our second floor

**ATB UNINTERRUPTABLE POWER SUPPLY UNIT (UPS)** replacement

**TP 312 FIFTH EDITION COMPLIANCE WORK**  
(runway strip grading of runway 11-29)

WE WILL ALSO BE PURSUING LEVEL 3 IN THE AIRPORT CARBON ACCREDITATION PROGRAM – WHICH IS IN LINE WITH OUR CORPORATE STRATEGIES – AND SEEKING FURTHER EFFICIENCIES TOWARD THE REDUCTION OF OUR CARBON FOOTPRINT. WE ALSO AIM TO REDUCE OUR WATER CONSUMPTION WITH FIXTURE OPTIMIZATIONS IN THE AIRPORT TERMINAL BUILDING (ATB).





# Marketing and Business Development Highlights

## 2018 – A RECORD YEAR FOR PASSENGERS

**681,437 PASSENGERS** - our best year ever! In fact, about half of all air passenger traffic in New Brunswick flows through YQM!

YQM continues to proactively seek innovative ways to increase passenger traffic through marketing and advertising, including attendance at trade shows. In October 2018, YQM hosted its first-ever travel show at the airport itself with several hundred people in attendance.

## SOUTHERN SUN DESTINATIONS MORE POPULAR THAN EVER

Due to the success of our 2017 season, airline partners increased their offerings for 2018.

**50,000+ passengers** chose direct flights out of YQM to reach their southern sun destinations in 2018, more than all other airports in New Brunswick and Prince Edward Island combined!

Thanks to our 2018 sun destination partners Transat Holidays, Sunwing, WestJet and Celebrity Cruises.



## RECORD YEAR FOR CARGO

In the latter half of 2018, international lobster and seafood shipments through YQM grew with two new cargo partners – **Kalitta Air** and their Boeing 747 air freighters, as well as **Ethiopian Airlines** and their Boeing 777 aircraft. More than 1 million kilograms of lobster shipped through YQM in just over four months!

This could not have been achieved without strong working relationships with our warehouse, staging and cargo handling partners – Xtreme Cold and ATS.



## RUNWAY RUN

### ANOTHER BIG SUCCESS!

Another successful YQM Runway Run was held on **June 23 with 227 runners and walkers registered.** Thanks to our participants and sponsors, we were very pleased to present a cheque for \$10,735 to the United Way of Greater Moncton and Southeastern New Brunswick.



### YQM RECOGNIZED FOR COMMUNITY AND ENVIRONMENTAL LEADERSHIP

In October, YQM was very proud to once again sponsor the Innovation Award at the 2018 Chamber of Commerce for Greater Moncton's Business Excellence Awards. As well, we were greatly honoured to be nominated for awards in the Community Service and Environmental Excellence categories.



## BANNER YEAR FOR AERONAUTICAL ACTIVITY

YQM had a banner profit year in 2018 thanks to our valued partners and clients. In fact, revenues rose by 3.8% over 2017. Direct revenues from aeronautical activity surpassed all expectations and yielded more than \$6.7 million directly from sources such as landing fees, terminal user fees, bridge fees, aircraft parking, aviation fuel and airport emergency services.



## LAND DEVELOPMENT

After issuing a Request for Interest and Information, YQM's commercial team continues to work with a potential development partner regarding the undertaking of commercial development on airport land. This could involve a retail gas station, hotel and/or restaurant.

## AIR SERVICE DEVELOPMENT

Commercial growth, support and business development initiatives took place in 2018 with all major airlines including direct head office visits and in-market meetings with WestJet Encore President Charles Duncan in March and WestJet CEO Ed Sims in August.

Business town hall meetings and business community sessions in partnership with the Chamber of Commerce for Greater Moncton were held with PAL Airlines to grow their presence in Greater Moncton.



## A GREAT YEAR FOR VEHICLE RENTALS

In addition to food and retail offerings through Tim Hortons and Relay, YQM also offers on-site vehicle rental services through a number of providers. In fact, these providers reported a record year for rentals in 2018!



# Board of Directors, Management Team and Human Resources

## FIVE STANDING BOARD COMMITTEES MET ON A REGULAR BASIS THROUGHOUT 2018:



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.



## COMMITTEE MEMBERSHIPS AS OF DECEMBER 31, 2018:

### AUDIT

- **Janice Lirette-Evers, Chair**
- Jean Corriveau
- Luc Elsliger
- Scott Lewis
- Nancy Whipp
- Michael Magee

### ENVIRONMENT AND RISK MANAGEMENT

- **Arthur Allan, Chair**
- Patrick Grew
- Jim Lockyer
- Janice Ryan
- Nancy Whipp

### GOVERNANCE

- **Nancy Whipp, Chair**
- Arthur Allan
- Luc Elsliger
- Patrick Grew
- Scott Lewis

### HUMAN RESOURCES

- **Diane Allain, Chair**
- Brian Baxter
- Shane Esson
- James Lockyer
- Janice Ryan

### STRATEGIC PLANNING

- **Shane Esson, Chair**
- Diane Allain
- Brian Baxter
- Jean Corriveau
- Janice Lirette-Evers
- Michael Magee



## DIRECTORS' COMPENSATION

### ANNUAL RETAINER

Chair

**\$10,000**

Vice-Chair

**\$2,500**

Secretary-Treasurer

**\$8,000**

Directors

**\$2,500**

### MEETING FEES

Board meetings and committee meeting fees are \$300 per Director per meeting attended.

### TOTAL COMPENSATION FOR EACH DIRECTOR IN 2018 WAS:

Diane Allain	\$5,200
Arthur Allan	\$8,500
Christopher Bacich	\$19,700
Brian Baxter	\$1,225
Roland Collette	\$4,850
Jean Corriveau	\$2,750
Luc Elsliger	\$3,650
Shane Esson	\$5,500
Patrick Grew	\$7,000
Clifford Lavigne	\$5,150
Scott Lewis	\$6,700
Janice Lirette Evers	\$10,350
James Lockyer	\$2,450
Michael Magee	\$925
Maurice Richard	\$5,800
Janice Ryan	\$8,800
Nancy Whipp	\$10,900



**Our new emergency response vehicle.**



**Employees at the shoreline cleanup event.**



**Foreign object debris (FOD) cleanup with employees and business partners.**



## COMMUNITY CONSULTATIVE AND 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:

- Association of Canadian Travel Agencies (ACTA)
- Jean-Marc Brideau, City of Dieppe
- Gilles Brine, Town of Shediac
- Bill Budd, City of Moncton
- CEO, 3+ Corporation
- Ted Davis, Nav Canada
- Jim Doyle, Province of New Brunswick
- Tyla Finlay, Town of Riverview
- Louis Godbout, Expansion Dieppe
- Geneviève Laforge, Chamber of Commerce for Greater Moncton

### REPRESENTING YQM:

- Bernard LeBlanc, President and CEO, Managing Director
- Vincent Martin, Director of Operations

### BOARD ACCOUNTABILITY

In 2018, there were no code of non-compliance issues for the GMIAA Inc. Board of Directors.

## GMIAA INC. BOARD OF DIRECTORS



**CHRISTOPHER BACICH**

**Title:** Chair  
**Occupation:** General Manager, BMW/Mini Moncton  
**Nominator:** City of Moncton

**NOTE:**  
Ex officio member of all Board committees



**NANCY WHIPP, FCPA, CA**

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



**JANICE LIRETTE EVERS**

**Title:** Secretary-Treasurer, Audit Committee Chair  
**Occupation:** Controller, Acadian Construction (1991) Ltd.  
**Nominator:** GMIAA Inc.



**DIANE ALLAIN**

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



**ARTHUR ALLAN**

**Title:** Environment and Risk Management Committee Chair  
**Occupation:** Retired aviation professional  
**Nominator:** Town of Riverview





**BRIAN BAXTER**

**Title:** Director

**Occupation:** President, Botsford Investments Inc.

**Nominator:** Government of Canada  
(Joined Board in December 2018.)



**ROLAND COLLETTE**

**Occupation:**

President and Owner, Proactif Sports Inc.

**Nominator:** City of Dieppe  
(Departed Board in July 2018.)



**JEAN CORRIVEAU**

**Title:** Director

**Occupation:** Vice-President of Operations, BMM Testlabs

**Nominator:** City of Dieppe  
(Joined Board in July 2018.)



**LUC ELSLIGER**

**Title:** Director

**Occupation:** Partner, Stewart McKelvey

**Nominator:** City of Dieppe  
(Joined Board in July 2018.)

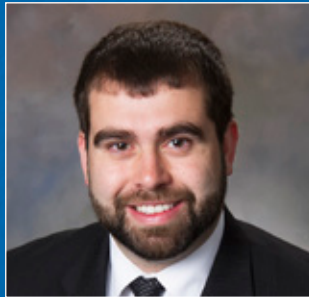


**SHANE ESSON**

**Title:** Strategic Planning Committee Chair

**Occupation:** Retired transportation industry professional

**Nominator:** 3+ Corporation

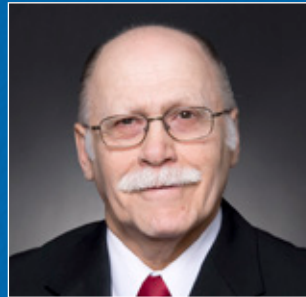


**PATRICK GREW**

**Title:** Director

**Occupation:** Lawyer, Grew MacDonald

**Nominator:** Town of Riverview

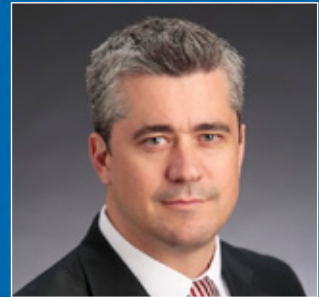


**CLIFFORD LAVIGNE**

**Occupation:**

Retired teacher

**Nominator:** City of Moncton  
(Departed Board in July 2018.)

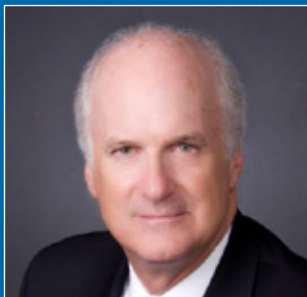


**SCOTT LEWIS**

**Title:** Director

**Occupation:** Vice-President, Louisbourg Investments

**Nominator:** Chamber of Commerce for Greater Moncton



**JAMES LOCKYER**

**Title:** Director

**Occupation:** Law Professor, Université de Moncton

**Nominator:** City of Moncton  
(Joined Board in July 2018.)

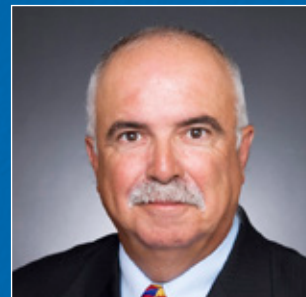


**MICHAEL MAGEE**

**Title:** Director

**Occupation:** Retired airport management executive

**Nominator:** Government of Canada  
(Joined Board in December 2018.)



**MAURICE RICHARD**

**Occupation:**

Self-employed

**Nominator:** City of Dieppe  
(Departed Board in July 2018.)



**JANICE RYAN**

**Title:** Director

**Occupation:** Accounts Receivable, Atlas Copco Canada

**Nominator:** Province of New Brunswick



## 2018 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.**  
Director, Operations



**Brian Hackett**  
Senior Manager,  
Airside Operations



**Belinda Curran**  
Manager, Regulatory Affairs

YQM IS A MEMBER OF

**VANTAGE**  
AIRPORT GROUP

## HUMAN RESOURCES HIGHLIGHTS

### IN 2018, WE WELCOMED FIVE NEW EMPLOYEES:

- **Glen Rollins**,  
Director of Commercial  
Development (January 19)
- **Kent Thorne**, Seasonal Airfield  
Specialist (January 22)
- **Belinda Curran**, Manager,  
Regulatory Affairs (August 20)
- **Robert Myles**, Seasonal Airfield  
Specialist (November 16)
- **Richard Jeffrey**, Seasonal Airfield  
Specialist (November 21)

### AS WELL, IN 2018, WE HAD ONE RETIREMENT:

- **Alan Mark**,  
Fire Captain (February 26)



# 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 2018 with the exception of two contracts totalling \$290,888: 1) \$148,000 for the purchase and installation of parking payment terminals with Atlantic Alarm; and 2) \$142,888 for the purchase of runway approach lighting parts and accessories with ADB Safegate. These two contracts were not awarded on the basis of a public competitive tendering process due to a compatibility requirement with existing infrastructure at the airport.

## HIGHLIGHTS

### Excess of revenue over expenses was

**\$3,366,390** compared to \$1,489,385 in 2017.

- Revenue improved over 2017 by \$438,096. With our best passenger traffic year ever, we saw an increase in \$175,220 from parking and concessions and a \$67,144 improvement in aeronautical revenue. Additionally, \$117,685 on the sale of two loaders and \$82,651 from interest income and foreign exchange.
- Operating expenses were managed closely and ended the year \$84,881 lower than 2017.
- Increase in AIR Fund of \$1,651,762 driven by an increase of \$5 per passenger for 2018 in order to fund significant infrastructure upgrades planned over the next 3-5 years.

### Capital spending in 2018 totalled

**\$1,083,835**

with the larger projects consisting of energy and carbon reduction initiatives (\$319,500), parking lot expansion (\$268,000) and parking payment automation (\$148,000).

### We continued to focus on debt load repayment in 2018.

GMIAA did not incur any new debt during the year and paid off one of its outstanding demand loans which began the year with a balance of \$111,288. Bank financing outstanding at the end of 2018 is \$28,093,750.



## 2018 ACTUAL VS BUSINESS PLAN (in \$ millions)

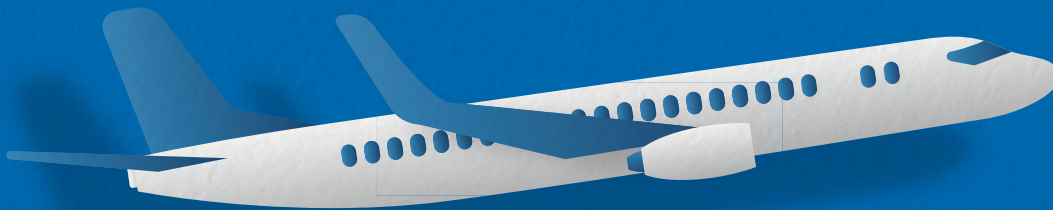
	Actual	Plan	Difference	Details
Revenue	\$19.7	\$19.0	\$0.7	2018 saw new cargo activity from Kalitta Air and Ethiopian Airlines. This, in addition to an up-gauging in aircraft by Jazz, contributed to aeronautical revenue increases from budget of \$182,549. With our best passenger traffic year ever, we saw an improvement from budget of \$245,537 from parking and concessions. Interest income and gain on foreign currency exceeded plans by \$91,536.
Expenses	\$16.3	\$16.8	(\$0.5)	We had a number of planned and unplanned staff absences during 2018 which resulted in savings against budget of \$182,435. Increases in weather-related materials and supplies were offset by savings from earlier-than-planned closure of the staffed parking booth, utilities savings from energy efficiency upgrades, and a savings on property taxes after a successful appeal totalling \$131,072 (\$58,227 related to prior year recovery).
Capital Expenditures	\$1.1	\$4.6	(\$3.5)	\$2,900,000 Apron 8 expansion project did not move forward as it was subject to obtaining government funding that did not materialize. There was also \$842,629 budgeted for a new fire truck that was not delivered until early 2019.

Business Plan Forecast 2019-2023 (in \$ millions)					
	2019	2020	2021	2022	2023
Revenue	19.5	20.1	20.5	21.0	21.4
Expenses	16.7	18.0	18.7	19.2	19.7
Capital expenditures	11.9	6.9	15.9	1.4	9.2



# Financial Statements

DECEMBER 31, 2018





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Schedules to the  
Financial Statements



# Independent Auditor's Report



## **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.

### **Opinion**

We have audited the 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, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the authority as at December 31, 2018, and its results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations (ASNPO).

### **Basis for opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the authority's financial reporting process.



## Independent Auditor's Report (continued)

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MONCTON, CANADA  
MARCH 22, 2019

*Grant Thornton* LLP  
CHARTERED PROFESSIONAL  
ACCOUNTANTS



## Statements of Operations and Changes in Net Assets

Year ended December 31, 2018

REVENUES	2018	2017
Aircraft (Page 33)	\$6,427,315	\$6,346,518
Airport (Page 33)	5,537,946	5,180,647
	11,965,261	11,527,165
AIR Fund revenues, net of expenses (Note 12)	7,695,846	6,044,084
	19,661,107	17,571,249
EXPENDITURES		
Salaries and employee benefits (Page 33)	3,336,853	3,328,356
Other operating and administration expenses (Page 34)	6,618,344	6,714,775
Amortization	4,804,355	4,826,981
Ground lease rent (Note 11(a))	515,132	449,612
Interest on bank financing	1,020,033	1,059,874
	16,294,717	16,379,598
Excess of revenues over expenditures before other items	\$3,366,390	\$1,191,651
Other items		
Change in fair value of financial instruments (Note 8)	-	40,253
Water and sewer recovery (Note 10)	-	257,481
	-	297,734
Excess of revenues over expenditures	\$3,366,390	\$1,489,385
Net assets, beginning of year	\$31,680,705	\$30,191,320
Excess of revenues over expenditures	3,366,390	1,489,385
Remeasurement in actuarial losses	(435,000)	-
Net assets, end of year	\$34,612,095	\$31,680,705

## Statement of Financial Position

Year ended December 31, 2018

ASSETS	2018	2017
Current		
Cash and cash equivalents	\$5,320,346	\$4,487,412
Receivables	1,169,377	1,440,292
Materials and supplies	134,462	132,469
Prepaid expenses	191,516	163,847
	6,815,701	6,224,020
Restricted cash (Note 3)	6,601,523	2,382,348
Pension surplus (Note 4)	1,935,000	2,172,000
Capital assets (Note 5)	49,788,864	53,629,480
	\$65,141,088	\$64,407,848
LIABILITIES		
Current		
Payables (Note 6)		
Trade	\$1,644,652	\$1,472,942
Capital	108,396	84,009
Unearned revenue	8,962	9,332
Refundable deposits	154,324	154,324
Bank financing due within one year (Note 7)	2,141,667	2,252,953
	4,058,001	3,973,560

See accompanying notes and schedules to the financial statements.

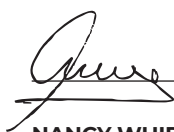


**LIABILITIES (continued)**

Callable portion of bank financing (Note 7)	18,389,583	11,041,667
	22,447,584	15,015,227
Long term		
Severance liabilities	518,909	543,164
Bank financing (Note 7)	7,562,500	17,168,752
	8,081,409	17,711,916
	30,528,993	32,727,143
<b>Net assets</b>	34,612,095	31,680,705
	\$65,141,088	\$64,407,848

Commitments (Note 11)

On behalf of the board


**NANCY WHIPP,**  
Director

**JANICE LIRETTE EVERS,**  
Director**Statement of Cash Flows**

Year ended December 31, 2018

Increase (decrease) in cash and cash equivalents	2018	2017
<b>Operating</b>		
Excess of revenues over expenditures	\$3,366,390	\$1,489,385
Items not affecting cash		
Amortization	4,804,355	4,826,981
Gain on disposal	(117,685)	(31,133)
Pension expense (Note 4)	70,000	44,000
Change in fair value of financial instruments	-	(40,253)
	8,123,060	6,288,980
Change in non-cash working capital items (Note 9)	388,338	(297,092)
Pension payments (Note 4)	(268,000)	(344,000)
	8,243,398	5,647,888
<b>Financing</b>		
Repayment of bank financing	(2,369,622)	(3,864,244)
Change in capital payables	24,387	(130,433)
	(2,345,235)	(3,994,677)
<b>Investing</b>		
Change in restricted cash, net	(4,219,175)	978,097
Proceeds on disposition of assets	140,152	148,382
Motor vehicles	(30,762)	(387,198)
Equipment	(181,364)	(60,169)
Infrastructure	(343,634)	(623,747)
New ATB	(430,446)	(892,900)
	(5,065,229)	(837,535)
Increase in cash and cash equivalents	832,934	815,676
Cash and cash equivalents		
Beginning of year	4,487,412	3,671,736
End of year	\$5,320,346	\$4,487,412

See accompanying notes and schedules to the financial statements.



# Notes to the Financial Statements

Year ended December 31, 2018

## 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 Chamber of Commerce of Greater Moncton, 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 30<sup>th</sup> 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.



**Notes to the Financial Statements (Continued)**

Year ended December 31, 2018

**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.

**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, assumptions 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.



## Notes to the Financial Statements (Continued)

Year ended December 31, 2018

## 3. RESTRICTED CASH

	2018	2017
AIR Fund for capital purposes	\$6,601,523	\$2,382,348

## 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:

	2018	2017
Accrued benefit obligation	\$(6,964,000)	\$(6,784,000)
Fair market value of plan assets	8,899,000	8,956,000
Funded status – pension surplus	\$1,935,000	\$2,172,000

The pension plan is required to complete solvency valuations as part of the normal regulatory compliance. As a result of the January 1, 2018 solvency valuation, the pension plan had a solvency deficiency of approximately \$251,000 and is required to make special monthly payments of approximately \$10,000 for 5 years.

	2018	2017
Net pension expense	\$70,000	\$44,000
Employer contributions	268,000	344,000
Employee contributions	29,000	34,000
Benefits paid	\$233,000	\$204,000

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

	2018	2017
Discount rate	4.5%	4.5%
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 2018 fiscal year is based on an extrapolation provided by the actuaries. The last formal actuarial valuation performed was effective January 1, 2018. The actuaries believe the financial results would not differ materially from the extrapolation if a formal valuation was performed as at December 31, 2018. The next valuation report is due from the actuaries effective January 1, 2019.

	PERCENTAGE OF PLAN ASSETS	
Defined benefit plan assets consists of:	2018	2017
Equity securities	58.8%	56.3%
Debt securities	38.0%	34.5%
Other	3.2%	9.2%
	100%	100%

In addition, GMIAA contributed \$133,346 (2017 - \$128,175) to a defined contribution plan for employees during the year.



## Notes to the Financial Statements (Continued)

Year ended December 31, 2018

## 5. CAPITAL ASSETS

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	2018 Net Book Value
Airside infrastructure**	\$54,053,898	\$(16,287,509)	\$(18,935,592)	\$18,830,797
Equipment	2,206,417	(219,115)	(1,721,126)	266,176
Groundside infrastructure**	21,430,314	(4,598,957)	(3,131,040)	13,700,317
Motor vehicles	6,997,805	(164,591)	(4,646,384)	2,186,830
New ATB**	30,891,730	(4,128,895)	(12,283,062)	14,479,773
Old ATB renovations**	1,277,204	(495,356)	(747,596)	34,252
Asset under construction (Note 11(d))	290,719	-	-	290,719
	<b>\$117,148,087</b>	<b>\$(25,894,423)</b>	<b>\$(41,464,800)</b>	<b>\$49,788,864</b>

	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 (Note 11(d))	290,719	-	-	290,719
	<b>\$116,624,222</b>	<b>\$(25,823,282)</b>	<b>\$(37,171,460)</b>	<b>\$53,629,480</b>

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

## Notes to the Financial Statements (Continued)

Year ended December 31, 2018

## 6. PAYABLES

Included in payables and accruals are federal government remittance due of \$3,023 (December 31, 2017 - \$2,574) relating to payroll source deductions and \$190,246 (December 31, 2017 - \$107,066) relating to HST.

## 7. BANK FINANCING

	2018	2017
CIBC demand loan, amortized to May 2018, repayable in quarterly instalments of principal of \$55,643 plus interest. Interest rate is prime minus 1% per annum.	\$0	\$111,288
CIBC demand loan, amortized to September 2026, repayable in quarterly instalments of principal of \$116,667 plus interest. Interest rate is prime minus 1% per annum.	3,500,000	4,083,334
CIBC demand 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 3.36% per annum (original amount \$11.0 million). Principal repayments are quarterly instalments of \$137,500.	7,425,000	7,975,000
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 2.66% per annum (original amount \$11.0 million). Principal repayments are quarterly instalments of \$137,500.	8,112,500	8,662,500
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 3.05% per annum (original amount \$11.5 million). Principal repayments are quarterly instalments of \$143,750.	9,056,250	9,631,250
	28,093,750	30,463,372
Less current portion	2,141,667	2,252,953
Less callable portion	18,389,583	11,041,667
Due beyond one year	\$7,562,500	17,168,752

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:

2019	\$2,141,667
2020	2,141,667
2021	2,141,667
2022	2,141,667
2023	2,141,667



## Notes to the Financial Statements (Continued)

Year ended December 31, 2018

**8. FINANCIAL INSTRUMENTS LIABILITY**

In 2001, the GMIAA entered into an interest rate swap which converted variable bankers acceptance rates into a fixed rate of 6.46%. The change in fair value was recorded in other income as “change in fair value of financial instruments”, in the statement of operations, which was \$Nil for 2018 (2017 - \$40,253). The loan associated with this transaction was fully paid off during 2017. 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 \$24,593,750 (December 31, 2017 - \$26,268,750). The GMIAA has elected to apply hedge accounting to these instruments (see Note 2 “Derivative financial instruments”). At December 31, 2018 interest rate swaps were valued at (\$784,173) (December 31, 2017 - (\$1,057,612)).

**9. CHANGE IN NON-CASH WORKING CAPITAL ITEMS**

	<b>2018</b>	<b>2017</b>
Receivables	\$270,915	\$23,696
Materials and supplies	(1,993)	16,090
Prepaid expenses	(27,669)	(28,988)
Payables - trade	171,710	(370,978)
Unearned revenue	(370)	655
Refundable deposits	-	(1,868)
Severance liabilities	(24,255)	64,301
	<b>\$388,338</b>	<b>\$(297,092)</b>

**10. WATER AND SEWER RECOVERY**

During fiscal 2017, the Greater Moncton International Airport Authority Inc. 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. Included in Ground lease rent in 2018 is a recovery of \$27,895 from over-remittance of rent in both 2016 and 2017.

**Notes to the Financial Statements (Continued)**  
 Year ended December 31, 2018

- (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 6 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 34).

- (d) The GMIAA has a commitment to purchase an airport rescue and firefighting vehicle (ARFF). It was subsequently delivered in January 2019.

## 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.

	2018	2017
Fees collected	\$8,199,552	\$6,478,767
Interest	77,139	27,601
	8,276,691	6,506,368
Handling fees	(580,845)	(462,284)
Excess of revenues over expenses	\$7,695,846	\$6,044,084

Effective January 1, 2018 the AIR fund fee increased from \$20 to \$25 per departing passenger.



## Notes to the Financial Statements (Continued)

Year ended December 31, 2018

**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.

**(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 \$28.1 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, 2018, the notional amount related to interest rate swaps was \$24.6 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)

Year ended December 31, 2018

## 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.

As detailed in Note 7, CIBC Demand loan, maturing June 2022 (original amount of \$11M) was classified as a term loan in the 2017 financial statements in error. The impact on comparative figures is an increase to the callable portion of bank financing and a corresponding decrease to bank financing due beyond one year of \$7,425,000 respectively.

## Schedules to the Financial Statements

Year ended December 31, 2018

<b>Aircraft revenues</b>	<b>2018</b>	<b>2017</b>
Landing fees	\$4,624,004	\$4,559,518
Terminal fees	1,803,311	1,787,000
	<b>\$6,427,315</b>	<b>\$6,346,518</b>

<b>Salaries and employee benefits</b>	<b>2018</b>	<b>2017</b>
Salaries and wages	\$2,866,737	\$2,898,219
Employee Benefits	470,116	430,137
	<b>\$3,336,853</b>	<b>\$3,328,356</b>

<b>Airport revenues</b>	<b>2018</b>	<b>2017</b>
Airport emergency services	\$206,800	\$226,400
Concessions	1,673,102	1,602,228
Interest	90,674	41,265
Miscellaneous	178,940	60,381
Parking	2,203,368	2,092,677
Recovery of expenses from tenants	179,056	172,974
Recovery of property taxes from tenants	375,883	369,576
Rent (Note 11 (a))	630,123	615,146
	<b>\$5,537,946</b>	<b>\$5,180,647</b>



Notes to the Financial Statements (Continued)  
Year ended December 31, 2018

## Schedules to the Financial Statements

Year ended December 31, 2018

<b>Schedule of Other operating and administration expenses</b>	<b>2018</b>	<b>2017</b>
Advertising and marketing	\$293,555	\$289,107
Bad debt expense	1,897	5,219
Board administration	165,219	193,012
Communications - telephone/cellular	67,265	62,306
Contract and special services	658,947	707,055
Electricity	587,170	608,929
Fuel	428,227	340,193
Insurance	154,104	151,931
Interest and bank charges	110,937	104,810
Janitorial services	261,617	257,690
Management and support services	994,459	904,790
Materials and supplies	392,687	353,883
Miscellaneous	102,921	141,460
Office supplies	16,687	11,173
Professional and consulting services	128,978	175,557
Property taxes	976,687	1,086,039
Repairs and maintenance	521,759	589,424
Security services	599,747	589,471
Travel	72,268	66,897
Water and sewer	83,213	75,829
	<b>\$6,618,344</b>	<b>\$6,714,775</b>



Members of the cast of The School of Atlantic Ballet Atlantique Canada's production of A Christmas Carol - The Musical.



Snow clearing equipment.



Snow clearing operations.



Airport Council International Carbon Accreditation Level 2 Award.



Members of the management team at the Chamber of Commerce for Greater Moncton golf tournament.



Our airport volunteers.



AÉROPORT INTERNATIONAL  
ROMÉO-LEBLANC  
DU GRAND MONCTON



GREATER MONCTON  
ROMÉO LEBLANC  
INTERNATIONAL AIRPORT