



# 2019

## ANNUAL REPORT



GREATER MONCTON  
ROMÉO LEBLANC  
INTERNATIONAL AIRPORT



AÉROPORT INTERNATIONAL  
ROMÉO-LEBLANC  
DU GRAND MONCTON



# Greater Moncton Roméo LeBlanc International Airport performance

GMIAA and Vantage Airport Group  
have successfully partnered to drive  
the airport's growth since 1997



**\$87**  
million | Airport  
Improvement  
Fees (AIF) collected  
since 1998

**\$184**  
million | Cumulative  
revenue  
since 1998

From \_\_\_\_\_  
**278K to 675K**  
4% CAGR 1998-2019 **Passengers**

From \_\_\_\_\_  
**\$3.3M to \$12.1M**  
6% CAGR 1998-2019 **Revenues**  
(Excluding AIF)

**\$100+**  
million  
Capital expenditure  
investments  
since 1998

From \_\_\_\_\_  
**\$320K to \$1.2M**  
14% CAGR 1998-2019 **EBITDA**

Through aviation sector and economic ups and downs, both partners have collaborated to make YQM an essential part of the community and the region.



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# Chair's Message

## *Another successful year at our airport*

Another successful year for the Greater Moncton Roméo LeBlanc International Airport (YQM) was had in 2019 despite elements outside its control such as the grounding of the Boeing Max 737 planes in March 2019.

On behalf of the Board of Directors, the President and CEO, and the management team of YQM, I am pleased to present our 2019 Annual Report which provides a summary of the operating activities and successes that took place during the year.

The Greater Moncton International Airport Authority Inc. (GMIAA) Board was very engaged with our management team during the year in providing direction and oversight related to the airport's vision: "Atlantic Canada's Central Gateway to the World." Transparency, independence and accountability continue to be an important focus of our Board.

A major focus during the year was the ability to reach a memorandum of understanding with TransAqua and the City of Dieppe to allow for the undertaking of a mutually beneficial de-icing disposal treatment approach combined with the expansion of our apron and deicing pad infrastructure in order to facilitate growth. This project received the support and assistance of \$8.343 million from the Government of Canada at an announcement on August 7, 2019, by Minister Ginette Petitpas Taylor and Minister Dominic LeBlanc.

In this era of environmental concerns, YQM worked hard to find ways for the airport to become more environmentally friendly. With all of its initiatives, it was able to obtain the Carbon Accreditation Level 3 status, becoming one of only five airports in Canada to do so.

### **YQM Board activities**

Our Board of Directors, its Governance, Audit, Human Resources, Environment and Risk, and Strategic Planning Committees continued to be very active during the year. This included a review and update of our various governance documents and terms of reference material as well as the drafting of new directional policies. I would like to thank the Board members for their consistent contribution and dedication to the betterment of the airport.

Director activities also included the participation in a Board self-assessment process. The Board will be working on addressing the identified improvement areas over the next year with the help of our management team.

The GMIAA Board welcomed Kathy Malley, Peter McIntyre and Pierre LeBlanc as new members. We look forward to their specific insights and the additional diversity they bring to our Board.

We also made some changes to the Executive Committee after Christopher Bacich completed his mandate as Chair of the Board. In June 2019, Luc Elsliger was nominated as Vice-Chair of the Board, Janice Lirette Evers remained as the Secretary-Treasurer and I feel very privileged to have been nominated as the new Chair of the GMIAA.



### Looking forward to 2020

Many exciting projects are expected for 2020 at YQM. You may have noticed the start of changes on airside with Bistro Altitude now becoming accessible post-security, as well as a new elevator allowing those with reduced mobility access to the second floor (airside). We hope that you will enjoy these new changes as you are waiting for your flights. Many other projects will not be as visible such as the de-icing project or refurbishment of parts of a runway.

Rest assured that YQM will be working in the best interest of its customers to provide them with the best air service and experience in New Brunswick.

Finally, I would like to recognize and thank our employees. They have faced significant changes over the past year and accommodated organizational realignment including, in some cases, new teams, operating policies and procedures. Throughout, our employees have continued to provide innovative customer-focused operational, environment and safety improvements.

In closing I would like to thank you, the users of our airport. The GMIAA continues to remain well-aligned with the best interests of our customers.

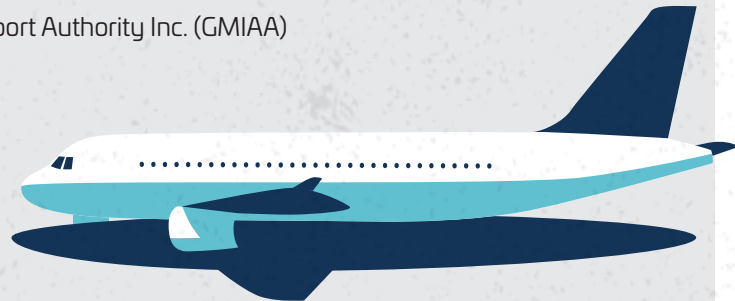


Sincerely,

A stylized, handwritten signature in dark ink, appearing to read 'Nancy Whipp'.

**NANCY WHIPP, FCPA, CA, ICD.D**

Chair • Greater Moncton International  
Airport Authority Inc. (GMIAA)



# President and CEO's Message

## *An initial risk that is paying off in a big way!*



***“THE GREATER MONCTON INTERNATIONAL AIRPORT AUTHORITY INC. ENTERED INTO A SIXTY (60) YEAR GROUND LEASE WITH TRANSPORT CANADA TO MANAGE, MAINTAIN AND OPERATE THE GREATER MONCTON ROMÉO LEBLANC INTERNATIONAL AIRPORT EFFECTIVE SEPTEMBER 1<sup>ST</sup>, 1997.”***

This statement is included in Transport Canada's annual review of the Greater Moncton International Airport Authority's (GMIAA) compliance with its ground lease obligations.

It is easy to forget that the community's decision to establish its own not-for-profit airport authority was a significant risk at the time. Not only did it mean an uncertain future and no guarantee of success, but it also meant taking on an operation facing annual deficits in the \$2 million range and operating out of an aging terminal building. How things have changed!

### **YQM is the envy of the region!**

Today the Greater Moncton Roméo LeBlanc International Airport (YQM) is the envy of the region! Although the aviation sector does have its occasional ups and downs, continued growth of aeronautical and commercial activity at YQM has allowed for a sustainable future for our airport.

Just over five years ago, the GMIAA's debt level surpassed \$40 million. As of the end of 2019, it stands at \$23 million – and \$5 million of payments toward debt reduction were made in 2019 alone. GMIAA saw its highest operating

revenue (before gain (loss) on disposal of assets) to date in 2019 with total aircraft and airport revenue of \$12.1 million and \$7.8 million in net revenue stemming from Airport Improvement Fees, so \$19.9 million in total. This was all accomplished in a year where \$9.7 million was reinvested in our infrastructure, \$6.0 million of which was to resurface 1,875 metres (6,150 feet) of our runway 06–24. We reported an excess of revenue over expenditures of \$2.3 million.

The year was also hugely successful in regard to maintaining ongoing aeronautical activity while additionally generating new commercial activity and flight options. Thank you to Cargojet, FedEx, Air Canada, Air Transat, Porter, Sunwing, WestJet, Moncton Flight College and our many other partners! A total of 31 international freighter cargo flights (Boeing 747 and 777) took place at YQM in 2019 and carried 1.8 million kilograms of live lobster to Europe and Asia while generating more than \$0.16 million in incremental revenue.

As well, our team worked with airline partners to launch new air services in 2019 – for instance Air Canada Rouge's Toronto service. In 2019, our sun destination partners' traffic (our specialty!) grew by 8.2% and, in early 2020, we will welcome a new Sunwing Miami route and an

additional Air Transat Punta Cana, Dominican Republic, service. We are also anxiously awaiting low-cost carrier Swoop's planned June 2020 launch and entry into the New Brunswick market. So, a hugely successful year in terms of air service development!

Notwithstanding the above, and as much as we are all excited about the commercial and air service aspects of our business, our core mission remains to operate an airport. As a result, in 2019, a significant investment was made in our people to develop internal expertise, whether this be in regard to improving our Airside Vehicle Operators' Permits (AVOP) or updating our Standard Operating Procedures (SOP). These are all essential components of running an airport and continuously improving our operations.

### **Commitment to our passengers, airport users and partners**

Over 2019, our team made a significant effort to enhance the passenger experience at YQM through – among other initiatives – major infrastructure investments and the establishment of a new customer service training program with our employees and partners. These commitments and investments will greatly benefit all our airport users.

The airport's new YQM Excellence program was recognized as the best in North America (small airport division). Meanwhile, our elevator and mezzanine accessibility project makes our new Bistro Altitude accessible from the departure area while also providing additional food and beverage options for the travelling public.

As well, we continue to focus on gauging customer satisfaction through our participation in the global Airport Satisfaction Quality (ASQ) program as well as our own in-house surveys.

### **Commitment to environmental and operational excellence**

In May 2019, we became the fifth airport in Canada – joining Montreal, Vancouver, Toronto and Ottawa – to reach the third of four levels of Airport Council International's Airport Carbon Accreditation Program, thereby highlighting YQM's commitment to the environment and reduction of our carbon footprint.

During the summer months, we also resurfaced 1,875 metres (6,150 feet) of our main runway 06-24 without any operational impacts, which speaks volumes of our operation team's technical and planning capabilities.

### **National Trade Corridors Funding**

A significant achievement in 2019 was our ability to garner community support and work with our partners, the City of Dieppe and TransAqua to develop a de-icing fluid capture and treatment approach that was mutually acceptable.

As a result, we were successful in obtaining National Trade Corridors Funding from Transport Canada toward a \$16.7 million investment at YQM that will not only address this environmental need but also combine and leverage this with the enabling and growth of passenger and cargo activity at YQM through the elimination of bottlenecks.

Many thanks to all 23 organizations, municipal partners, airlines and business partners who provided us with letters in support of this undertaking. Special thanks to our area MLAs, Premier Higgs and MPs LeBlanc and Petitpas Taylor who made this funding a reality.



## The heart of YQM: Our people

Over the course of 2019, we bid farewell to two long-term employees James (Hamish) Lynn (28 years) and Robert Leblanc (13 years) and would like to thank them for their significant contributions at YQM! We also welcomed Charles LeBreton as a Seasonal Airfield Specialist, as well as Matt Cooling, P.Eng., as our new Manager of Engineering and Operations (in January 2020).

In January 2020, I celebrated five years with the GMIAA. The progress the airport has made over this time is a true testament to the quality of our workforce and partners. Thank you, Team YQM! Over 2019, we aimed to reinforce this partnership through the launch of our YQM Excellence customer service recognition program.

The airport's operational and financial achievements are only possible as a result of the guidance provided by our Board of Directors as well as the support received from the Vantage Airport Group. As such, I would thank our new Board Chair Nancy Whipp and Board members as well as former Board Chair Christopher Bacich and Vantage CEO George Casey and his team for their continued support and confidence.

All in all, 2019 was a year which helped YQM get closer and closer to achieving our stated corporate vision – “Atlantic Canada’s Central Gateway to the World!” – and mission – “The pursuit of excellence in growing and operating a safe, clean, efficient, friendly and sustainable airport.”

Thanks to all our business partners, airlines, stakeholders, employees and, of course, the travelling public for helping to make the Greater Moncton Roméo LeBlanc International Airport a success story!



A stylized, handwritten signature in dark blue ink, appearing to read 'B LeBlanc'.

**BERNARD LEBLANC**

President and CEO

**Please note:** This annual report reflects 2019 activities and achievements. Impacts caused by the COVID-19 pandemic will be reflected in the 2020 report.









# Operations and Environment

***Operationally, YQM had a very busy and productive 2019. In addition to items mentioned in the Chair's Report and the President and CEO's Report, here are some other key highlights:***

## ***Key highlights***

Achievement of Level 3 Airport Carbon Accreditation, which requires third-party engagement in carbon footprint reduction. Third parties include airlines and various service providers, for example, independent ground handlers, catering companies and others working on the airport site. It also involves engagement on surface access modes (road, rail) with authorities and users.

Completed the major capital initiative of resurfacing runway 06-24.

Finalized a de-icing fluid management solution plan incorporating a de-icing pad expansion which successfully qualified for funding from the National Trade Corridors Fund. Design work began in the fall of 2019 with construction planned in 2020.

Signed a memorandum of understanding (MOU) with TransAqua and the City of Dieppe for the controlled release of de-icing fluid into the municipal sanitary sewer collection system.

Initiated construction for the Canadian Air Transport Security Authority (CATSA) funded hold bag screening (HBS) recapitalization program which will be completed in Q1 2020.

Initiated construction for the upstairs lounge conversion to an airside accessible lounge (Bistro Altitude). The project will be completed in February 2020.

Updated Land Use Plan submitted and approved by Transport Canada.

Completion of parking lot expansion of 52 additional parking spots in short-term and long-term parking.

First phase of water fixture optimization initiative for Air Terminal Building washrooms completed.

Province of New Brunswick's Department of Transportation and Infrastructure supplied a Trunk Mobile Radio (TMR) System to YQM to provide all first responders with the ability to interact during times of emergencies at YQM.

Officially opened the memorial to former YQM President and CEO Rob Robichaud adjacent to Lieutenant-Colonel Rob Lane.

Installation of new groundside water bottle filling station.

Received new Rosenbauer 4x4 Panther aircraft rescue and firefighting (ARFF) truck and issued a request for proposal (RFP) in December for second 4x4 ARFF truck.

Mock crash exercise involving all first responder agencies held in October 2019.

Achieved Rick Hansen Foundation Accessibility Certification.

Implemented Phase 1 of enhanced camera coverage in the Air Terminal Building (ATB).





## Looking forward to **2020**

In addition to items mentioned in the Chair's Report and the President and CEO's Report, here are some other key initiatives for 2020:

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Targeting of Level 3+ Carbon Accreditation – Carbon Neutrality

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Enhanced accessibility in the Airport Terminal Building (ATB)

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Implementation of new charter season parking plan

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Implementation of new glycol fluid management system

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Introduction of a safety recognition program

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Installation of energy-efficient LED lighting in the underground parking

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Upgrade of parking pay-on-foot machines inside the Airport Terminal Building

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Installation of additional cameras in the short-term/long-term parking lot

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Snow-clearing activities at YQM.

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Rosenbauer 4x4 Panther aircraft rescue and firefighting (ARFF) truck.



# Business Development, Customer Experience, Community and Stakeholder Engagement

674,406 passengers!

## ANOTHER GREAT YEAR FOR PASSENGER NUMBERS AS AIRLINE PARTNERS CONTINUE TO SHOW CONFIDENCE IN YQM!

Throughout 2019, YQM continued its outreach to airline partners in an ongoing strategy to introduce new airline services in the region. We welcomed a new Air Canada Rouge jet service to Toronto and announced that Sunwing Airlines would be starting a direct sun destination flight to Miami beginning in February 2020, as well as an additional Air Transat flight to Punta Cana, Dominican Republic. We were also pleased to have recruited and announced that Swoop Airlines will be joining our family of airline partners in June 2020.



## SOUTHERN SUN DESTINATIONS CONTINUE TO BE POPULAR

Our direct-flight sun destinations continue to be a fantastic area of business for YQM, consistently attracting tens of thousands of passengers every year.

In 2019, just under 50,000 passengers chose direct flights out of YQM to reach their southern sun destinations, once again more than all other airports in New Brunswick and Prince Edward Island combined!

Air Transat enhanced southern sun destination service in 2019 offering an extended season exclusive to YQM in New Brunswick. Sunwing Airlines also continued to offer seven direct flights per week to sunny climates. In total, up to 11 weekly flights were offered to Florida, Mexico, Dominican Republic, Cuba and Jamaica. This meant an 8.2% increase over the prior year for these partner airlines – and 2020 promises to offer even more choices with additional services to Miami and Punta Cana. Thank you Sunwing and Air Transat!



## EXCELLENCE PROGRAM LAUNCHED

In July, we announced our new YQM Excellence recognition program - an opportunity to provide feedback about a positive experience at our airport. Feedback cards are available at our business partners' counters. Airport visitors and passengers can provide feedback about their YQM experience, and we pass this along to celebrate the successes. Three outstanding individuals are recognized per quarter.



## **CARGO CONTINUES TO PLAY IMPORTANT ROLE AT YQM**

YQM continued to be a key transportation hub of choice in Atlantic Canada for important cargo partners such as Cargojet, FedEx, Purolator and UPS. Their contribution to our region and our airport is an invaluable contribution to the economy.

YQM also continued to work with our valued partners such as Xtreme Cold Storage Ltd., ATS and local shippers for continued promotion and growth of our international freighter activity direct to Asia and Europe. A record was set at YQM in 2019, with 31 shipments representing more than 1,842,000 kilograms of live lobster shipped from our airport.



## **YQM RECEIVES PRESTIGIOUS CUSTOMER SERVICE AWARD**

In November, YQM was deeply honoured to have been recognized with the award for best overall customer service for small airports in North America (fewer than two million passengers annually) at the Airports Council International - North American Marketing and Communications Conference in Miami. YQM would like to acknowledge and thank everyone who made this prestigious award possible, including our friendly YQM staff and service partners – and, of course, the travelling public who gave us high marks in the surveys. Special mention goes to Charline Ouellet who put together this program for YQM. The award was accepted on the airport's behalf by Julie Pondant, YQM's Corporate Communications Specialist.

## **YQM CONTINUES TO BE A LEADER IN THE BUSINESS AND AIRPORT COMMUNITY**

In October, YQM was very proud to once again sponsor the Innovation Award at the 2019 Chamber of Commerce for Greater Moncton's Business Excellence Awards. As well, we were greatly honoured to be nominated for awards in the overall Business Excellence category and Environmental Excellence category.



## **RUNWAY RUN HAS ANOTHER GREAT YEAR!**

Our annual YQM Runway Run was another huge success and was held on September 29 with 225 runners and walkers registered. We were proud to present a cheque for \$13,170 to the United Way of Greater Moncton and Southeastern New Brunswick thanks to the outstanding dedication of our sponsors and participants! This Runway Run donation was the largest since the inception of the event.

## **TRAVEL SHOW ATTRACTS HUNDREDS OF PEOPLE**

In late October, we held our second annual YQM Travel Show in the Airport Terminal Building as a showcase to help travellers from our region and neighbouring communities plan their next vacation and learn more about the travel opportunities available when flying out of YQM. Door prizes and swag were provided, including a seven-night all-inclusive holiday (including round-trip economy airfare) to the Majestic Elegance Beach Resort in Punta Cana, Dominican Republic for two adults, courtesy of Air Transat and the Majestic Elegance Punta Cana. We were thrilled to welcome more than 500 people to the 2019 event.

# MARKETING, SPONSORSHIPS AND COMMUNITY OUTREACH

YQM continued to invest in the community through the support and sponsorship of a number of organizations and events. As well, we maintained a very active communications program through social media channels, our website and advertising in print, on radio, on social media and inside the Airport Terminal Building (ATB). YQM also produced a bilingual quarterly newsletter and grew its circulation to more than 2,500 subscribers in 2019.

We provided a number of opportunities to the general public to interact directly with us on social media through a variety of contests, including ticket giveaways to various events (i.e. concerts, sport events) sponsored and supported by YQM. We also provided access to the ATB for local colleges and universities for outreach to international students arriving in the province to study, as well as to entertainers for performing live music for passengers during the holiday season.



**We actively supported a number of organizations through event sponsorships and donations, including:**

- 100 Men Who Care of Greater Moncton
- 3+ Corporation
- Aircraft Maintenance Conference (ARAMC)
- Altitude East
- Atlantic Ballet Theatre of Canada
- Province of New Brunswick reception at Boston Seafood Expo
- Capitol Theatre
- Chamber of Commerce for Greater Moncton
- Children's Wish Foundation
- CHU Dumont Foundation
- Conseil économique du Nouveau-Brunswick
- Congrès mondial acadien
- Dieppe UNIplex
- Expansion Dieppe
- Food Depot Alimentaire
- Fondation du théâtre l'Escaouette
- Friends of The Moncton Hospital Foundation
- Frye Festival
- Hope Air
- Inspire Arts Festival
- JA New Brunswick
- Juvenile Diabetes Research Foundation (JDRF)
- Make-a-Wish Foundation
- Maritime Travel Vacation Superstore
- Moncton Wildcats
- Support our Troops
- United Way of Greater Moncton and Southeastern New Brunswick





We also supported local artists represented by the local Apple Art Gallery by displaying exhibits of their work throughout the ATB. These works were available for sale to the public.

As well, we continued to support the Support our Troops Easel Program, a Funding Innovation initiative which raises funds to support Canadian troops by auctioning off art pieces. Artwork is available for bidding in both the pre-security and post-security areas. This initiative raised \$4,640.11 in charitable contributions at YQM in 2019 alone.

In 2019, we continued to provide opportunities to the general public for volunteering at YQM. This enthusiastic group of individuals act as greeters at the airport and help guide travellers to where they need to go.

YQM is also pleased to provide tours of our facilities to groups of all ages, from daycare through to college students studying for careers in travel and hospitality.

In 2019, YQM provided two Mount Allison University students each with \$5,000 Rob Robichaud Vantage Airport Group Scholarships in Aviation. The scholarships are offered to students in the Bachelor of Science (Aviation) program at Mount Allison University. This unique undergraduate program pairs a degree with pilot training offered by the university in partnership with Moncton Flight College.



# Board of Directors

Six standing Board committees met on a regular basis throughout 2019:

- **Audit Committee**
- **Environment and Risk Management Committee**
- **Governance Committee**
- **Human Resources Committee**
- **Nomination 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.

## COMMITTEE MEMBERSHIPS AS OF DECEMBER 31, 2019:

### AUDIT

- **Janice Lirette Evers, Chair**
- Jean Corriveau
- Pierre LeBlanc
- Scott Lewis
- James Lockyer
- Nancy Whipp

### ENVIRONMENT AND RISK MANAGEMENT

- **Arthur Allan, Chair**
- Patrick Grew
- Scott Lewis
- Peter McIntyre
- Nancy Whipp

### GOVERNANCE

- **Luc Elsliger, Chair**
- Jean Corriveau
- Patrick Grew
- Michael Magee
- Diane Allain
- Nancy Whipp

### HUMAN RESOURCES

- **Diane Allain, Chair**
- Kathy Malley
- Peter McIntyre
- Luc Elsliger
- Nancy Whipp

### NOMINATION

- **Luc Elsliger, Chair**
- Brian Baxter
- Kathy Malley
- Arthur Allan
- Nancy Whipp

### STRATEGIC PLANNING

- **James Lockyer, Chair**
- Janice Lirette Evers
- Brian Baxter
- Michael Magee
- Pierre LeBlanc
- Nancy Whipp





# DIRECTORS' COMPENSATION

## ANNUAL RETAINER

### Chair

\$10,000

### Vice-Chair

\$5,000

### Secretary-Treasurer

\$8,000

### Directors

\$3,500

## MEETING FEES

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

## TOTAL COMPENSATION FOR EACH DIRECTOR IN 2019 WAS:

Diane Allain .....	\$6,200
Arthur Allan .....	\$7,400
Christopher Bacich* .....	\$8,900
Brian Baxter .....	\$7,700
Jean Corriveau .....	\$6,800
Luc Elsliger .....	\$9,050
Shane Esson* .....	\$3,550
Patrick Grew .....	\$7,400
Pierre LeBlanc .....	\$2,650
Scott Lewis .....	\$7,400
Janice Lirette Evers .....	\$11,300
James Lockyer .....	\$8,900
Kathy Malley .....	\$2,350
Michael Magee .....	\$6,800
Peter McIntyre .....	\$2,950
Janice Ryan* .....	\$3,850
Nancy Whipp .....	\$19,000

\* term ended prior to year end 2019

# 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.

The Committee meets in the spring and fall and is a public forum and meeting open to the public. The current membership of the Committee includes:

## Representing YQM:

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

## Representing stakeholders:

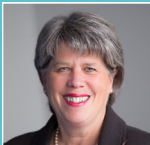
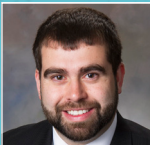


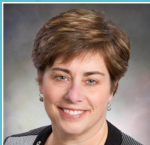
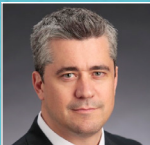

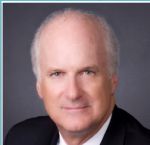









- Jean-Marc Brideau, City of Dieppe
- Gilles Brine, Town of Shediac
- Bill Budd, City of Moncton
- Susy Campos, 3+ Corporation
- Ted Davis, Nav Canada
- Jim Doyle, Province of New Brunswick
- Tyla Finlay, Town of Riverview
- Louis Godbout, Expansion Dieppe
- Geneviève Laforge, Chamber of Commerce for Greater Moncton

# BOARD ACCOUNTABILITY

The GMIAA Inc. Board of Directors was in compliance with its Code of Conduct and Ethics for Directors policy in 2019.

# GMIAA BOARD OF DIRECTORS



NAME & TITLE	OCCUPATION	NOMINATOR	NAME & TITLE	OCCUPATION	NOMINATOR
 <b>NANCY WHIPP</b> FCPA, CA, ICD.D Chair  Note: Ex officio member of all Board committees	President, Whippster Inc.	GMIAA Inc.	 <b>PATRICK GREW</b> Director	Lawyer, Grew MacDonald	Town of Riverview
 <b>LUC ELSLIGER</b> Vice-Chair, Governance Committee Chair, Nomination Committee Chair	Partner, Stewart McKelvey	City of Dieppe	 <b>PIERRE LEBLANC</b> Director	President, Cheticamp Fisheries	Province of New Brunswick (Joined in July 2019.)
 <b>JANICE LIRETTE EVERS</b> Secretary- Treasurer, Audit Committee Chair	Controller, Acadian Construction (1991) Ltd.	GMIAA Inc.	 <b>SCOTT LEWIS</b> Director	Vice-President, Louisbourg Investments	Chamber of Commerce for Greater Moncton
 <b>DIANE ALLAIN</b> Human Resources Committee Chair	Vice-President, Talent Management, UNI Financial Corporation	GMIAA Inc.	 <b>JAMES LOCKYER</b> Strategic Planning Committee Chair	Law Professor, Université de Moncton	City of Moncton
 <b>ARTHUR ALLAN</b> Environment and Risk Management Committee Chair	Retired aviation professional	Town of Riverview	 <b>KATHY MALLEY</b> Director	Vice-President, Malley Industries Inc.	3+ Corporation (Joined in July 2019.)
 <b>CHRISTOPHER BACICH</b> Director	General Manager, BMW/Mini Moncton	City of Moncton (Departed in July 2019.)	 <b>MICHAEL MAGEE</b> Director	Retired airport management executive	Government of Canada
 <b>BRIAN BAXTER</b> Director	President and CEO, Botsford Investments Inc.	Government of Canada	 <b>PETER MCINTYRE</b> Director	Retired human resources professional	City of Moncton (Joined in July 2019.)
 <b>JEAN CORRIVEAU</b> Director	Vice-President of Operations, BMM Testlabs	City of Dieppe	 <b>JANICE RYAN</b> Director	Accounts Receivable, Atlas Copco Canada	Province of New Brunswick (Departed in July 2019.)
 <b>SHANE ESSON</b> Director	Retired transportation industry professional	3+ Corporation (Departed in July 2019.)			



## 2019 YQM MANAGEMENT TEAM

VANTAGE  
AIRPORT GROUP



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



**Glen Rollins**  
Director, Airport Commercial  
Development



**Courtney Burns, CPA, CA**  
Director, Finance and  
Administration



**Vincent Martin, P.Eng.**  
Director, Operations



**Brian Hackett**  
Senior Manager,  
Airside Operations



**Belinda Curran**  
Manager, Regulatory Affairs



**Matt Cooling, P.Eng.**  
Manager Engineering  
and Operations  
(January 2020)

GMIAA Inc. has a 23-year contract with the Vantage Airport Group to manage operations at YQM. This includes the hiring of up to four executives (CEO and three directors) who are employees of Vantage. Compensation for this arrangement is detailed in the annual report and includes a performance-based component.

## HUMAN RESOURCES HIGHLIGHTS

**In 2019 we welcomed one new employee, and one new employee was scheduled to join in early 2020:**

- Charles LeBreton, Seasonal Airfield Specialist (November 12, 2019)
- Matt Cooling, P. Eng., Manager Engineering and Operations (January 6, 2020)

**Two longtime employees left the organization in 2019:**

- James (Hamish) Lynn, Seasonal Airfield Specialist (December 24, 2019)
- Robert Leblanc, Airfield Specialist (November 8, 2019)

**A new volunteer joined our YQM volunteer team:**

- Arnel Martin (November 2019)



GREATER MONCTON  
ROMÉO LEBLANC  
INTERNATIONAL AIRPORT



AÉROPORT INTERNATIONAL  
ROMÉO-LEBLANC  
DU GRAND MONCTON



2019 YQM Management Team

2019-2020 GMIAA Inc. Board of Directors





# 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 2019.

## HIGHLIGHTS

- Excess of revenue over expenses was \$2,350,142 compared to \$3,366,390 in 2018. This did not meet budget by \$487,191 as a result of increased non-operating expenses (amortization and loss on disposal of fixed assets) as outlined below. Operating profit (Airport revenue less operating expenses) exceeded budget by \$687,884.
- We welcomed 674,406 passengers in 2019, a slight decline of 1% compared to 2018 which was our best year ever. 2019 saw GMIAA's highest operating revenue (before gain (loss) on disposal of assets) to date with total aircraft and airport revenue of \$12,097,736. The introduction of Air Canada Rouge service to Toronto in May not only brought larger aircraft and faster commute times to and from YQM but also increased aircraft revenue. There were 15 additional international cargo movements compared to 2018 which, combined with activity from all of our passenger and cargo airline partners contributed to incremental aircraft revenue compared to 2018 of \$285,848.
- Expenditures were up compared to 2018 by \$1,044,935. Operating expenses were managed in line with our budget with known increases to salaries and benefits for our unionized staff per our collective agreement as well as vacancies in 2018 that were filled. The main increase in expenditures came from amortization which grew by \$844,123 due to a change in the estimated useful life of runway 11-29 as well as a loss recorded on the disposal of some fixed assets.
- In line with the previous year, our Airport Improvement Fee (AIF) generated \$7,843,170 in net revenue for 2019. GMIAA reinvests these funds in the airport's infrastructure.
- Capital spending in 2019 totalled \$9,683,827. We completed a rehabilitation of runway 06-24 for \$5,995,450 which came in under budget by \$1,459,550. Other large initiatives in 2019 included the CATSA-funded hold bag screening project as well as our lounge conversion to an airside accessible bistro (Bistro Altitude), both of which are scheduled to go live in 2020.
- GMIAA continued to focus on debt management in 2019. We did not incur any new debt during the year and paid off one of our outstanding demand loans which began the year with a balance of \$3,500,000. Bank financing outstanding at the end of 2019 was \$22,918,750; a reduction of \$5,175,000 from 2018.

## 2019 ACTUAL VS BUSINESS PLAN (in \$ millions)

	Actual	Plan	Difference	Details
<b>Revenue</b>	\$19.7	\$19.5	\$0.2	Incremental aeronautical revenue of \$0.3 from passenger aircraft with largest impact from the introduction of Air Canada Rouge and \$0.2 from international cargo aircraft offset by net Airport Improvement Fee (AIF) less than budget by (\$0.3) from fewer than planned enplaning passengers
<b>Expenses</b>	\$17.3	\$16.7	(\$0.6)	(\$0.8) incremental depreciation from change in estimate of useful life for runway 11-29 offset by savings versus plan in salaries and employee benefits due to pension valuation
<b>Capital Expenditures</b>	\$9.7	\$12.5	\$2.8	\$1.5 savings on runway 06-24 rehabilitation, \$1.3 timing on CATSA-funded hold bag screening project
<b>Business Plan Objectives</b>	Objectives for 2019 were met including completion of major infrastructure upgrading capital projects and achievement of carbon accreditation level 3 certification.			

Note: Revenue above includes net Airport Improvement Fees.

Business Plan Forecast 2020-2024 (in \$millions)					
	2020	2021	2022	2023	2024
<b>Revenue</b>	20.3	21.0	21.3	21.6	21.8
<b>Expenses</b>	18.9	19.7	20.4	20.9	21.2
<b>Capital expenditures</b>	19.5	15.8	10.2	5.3	5.6
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• Achieve Level 3+ Carbon Neutrality</li> <li>• Deliver major airport infrastructure projects</li> <li>• Enhance the passenger experience including improvements in ATB Accessibility</li> <li>• Revenue growth including land and terminal building commercialization and increased concessions</li> <li>• YQM Excellence Program of Customer Service and Culture</li> <li>• Increased emphasis on training and succession planning</li> </ul>				



A stylized illustration of an airport scene. In the foreground, a white commercial airplane is on a runway, casting a shadow. To its left, the tail of another white plane is visible. In the background, there is a dark blue airport terminal with several vertical lines representing windows or doors. To the right of the terminal is a tall, dark blue control tower with a white observation deck. The sky is a solid teal color with a few white, fluffy clouds. In the upper right, a small dark blue airplane is flying, leaving a dashed white trail that curves downwards towards a cloud.

# Financial Statements

DECEMBER 31, 2019

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# INDEPENDENT AUDITOR'S REPORT



GRANT THORNTON LLP  
Suite 500 • 633, rue Main Street, PO Box 1005  
Moncton, NB E1C 8P2  
T +1 506 857 0100 • F +1 506 857 0105

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 Inc./ Direction de l'Aéroport International du Grand Moncton Inc. which comprise the statement of financial position as at December 31, 2019, and the statements of operations, 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, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## 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 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.

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's 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.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 27, 2020

*Grant Thornton LLP*  
CHARTERED PROFESSIONAL  
ACCOUNTANTS



## Statements of Operations and Changes in Net Assets

Year ended December 31

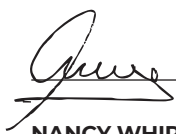
REVENUES	2019	2018
Aircraft (Page 38)	\$6,713,163	\$6,427,315
Airport (Page 38)	5,133,461	5,537,946
	11,846,624	11,965,261
AIR Fund revenues, net of expenses (Note 11)	7,843,170	7,695,846
	19,689,794	19,661,107
EXPENDITURES		
Salaries and employee benefits (Page 38)	3,410,255	3,336,853
Other operating and administration expenses (Page 39)	6,841,518	6,618,344
Amortization	5,648,478	4,804,355
Ground lease rent (Note 10(a))	542,572	515,132
Interest on bank financing	896,829	1,020,033
	17,339,652	16,294,717
Excess of revenues over expenditures	\$2,350,142	\$3,366,390
Net assets, beginning of year	\$34,612,095	\$31,680,705
Excess of revenues over expenditures	2,350,142	3,366,390
Remeasurement in actuarial gains (losses)	685,000	(435,000)
Net assets, end of year	\$37,647,237	\$34,612,095

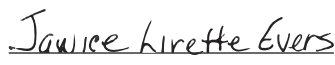
# Statement of Financial Position

Year ended December 31

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
Current		
Cash and cash equivalents	\$8,003,913	\$5,320,346
Receivables	1,719,559	1,246,853
Materials and supplies	156,401	134,462
Prepaid expenses	208,454	191,516
	<b>10,088,327</b>	<b>6,893,177</b>
Restricted cash (Note 3)	580,091	6,601,523
Pension surplus (Note 4)	2,782,000	1,935,000
Capital assets (Note 5)	51,684,244	49,788,864
	<b>\$65,134,662</b>	<b>\$65,218,564</b>
<b>LIABILITIES</b>		
Current		
Payables (Note 6)		
Trade	\$1,412,253	\$1,534,124
Capital	2,287,271	118,924
Unearned revenue	170,770	186,438
Refundable deposits	154,324	154,324
Bank financing due within one year (Note 7)	1,675,000	2,141,667
	<b>5,699,618</b>	<b>4,135,477</b>
Callable portion of bank financing (Note 7)	14,231,250	18,389,583
	<b>19,930,868</b>	<b>22,552,060</b>
Long term		
Severance liabilities	544,057	518,909
Bank financing (Note 7)	7,012,500	7,562,500
	<b>7,556,557</b>	<b>8,081,409</b>
	<b>27,487,425</b>	<b>30,606,469</b>
<b>Net assets</b>	<b>37,647,237</b>	<b>34,612,095</b>
	<b>\$65,134,662</b>	<b>\$65,218,564</b>
Commitments (Note 10)		

On behalf of the board

  
**NANCY WHIPP,**  
 Director

  
**JANICE LIRETTE EVERS,**  
 Director



## Statement of Cash Flows

Year ended December 31

Increase (decrease) in cash and cash equivalents	2019	2018
<b>Operating</b>		
Excess of revenues over expenditures	\$2,350,142	\$3,366,390
Items not affecting cash		
Amortization	5,648,478	4,804,355
Loss (gain) on disposal	251,112	(117,685)
Pension expense (Note 4)	63,000	70,000
	8,312,732	8,123,060
Change in non-cash working capital items (Note 9)	(623,972)	388,338
Pension payments (Note 4)	(225,000)	(268,000)
	7,463,760	8,243,398
<b>Financing</b>		
Repayment of bank financing	(5,175,000)	(2,369,622)
Change in capital payables	2,168,347	24,387
	(3,006,653)	(2,345,235)
<b>Investing</b>		
Change in restricted cash, net	6,021,432	(4,219,175)
Proceeds on disposition of assets	55,555	140,152
Motor vehicles	(762,078)	(30,762)
Equipment	(78,780)	(181,364)
Infrastructure	(6,279,254)	(343,634)
New ATB	(2,564,241)	(430,446)
Discretionary grants and contributions	1,833,826	-
	(1,773,540)	(5,065,229)
Increase in cash and cash equivalents	2,683,567	832,934
Cash and cash equivalents		
Beginning of year	5,320,346	4,487,412
End of year	\$8,003,913	\$5,320,346

See accompanying notes and schedules to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

Year ended December 31, 2019

## 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 10(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 license) revenues are recognized over the lives of respective leases, licenses 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.

### 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. 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.

## 3. RESTRICTED CASH

	2019	2018
AIR Fund for capital purposes	\$580,091	\$6,601,523

#### 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:

	2019	2018
Accrued benefit obligation	<b>\$(6,881,000)</b>	\$(6,964,000)
Fair market value of plan assets	<b>9,663,000</b>	8,899,000
Funded status – pension surplus	<b>\$2,782,000</b>	\$1,935,000

The pension plan is required to complete solvency valuations as part of the normal regulatory compliance. As a result of the January 1, 2019 solvency valuation, the pension plan had a solvency deficiency of approximately \$283,000 and is required to make special monthly payments of approximately \$6,000 for 5 years.

	2019	2018
Net pension expense	<b>\$63,000</b>	\$70,000
Employer contributions	<b>225,000</b>	268,000
Employee contributions	<b>29,000</b>	29,000
Benefits paid	<b>\$494,000</b>	\$233,000

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

	2019	2018
Discount rate	<b>4.5%</b>	4.5%
Rate of compensation increase	<b>2.5%</b>	2.5%
Rate of inflation	<b>2.0%</b>	2.0%
Mortality Table	<b>CPM</b>	CPM

The actuarial present value of accumulated plan benefits for the 2019 fiscal year is based on an extrapolation provided by the actuaries. The last formal actuarial valuation performed was effective January 1, 2019. The actuaries believe the financial results would not differ materially from the extrapolation if a formal valuation was performed as at December 31, 2019. The next valuation report is due from the actuaries effective January 1, 2020.

	PERCENTAGE OF PLAN ASSETS	
Defined benefit plan assets consists of:	2019	2018
Equity securities	<b>59.9%</b>	58.8%
Debt securities	<b>32.5%</b>	38.0%
Other	<b>7.6%</b>	3.2%
	<b>100%</b>	100%

In addition, GMIAA contributed \$131,192 (2018 \$133,346) to a defined contribution plan for employees during the year.



## 5. CAPITAL ASSETS

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	2019 Net Book Value
Airside infrastructure**	\$55,701,667	\$(14,980,471)	\$(19,360,112)	\$21,361,084
Equipment	2,179,057	(186,921)	(1,760,871)	231,265
Groundside infrastructure**	21,455,344	(4,598,957)	(3,702,865)	13,153,522
Motor vehicles	7,925,163	(136,552)	(5,117,843)	2,670,768
New ATB**	31,020,340	(4,127,916)	(13,367,744)	13,524,680
Old ATB renovations**	1,277,204	(495,356)	(760,343)	21,505
Asset under construction	2,556,226	(1,834,806)	-	721,420
	<b>\$122,115,001</b>	<b>\$(26,360,979)</b>	<b>\$(44,069,778)</b>	<b>\$51,684,244</b>

	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 10(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>

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

## 6. PAYABLES

Included in payables and accruals are federal government remittances due of \$Nil (December 31, 2018 – \$190,246) relating to HST.

## 7. BANK FINANCING

	2019	2018
CIBC demand loan, repaid during the year.	\$-	\$3,500,000
CIBC demand loan, amortized to September 2032 at bankers acceptance plus 0.45% 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.	6,875,000	7,425,000
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.	7,562,500	8,112,500
CIBC demand loan, amortized to December 2034 at bankers acceptance plus 0.45% 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.	8,481,250	9,056,250
	<b>22,918,750</b>	28,093,750
Less current portion	<b>1,675,000</b>	2,141,667
Less callable portion	<b>14,231,250</b>	18,389,583
Due beyond one year	<b>\$7,012,500</b>	\$7,562,500

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:

2020	<b>\$1,675,000</b>
2021	<b>1,675,000</b>
2022	<b>1,675,000</b>
2023	<b>1,675,000</b>
2024	<b>1,675,000</b>



## 8. FINANCIAL INSTRUMENTS LIABILITY

The GMIAA has three interest rate swaps with a total notional amount of \$22,918,750 (December 31, 2018 \$24,593,750). The GMIAA has elected to apply hedge accounting to these instruments (see Note 2 "Derivative financial instruments"). At December 31, 2019 interest rate swaps were valued at (\$1,001,287) (December 31, 2018 (\$784,173)).

## 9. CHANGE IN NON CASH WORKING CAPITAL ITEMS

	2019	2018
Receivables	<b>\$(472,707)</b>	\$193,439
Materials and supplies	<b>(21,939)</b>	(1,993)
Prepaid expenses	<b>(16,938)</b>	(27,669)
Payables - trade	<b>(121,869)</b>	171,710
Unearned revenue	<b>(15,668)</b>	77,106
Severance liabilities	<b>25,148</b>	(24,255)
	<b>\$(623,972)</b>	\$388,338

## 10. COMMITMENTS

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

The lease agreement provided GMIAA a rent free period until December 31, 2015. Starting January 1, 2016 the Airport is required to make annual rent payments to the Landlord utilizing a formula reflecting annual gross revenues as per the lease agreement. Included in Ground lease rent in 2018 is a recovery of \$27,895 from over remittance of rent in both 2016 and 2017.

(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 5 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 39).

## 11. AIR FUND RESULTS

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

	2019	2018
Fees collected	\$8,341,155	\$8,199,552
Interest	93,894	77,139
	8,435,049	8,276,691
Handling fees	(591,879)	(580,845)
Excess of revenues over expenses	\$7,843,170	\$7,695,846

## 12. FINANCIAL INSTRUMENTS

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

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

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

### (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 \$3.5 million dollar line of credit available, and term loans of \$22.9 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, 2019, the notional amount related to interest rate swaps was \$22.9 million.

**(b) Credit risk**

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

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

**(c) Liquidity risk**

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

**13. LINE OF CREDIT**

GMIAA has available an operating line of credit of \$3.5 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.

**14. COMPARATIVE FIGURES**

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

**15. SUBSEQUENT EVENTS**

On December 31, 2019, the World Health Organization (WHO) was alerted to several cases of pneumonia in Wuhan, China. The virus did not match any other known virus. Subsequent to year end, the virus is impacting countries around the world. Significant economic impacts to the airline industry are expected as each country responds to the virus. The duration and impact remains unclear at this time. It is not possible to reliably estimate the duration and severity of the consequences as well as their impact on the financial position and results of GMIAA in future periods.

In addition to measures to ensure the safety of its employees, airport users, and maintain the safe operation of the airport, GMIAA will be implementing financial mitigation efforts to maintain financial sustainability including spending freezes and deferral of capital programs and initiatives. AIR fund revenues and operating cash reserves are anticipated to be sufficient to meet debt obligations.

GMIAA has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact.

# SCHEDULES TO THE FINANCIAL STATEMENTS

<b>Aircraft revenues</b>	<b>2019</b>	2018
Landing fees	\$4,997,256	\$4,624,004
Terminal fees	1,715,907	1,803,311
	<b>\$6,713,163</b>	<b>\$6,427,315</b>

<b>Airport revenues</b>	<b>2019</b>	2018
Airport emergency services	\$166,500	\$206,800
Concessions	1,664,337	1,673,102
Interest	143,701	90,674
Miscellaneous	13,016	61,255
(Loss) gain on disposal of assets	(251,112)	117,685
Parking	2,223,980	2,203,368
Recovery of expenses from tenants	181,739	179,056
Recovery of property taxes from tenants	375,439	375,883
Rent	615,861	630,123
	<b>\$5,133,461</b>	<b>\$5,537,946</b>

<b>Salaries and employee benefits</b>	<b>2019</b>	2018
Salaries and wages	\$2,911,813	\$2,866,737
Employee Benefits	498,442	470,116
	<b>\$3,410,255</b>	<b>\$3,336,853</b>

# SCHEDULES TO THE FINANCIAL STATEMENTS

<b>Schedule of Other operating and administration expenses</b>	<b>2019</b>	2018
Advertising and marketing	\$366,235	\$293,555
Bad debt expense	4,915	1,897
Board administration	183,433	165,219
Communications - telephone/cellular	65,859	67,265
Contract and special services	462,158	658,947
Electricity	526,950	587,170
Fuel	404,157	428,227
Insurance	168,526	154,104
Interest and bank charges	105,227	110,937
Janitorial services	265,394	261,617
Management and support services	1,154,887	994,459
Materials and supplies	352,593	392,687
Miscellaneous	210,212	102,921
Office supplies	10,708	16,687
Professional and consulting services	81,111	128,978
Property taxes	1,044,754	976,687
Repairs and maintenance	633,953	521,759
Security services	621,873	599,747
Travel	87,061	72,268
Water and sewer	91,512	83,213
	<b>\$6,841,518</b>	<b>\$6,618,344</b>





GREATER MONCTON  
ROMÉO LEBLANC  
INTERNATIONAL AIRPORT



AÉROPORT INTERNATIONAL  
ROMÉO-LEBLANC  
DU GRAND MONCTON