



## **Atlantic Canada's Central Gateway to the World!**



GREATER MONCTON  
ROMÉO LEBLANC  
INTERNATIONAL AIRPORT



AÉROPORT INTERNATIONAL  
ROMÉO-LEBLANC  
DU GRAND MONCTON

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## Chair's Message

### 2020: A Year to Forget or Not?

2020 was certainly a very unusual year for the Greater Moncton Roméo LeBlanc International Airport as it was for many businesses. The year started with a great momentum where January and February passenger numbers exceeded what had been budgeted and then March came and COVID-19 hit our country and our province.



Even though the times were tough, and the activities were minimal, the YQM team, both staff and management, rolled up their sleeves and ensured that the operations at the airport continued for passengers and cargo traffic. They looked at ways to increase efficiencies and decrease operational costs as much as possible. They succeeded in securing direct flights between Greater Moncton and St John's, Deer Lake and Wabush Newfoundland. They managed to complete a glycol management system project on time and on budget.

Throughout all these undertakings the safety and security of our employees, business partners and the travelling public remained our first priority.

I would like to take this opportunity to thank them for their hard work and dedication. **A business can only succeed if it has good human resources who fully support the operations in good and bad times.** We are privileged to have such a great team. THANK YOU to all.

#### YQM Board Activities

The Board of Directors was also very actively involved in the last year with their regular board and committee meetings but also with bi-weekly COVID-19 update meetings. Good governance, which includes risk management, is a key role of a board. I am grateful to have such professional and responsible board members who were present at all meetings to provide support and direction to the management of the airport.

The new year will see many changes in our board as we will be losing three (3) of our members as they will be stepping down. I would like to thank Brian Baxter, Kathy Malley and Pierre Leblanc for the knowledge, insights, and diversity they brought to our board. They will be missed.

### **The year ahead**

As we look to the future, we are unsure what 2021 will hold. We remain optimistic that vaccinations, travel protocols and guidelines will bring positive changes. It will be a slow start for airport operations, but we should see an increase in momentum as the year progresses. I have faith that people will want to travel, be it to go see family and friends that they have not had a chance to see and hug since the beginning of the pandemic.

There are many challenges ahead but I have no doubt that the Greater Moncton Roméo LeBlanc International Airport will rise above them and will capitalize on all the lessons learned throughout this pandemic.

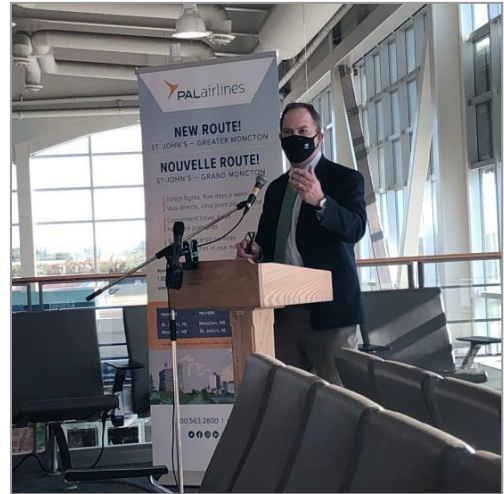


Nancy Whipp, FCPA, CA, ICD.D  
Board Chair

# President and CEO's Message

## 2020 – What a Year!

As we aim to recap what transpired at YQM in 2020 it becomes very clear that this was (we hope) a “once in a lifetime” experience and not something that we would wish to repeat. Some may even describe it as earning a PhD in pandemic coping skills. Unfortunately, the pandemic’s impacts are ongoing and a financial recovery remains elusive.



First of all, a great and well earned THANK YOU to all our employees for all their hard work and dedicated efforts over the course of 2020 - YQM would not have been able to “buffer the pandemic” as well as we have without this – **THANK YOU!** Our team worked swiftly to put new measures and approaches in place to ensure the safety of our employees, business partners and travellers as health and safety remained our #1 priority.

Unfortunately, preserving cash to compensate for pandemic impacts was only possible through a severe cutting of planned expenses and infrastructure projects as well as a significant reduction of our work force. I would therefore like to personally thank the members of our team who left the organization in 2020 for their contributions to YQM.

With our everyday news focused on the pandemic and its impacts, it is easy to forget the positive initiatives that have taken place at the Greater Moncton Roméo LeBlanc International Airport over the course of the year. So please see below a “Top 5” list of KEY ACHIEVEMENTS at YQM IN 2020:

### 1. ACCESSIBILITY:

Completion of our airside departure lounge accessibility project for airside mezzanine, Bistro Altitude, and elevator (Increased accessibility and airside departure area seating capacity).





2. PASSENGER AIR SERVICE:

Addition of long sought after, PAL Airlines route to St John's, Newfoundland in September 2020 in the midst of the pandemic (with Deer Lake and Wabush addition in January 2021).



3. CARGO ACTIVITY:

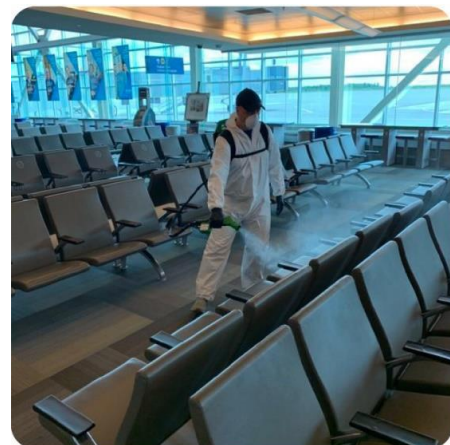
Addition of new weekly Bluebird Nordic air cargo service from Iceland in the midst of the pandemic – launched in November 2020. Very strong air cargo year with 46% growth of international cargo volume and 4% growth of domestic cargo by the end of December for an 8% year over year tonnage growth (in the midst of a global pandemic).

4. ENVIRONMENTAL & REGULATORY COMPLIANCE:

Completion of our glycol management system project which was funded in part through the federal government's National Trade Corridors Fund. As well as the completion of the Hold Baggage Screening (HBS) project funded by Canadian Air Transport Security Authority (CATSA), and the runway 11-29 asphalt repair work project.

5. SUPPORTING SAFE TRAVEL:

Achievement of Airports Council International (ACI) Airport Health Accreditation Program certification and lots and lots of good work on the safety, security, environmental, and operations side!



So, everything considered the YQM team still managed to achieve a huge amount of work and launch key new initiatives even while working its way through a pandemic. CONGRATULATIONS!

Financially the pandemic's impact on the aviation sector and airports like YQM was devastating. In 2020 our year end passenger traffic of 173,404 was a 74% drop over the previous year's activity of 674,406. As a comparison, the level of passenger activity seen in 2020 was 30% lower than when the airport authority took over the operation of the airport from Transport Canada in 1997.

Given that the majority of our revenue stems from passenger activity at YQM, the impact was tremendous on our airport partners such that Air Canada significantly reduced their activity, Porter Airlines curtailed all their network activity in April and have yet to restart, similar with Sunwing and Air Transat in regards to YQM activity, and WestJet curtailed all New Brunswick airport activity in November. Rental car providers saw their activity volumes plummet as did our restaurant operator Aramark and convenience store operator Relay. Unfortunately, as a result Relay opted not to extend its lease past 2020 and we thank them for their years of activity at YQM.



There were some positive developments in 2020 with both Cargojet and FedEx seeing increased volumes of activity during this pandemic year and our international freighter partners such as Entrepôt Froid Xtreme Cold Storage Ltd. and Airport Terminal Services (ATS) seeing their biggest annual international cargo activity volumes in their history.

In 2020 the GMIAA was able to sustain itself operationally through the use of cash reserves, but these were significantly depleted. We saw our 2020 revenue drop to \$9.6M, 53% lower than the \$20.3M we had anticipated in our budget. We have also depleted all of our Restricted AIR Funds. Our Excess of Expenditures over Revenue was a significant loss of \$6.5M.

Throughout the year, our team made sure that YQM activity and achievements were communicated via news releases, newsletters, social media and on our web site, which goes a very long way in highlighting the importance and benefit of having a local airport but additionally the commitment of our team to being “best in class” as an airport (By the way we are less than 700 “likes” away from having 20,000 “followers and likes” of our Facebook page!).

Although we were hoping 2021 would start showing some type of passenger traffic and financial recovery, this remains elusive as governments deploy the vaccine. Our financial sustainability and continued activity will only be possible through such a recovery which will likely require new approaches in mitigating the pandemic spread and likely a combination of testing protocols and alternatives to quarantine requirements and travel restrictions.

We will work with our provincial and federal governments to identify and launch coordinated plans and approaches that will lead to a gradual recovery of passenger travel activity via safe travel protocols, all while continuing to build traveller confidence levels.

Many thanks to the GMIAA Board of Directors and the Vantage Airport Group for their support and guidance throughout the pandemic and 2020. I also would like to recognize and thank all our business and airline partners for their ongoing support and activities at YQM when facing the devastating impacts to their operations and workforces. We will work with you to rebuild your activity at the Greater Moncton Roméo LeBlanc International Airport.

Looking forward to a more normal post-pandemic world and a recovering aviation sector!



Bernard LeBlanc  
President & CEO GMIAA  
Managing Director YQM



# Operations and Environment

## Key Highlights

- Obtained Airports Council International (ACI) Airport Health Accreditation
- Implemented and maintained a COVID-19 operating plan throughout 2020 for the airport.
- Implemented various changes to Air Terminal Building (ATB) operations due to COVID-19, such as additional signage, floor decals, plexiglass barriers, additional hand sanitizing stations, enhanced cleaning including use of electrostatic sprayer, employee screening, visitor restrictions, etc.
- Implemented significant operational cost reductions by either deferring or reducing scopes where possible on both capital and operating expenses.



- Completed construction of a new glycol management system, which was funded in part through the federal government's National Trade Corridors Fund (NTCF). The system was commissioned in November 2020.
- Completed a partial asphalt rehabilitation of runway 11-29 in August 2020.
- Completed the Hold Baggage Screening (HBS) project funded by the Canadian Air Transport Security Authority (CATSA) commissioned in October 2020 (construction initiated in 2019).
- Completed the upstairs bistro conversion to an airside bistro with accessibility (construction initiated in 2019).

- Completed several terminal building updates including:
  - Building management system lifecycle upgrade
  - Roof repair project
  - Enhanced scheduling of lighting and heating/cooling in order to reduce energy consumption
- Enhanced training to meet Accessible Transportation for Persons with Disabilities Regulations (ATPDR) requirements.
- Enabled visual paging capabilities through existing Flight Information Display System (FIDS) screens to comply with new ATPDR requirements.
- Installed braille and tactile signage to meet ATPDR requirements.
- Participated in virtual Canadian Airports Safety Week.
- Undertook a Vantage Airport Group operational team peer review at YQM focusing on the airport emergency response plan.
- Completed several training enhancements including:
  - Revamp of our winter orientations plan and associated training program
  - Enhancement of training program to include competency testing
  - Complete revamp of our aircraft rescue and firefighting (ARFF) training program
- Participated in airport partner emergency response desktop exercise.



## Looking Forward to 2021

In addition to items mentioned in the Chair's message and the President and CEO's message, the key aim for the organization for 2021 will be to:



Accordingly, the YQM team's efforts will initially focus on "preserving cash" and minimizing expenses such as to maneuver our way through the pandemic. We will also leverage any and all available government funding at both the federal and provincial levels to assist us in these efforts until we see a resumption of passenger travel activity (when it is safe to do so) and revenues to ensure financial viability. Aviation experts are predicting that a full recovery to 2019 levels of airport activity may take several years and possibly not until 2024 or later.

## Business Development

Despite a healthy start to 2020, from January to mid-March, the year ended at YQM like all airports worldwide, with a huge loss in passenger movements. At YQM, 2020 finished with 173,404 passengers in comparison to 674,406 in 2019.

Although beneficial in terms of mitigating the spread of the virus, the strict travel restrictions still in place for our region contributed to the 74% year over year passenger traffic decrease. Passenger traffic hit a low of 1,079 in May, representing a drop of 98%. The airport remains an essential service for people needing to travel for essential reasons. For 2021, passenger activity is anticipated to be even less than 2020's level. Recovery will be subject to an eventual easing of travel restrictions and quarantine requirements as health guidelines permit.

### Cargo continues to play an important role

YQM continued to be a key transportation hub of choice in Atlantic Canada. The total cargo tonnage for 2020 at Greater Moncton Roméo LeBlanc International Airport (YQM) was 20,400 metric tonnes. This is an increase over the previous year from 18,900 metric tonnes. This equals to an 8% growth year over year. Although about 12% of all air cargo volumes at YQM, the international freighter volumes grew by close to 50% year over year.



Photo: Cargojet



Photo: Peter Collette

This increase is the second largest in the country, after John C. Munro Hamilton International Airport (YHM) for Tier 2 airports, which is a measure related to the size of the airport (excludes Canada's top 8 largest airports). It should be noted that YHM is also a Vantage Airport Group managed airport.

The demand for fresh lobster in Asia is the reason we continue to see larger aircraft like Atlas Air and Kalitta Air's Boeing 747s at YQM. Another carrier who initiated activity at our airport in 2020 is Bluebird Nordic, an Icelandic airline that carries seafood product to North American markets on a weekly basis. We are also extremely thankful for our daily domestic cargo airline partners Cargojet and FedEx who make up the majority of our air cargo activity and contribute greatly to keeping us connected and moving shipments like vaccines, critical equipment and time sensitive goods. YQM also continued to work with our valued partners Entrepôt Froid Xtreme Cold Storage Ltd., Airport Terminal Services (ATS) and local shippers for continued promotion and growth of our international freighter activity direct to Asia and Europe.

## Community engagement

Once the aviation sector begins to recover from the financial impacts of COVID-19, we will look forward to reinvesting in our community as we always have by sponsoring events, donating, engaging in various community activities, customer appreciation programs and awards.

Although less active in the community in 2020, YQM has made a significant effort to keep our community and stakeholders engaged through our bi-annual Community Consultative Committee sessions, direct interaction with key community organizations and our municipal partners, as well as through the issue of regular newsletters, press releases, and social media posts and updates. In 2020 the Greater Moncton International Airport Authority (GMIAA) held virtual Community Consultative and Noise Committee sessions on July 7 and December 16.

YQM is committed to being a leader in the business and airport community.



Sponsored events in pictures above were held in January and February 2020, prior to COVID-19 restrictions



## Board of Directors

The role of the Board of Directors is to provide overall direction of the organization. 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.

Six standing Board committees met on a regular basis throughout 2020. These committees are:

- Audit Committee
- Governance Committee
- Human Resources Committee
- Nominating Committee
- Risk Management Committee
- Strategic Planning Committee

### Director's 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 2020 was:

Diane Allain	\$7,700
Arthur Allan	\$6,800
Brian Baxter	\$6,500
Jean Corriveau	\$7,700
Luc Elsliger	\$9,800
Patrick Grew	\$9,800
Pierre Leblanc	\$3,825 *
Scott Lewis	\$7,100

Janice Lirette Evers	\$12,200
James Lockyer	\$7,700
Kathy Malley	\$8,000
Michael Magee	\$7,100
Peter McIntyre	\$8,000
Nancy Whipp	\$18,100
* term ended prior to year-end 2020	

### Board Accountability

The GMIAA Inc. Board of Directors was in compliance with its Code of Conduct and Ethics for Directors policy in 2020.



## 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. On March 31, 2020 the Government of Canada announced a rent waiver for March 2020 to December 2020 as part of its COVID-19 Economic Response Plan. On December 30, 2020 the Government of Canada confirmed an additional rent waiver for the 2021, 2022 and 2023 lease years as a COVID-19 Pandemic Relief.

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 2020.

### Highlights

- The impact of the COVID-19 pandemic on the aviation industry has been staggering. Passengers at YQM in 2020 totaled 173,404, a drop of 74% compared to 2019, leading to a \$10.1M, or 51% reduction in revenue and an excess of expenditures over revenue (loss) of (\$6.5M). Prior to the pandemic, the GMIAA's five (5) year annual average excess of revenue over expenditures was a surplus of \$2.1M, illustrating the unprecedented shock to our financial performance.
- Billable aircraft movements dropped by 61% for passenger aircraft and 22% for cargo aircraft resulting in a \$2.8M drop in aircraft revenues as compared to 2019. Despite the reduction in cargo aircraft movements, 2020 saw an 8% growth in cargo tonnage at 20,400 metric tonnes with international freighter volumes growing by close to 50%.
- With the sharp decline in passengers, airport revenue from concessions and parking were hit hard, dropping by \$0.9M and \$1.5M respectively. GMIAA was able to access \$0.9M from the Canada Emergency Wage Subsidy (CEWS) in 2020. Altogether airport revenues of \$3.7M were down by \$1.4M or 27%.
- The most substantial revenue source impacted by the pandemic was the Airport Improvement Fee (AIF). GMIAA reinvests funds generated from the AIF into the airport's infrastructure. Net funds from AIF in 2020 were \$2M, a drastic drop of \$5.9M compared to 2019, or 74%.



- GMIAA responded quickly when the pandemic hit our region in March 2020 identifying and implementing cost reduction strategies. This included the difficult decision to implement workforce reductions, initiate spending freezes, and cancel or defer planned initiatives generating a year over year reduction in expenditures of \$1.3M. These mitigations were balanced with our unwavering commitment to provide a safe, regulatorily compliant, and reliable airport which included infrastructure repairs of \$0.5M invested into our primary runway 11-29.
- Capital spending in 2020 was cut by \$10.4M versus budget and totalled \$9.1M. The most significant project was the glycol management system. \$7.1M was spent in 2020 on this project which was funded in part through the federal government's National Trade Corridors Fund (NTCF). The other large initiative in 2020 was the completion of the CATSA-funded hold baggage screening project.
- To fund its portion of the de-icing fluid management system, GMIAA accessed \$2M of an anticipated \$3.7M new bank loan in 2020. No additional financing was accessed in 2020. Bank financing outstanding at the end of 2020 was \$23.2M.

## 2020 Actual vs Business Plan (in \$ millions)

	Actual	Plan	Difference	Explanation
<b>Revenue</b>	\$9.6	\$20.3	\$(10.7)	74% drop in passenger activity as a result of COVID-19 pandemic resulting in a \$6.1M hit to Airport Improvement Fees (AIF) and \$5.5M reduction in aircraft and airport revenue offset by \$0.9M from the Canada Emergency Wage Subsidy (CEWS).
<b>Expenses</b>	\$16.1	\$18.9	\$2.8	Cost mitigation strategies in response to COVID-19 including workforce reductions, Federal Government rent waiver, and spending freezes and deferrals.
<b>Capital Expenditures</b>	\$9.1	\$19.5	\$10.4	\$9.6M deferral of remaining phases of the National Trade Corridors Fund (NTCF) project as part of COVID-19 cost mitigation. Delay in planned loading bridge replacement of \$1.0M.
<b>Business Plan Objectives</b>	2020 objectives quickly had to pivot in 2020 in response to the COVID 19 pandemic. The GMIAA successfully delivered its planned de-icing fluid management system and received accreditation from the Airports Council International (ACI) under its Airport Health Accreditation program (AHA). GMIAA was not able to achieve Level 3+ (Carbon Neutrality) under the ACI Airport Carbon Accreditation Program as the cost of the external validation and capital investments were deferred in response to COVID-19.			

*Note: Revenue above includes net Airport Improvement Fees.*

## Business Plan Forecast 2021-2025 (in \$ millions)

	2021	2022	2023	2024	2025
<b>Revenue</b>	\$8.6	\$13.0	\$15.4	\$19.8	\$21.2
<b>Expenses</b>	\$16.6	\$16.9	\$17.2	\$18.2	\$18.5
<b>Capital Expenditures</b>	\$0.2	\$13.9	\$13.0	\$2.8	\$11.4
<b>Objectives</b>	<ul style="list-style-type: none"> <li>Financial recovery from COVID-19 pandemic</li> <li>Deliver major airport infrastructure projects</li> <li>Enhance the passenger experience</li> <li>Revenue growth including land and terminal building leasing</li> <li>Commercialization and increased concessions</li> <li>Increased emphasis on training and succession planning</li> </ul>				



# FINANCIAL STATEMENTS

**Greater Moncton International Airport Authority Inc.**

December 31, 2020

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## Independent auditor's report

To the Members of

Greater Moncton International Airport 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, 2020, 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, 2020, 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 Organization 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 Organization'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 Organization'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 Organization 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  
April 9, 2021



Chartered Professional Accountants

**Greater Moncton International Airport Authority Inc. /  
Direction de l'Aéroport International du Grand Moncton Inc.**  
**Statements of Operations and Changes in Net Assets**

Year ended December 31

**2020**

**2019**

Revenues		
Aircraft (Page 34)	\$ 3,874,550	\$ 6,713,163
Airport (Page 34)	3,722,834	5,133,461
	<b>7,597,384</b>	11,846,624
AIR Fund revenues, net of expenses (Note 11)	<b>1,983,676</b>	7,843,170
	<b>9,581,060</b>	19,689,794
Expenditures		
Salaries and employee benefits (Page 34)	3,122,986	3,410,255
Other operating and administration expenses (Page 35)	5,914,702	6,841,518
Amortization	6,223,567	5,648,478
Ground lease rent (Note 10(a))	5,765	542,572
Interest on bank financing	801,933	896,829
	<b>16,068,953</b>	17,339,652
Excess of (expenditures over revenues) revenues over expenditures	<b>\$ (6,487,893)</b>	\$ 2,350,142
Net assets, beginning of year	\$ 37,647,237	\$ 34,612,095
Excess of (expenditures over revenues) revenues over expenditures	(6,487,893)	2,350,142
Remeasurement in actuarial gains	301,000	685,000
Net assets, end of year	<b>\$ 31,460,344</b>	\$ 37,647,237

See accompanying notes and schedules to the financial statements.

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

## Statement of Financial Position

December 31

2020

2019

### Assets

#### Current

Cash and cash equivalents	\$ 4,177,586	\$ 8,003,913
Receivables	1,226,709	1,483,583
Discretionary grants and contributions receivable	1,756,039	235,976
Materials and supplies	153,402	156,401
Prepaid expenses	146,087	208,454
	<b>7,459,823</b>	<b>10,088,327</b>
Restricted cash (Note 3)	-	580,091
Pension surplus (Note 4)	3,207,000	2,782,000
Capital assets (Note 5)	49,464,131	51,684,244
	<b>\$ 60,130,954</b>	<b>\$ 65,134,662</b>

### Liabilities

#### Current

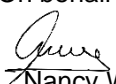
Payables (Note 6)		
Trade	\$ 1,006,892	\$ 1,412,253
Capital	3,728,394	2,287,271
Unearned revenue	35,901	170,770
Refundable deposits	179,323	154,324
Bank financing due within one year (Note 7)	1,675,000	1,675,000
	<b>6,625,510</b>	<b>5,699,618</b>
Callable portion of bank financing (Note 7)	15,084,484	14,231,250
	<b>21,709,994</b>	<b>19,930,868</b>

#### Long-term

Severance liabilities	498,116	544,057
Bank financing (Note 7)	6,462,500	7,012,500
	<b>6,960,616</b>	<b>7,556,557</b>
	<b>28,670,610</b>	<b>27,487,425</b>
<b>Net assets</b>	<b>31,460,344</b>	<b>37,647,237</b>
	<b>\$ 60,130,954</b>	<b>\$ 65,134,662</b>

Commitments (Note 10)

On behalf of the board

  
Nancy Whipp,  
Director

  
Janice Lirette Evers,  
Director

See accompanying notes and schedules to the financial statements.

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

## Statement of Cash Flows

Year ended December 31

2020

2019

Increase (decrease) in cash and cash equivalents

### Operating

Excess of (expenditures over revenues) revenues over expenditures	\$ (6,487,893)	\$ 2,350,142
Items not affecting cash		
Amortization	6,223,567	5,648,478
(Gain) loss on disposal	(4,050)	251,112
Pension expense (Note 4)	37,000	63,000
	(231,376)	8,312,732
Change in non-cash working capital items (Note 9)	(238,931)	(387,996)
Pension payments (Note 4)	(161,000)	(225,000)
	(631,307)	7,699,736

### Financing

Repayment of bank financing	(1,675,000)	(5,175,000)
Proceeds from new financing	1,978,234	-
Change in capital payables	1,441,123	2,168,347
	1,744,357	(3,006,653)

### Investing

Change in restricted cash, net	580,091	6,021,432
Proceeds on disposition of assets	4,050	55,555
Motor vehicles	-	(762,078)
Equipment	(1,371)	(78,780)
Infrastructure	(7,051,859)	(6,279,254)
New ATB	(2,073,107)	(2,564,241)
Discretionary grants and contributions	3,602,819	1,597,850
	(4,939,377)	(2,009,516)

(Decrease) increase in cash and cash equivalents (3,826,327) 2,683,567

Cash and cash equivalents

Beginning of year	8,003,913	5,320,346
End of year	\$ 4,177,586	\$ 8,003,913

See accompanying notes and schedules to the financial statements.



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

## **Notes to the Financial Statements**

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December 31, 2020

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### **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 for 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)).

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### **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 30th annually for all such agencies. No such minimum guarantees were applicable as at December 31, 2020.

#### **Government Assistance**

GMIAA recognizes government assistance toward current expenses in the Statement of Operations. When government assistance is specified to relate to future expenses, GMIAA defers the assistance and recognized it in the Statement of Operations as the related expenses are incurred. When government assistance relates to the acquisition of capital assets, GMIAA deducts the assistance from the cost of the related capital asset.

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

## Notes to the Financial Statements

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December 31, 2020

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### 2. Summary of significant accounting policies (continued)

In 2019, the Company entered into a multi-year contribution agreement with the Federal government ("Government") represented by the Minister of Transport for an eliminating bottlenecks and enabling growth project under the National Trade Corridors program. The agreement commenced December 12, 2019 and spans a two-year period ending July 31, 2021 which was amended to end July 31, 2024. Claims for reimbursement under the agreement are submitted to the Government once the related invoice has been paid. The contribution agreement funds 50% of eligible expenditures to a maximum of \$8,343,152. GMIAA recorded funding of \$3,526,351 (2019 - \$16,048) as a reduction to the cost of the related capital asset. At December 31, 2020 GMIAA has recorded a receivable from the Government of \$1,563,981 (2019 - \$16,048) relating to eligible expenditures and holdbacks pertaining to 2020.

Non-refundable government contributions of \$1,596,533 (2019 - \$1,817,777) through the Canadian Air Transport Security Authority's Hold Baggage Screening (HBS) Recapitalization Program for security screening assets have been recorded as a reduction to the cost of the related asset. At December 31, 2020 GMIAA has recorded a receivable from the Government of \$192,058 (2019 - nil) relating to eligible expenditures and holdbacks pertaining to 2020.

### 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.

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

## **Notes to the Financial Statements**

December 31, 2020

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### **2. Summary of significant accounting policies (continued)**

#### **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. A valuation allowance is recognized to limit the defined benefit asset recognized on the balance sheet for any excess of the plan surplus over the expected future benefit the GMIAA expects to realize from the plan surplus.

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 appropriateness of the going concern assumption, useful lives and recoverability of long-lived assets, valuation adjustments, provisions for contingencies, assumptions related to pension plan, interest rate swaps, severance liabilities and allowance for doubtful accounts. 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.

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

## Notes to the Financial Statements

December 31, 2020

<b>3. Restricted cash</b>	<b>2020</b>	<b>2019</b>
AIR Fund for capital purposes	\$ -	\$ 580,091

### 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.

The valuation allowance for 2020 was calculated as the difference between the plan's defined benefit asset and a limit based on the expected future benefit projected to be available to the GMIAA.

Information about the CAC defined benefit plan follows:	<b>2020</b>	<b>2019</b>
Accrued benefit obligation	\$ (6,990,000)	\$ (6,881,000)
Fair market value of plan assets	10,628,000	9,663,000
Funded status – pension surplus	\$ 3,638,000	\$ 2,782,000
Valuation allowance	(431,000)	-
	<b>\$ 3,207,000</b>	<b>\$ 2,782,000</b>

The pension plan is required to complete solvency valuations as part of the normal regulatory compliance. As a result of the January 1, 2020 solvency valuation, the pension plan had a statutory solvency deficiency of approximately \$52,700 and is required to make special annual payments of approximately \$10,540 for 5 years. On April 15, 2020, Finance Canada announced temporary solvency relief for the remainder of 2020 for federally regulated defined benefit pension plans. As a result of these measures, solvency special payments that became due from April 1, 2020 until December 20, 2020 were reduced to zero. GMIAA paid \$2,635 in special payments in 2020.

	<b>2020</b>	<b>2019</b>
Net pension expense	\$ 35,000	\$ 63,000
Employer contributions	161,000	225,000
Employee contributions	27,000	29,000
Benefits paid	265,000	494,000

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

## Notes to the Financial Statements

December 31, 2020

### 4. Pension surplus (continued)

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

	2020	2019
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 2020 fiscal year is based on an extrapolation provided by the actuaries. The last formal actuarial valuation performed was effective January 1, 2020. The actuaries believe the financial results would not differ materially from the extrapolation if a formal valuation was performed as at December 31, 2020. The next valuation report is due from the actuaries effective January 1, 2021.

	Percentage of Plan Assets	
	2020	2019
Defined benefit plan assets consist of:		
Equity securities	63.7%	59.9%
Debt securities	33.2%	32.5%
Other	3.1%	7.6%
	100.0%	100.0%

In addition, GMIAA contributed \$128,815 (2019 - \$131,192) to a defined contribution plan for employees during the year.

### 5. Capital assets

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	2020 Net Book Value
Airside infrastructure**	55,700,825	(14,980,471)	(23,018,104)	17,702,250
Equipment	2,435,299	(186,921)	(1,985,088)	263,290
Groundside infrastructure**	28,373,773	(8,141,355)	(4,385,948)	15,846,470
Motor vehicles	7,867,500	(136,552)	(5,576,454)	2,154,494
New ATB**	34,850,431	(6,864,560)	(14,500,597)	13,485,274
Old ATB renovations**	1,277,204	(495,356)	(769,495)	12,353
Assets under construction	-	-	-	-
	\$ 130,505,032	\$ (30,805,215)	\$ (50,235,686)	\$ 49,464,131

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

## Notes to the Financial Statements

December 31, 2020

### 5. Capital assets (continued)

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	2019 Net Book Value
Airside infrastructure**	55,701,667	(14,980,471)	(19,360,112)	<b>21,361,084</b>
Equipment	2,433,927	(186,921)	(1,877,298)	<b>369,708</b>
Groundside infrastructure**	21,200,474	(4,598,957)	(3,586,438)	<b>13,015,079</b>
Motor vehicles	7,925,163	(136,552)	(5,117,843)	<b>2,670,768</b>
New ATB**	31,020,340	(4,127,916)	(13,367,744)	<b>13,524,680</b>
Old ATB renovations**	1,277,204	(495,356)	(760,343)	<b>21,505</b>
Asset under construction (Note 10(d))	2,556,226	(1,834,806)	-	<b>721,420</b>
	<b>\$ 122,115,001</b>	<b>\$ (26,360,979)</b>	<b>\$ (44,069,778)</b>	<b>\$ 51,684,244</b>

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

### 6. Payables

Government remittances of \$3,867 (2019 – \$3,060) for worker's compensation are included in payables. There are no amounts payable relating to HST.



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

## Notes to the Financial Statements

December 31, 2020

<b>7. Bank financing</b>	<b>2020</b>	<b>2019</b>
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.	<b>6,325,000</b>	<b>6,875,000</b>
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.	<b>7,012,500</b>	<b>7,562,500</b>
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.	<b>7,906,250</b>	<b>8,481,250</b>
CIBC demand loan authorized to a limit of \$3,747,500 amortized to December 2036 at bankers acceptance plus 0.45% per annum renewed every 30 days. The full authorized amount was not advanced as at December 31, 2020. There is an interest rate swap effective October 1, 2021 with a fixed rate of 1.52% per annum. There is a 12 month interest only period ending January 2022. Principal repayments beginning in 2022 are quarterly installments of \$62,458.	<b>1,978,234</b>	<b>-</b>
	<b>23,221,984</b>	<b>22,918,750</b>
Less current portion	<b>1,675,000</b>	<b>1,675,000</b>
Less callable portion	<b>15,084,484</b>	<b>14,231,250</b>
Due beyond one year	<b>\$ 6,462,500</b>	<b>\$ 7,012,500</b>

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. GMIAA is in breach of its debt covenant for 2020 and has received a waiver thereon from CIBC for 2020.

Estimated principal repayments are as follows:

2021	\$ 1,675,000
2022	1,924,833
2023	1,924,833
2024	1,924,833
2025	1,924,833

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

## Notes to the Financial Statements

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December 31, 2020

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### 8. Financial instruments liability

The GMIAA has three interest rate swaps with a total notional amount of \$21,243,750 (December 31, 2019 - \$22,918,750). The GMIAA has elected to apply hedge accounting to these instruments (see Note 2 "Derivative financial instruments"). At December 31, 2020 interest rate swaps were valued at (\$1,967,185) (December 31, 2019 - (\$1,001,287)).

The GMIAA has two forward interest rate swaps with start dates of October 2, 2021 and June 30, 2022 with a total notional amount of \$9,247,500 (December 31, 2019 – nil). At December 31, 2020 forward interest rate swaps were valued at (\$171,726) (December 31, 2019 – nil).

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

	<u>2020</u>	<u>2019</u>
Receivables	\$ 256,874	\$ (236,730)
Materials and supplies	2,999	(21,939)
Prepaid expenses	62,367	(16,938)
Payables - trade	(405,361)	(121,869)
Refundable deposits	25,000	-
Unearned revenue	(134,869)	(15,668)
Severance liabilities	(45,941)	25,148
	<u>\$ (238,931)</u>	<u>\$ (387,996)</u>

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### 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. On March 31, 2020, the Government of Canada announced a rent waiver for March 2020 to December 2020 as a part of the Government of Canada's COVID-19 Economic Response Plan. On December 30, 2020, the Government of Canada confirmed an additional rent waiver for the 2021, 2022 and 2023 lease years as a COVID-19 Pandemic Relief.

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

## Notes to the Financial Statements

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December 31, 2020

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### 10. Commitments (continued)

- (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 4 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 35).
- (d) The GMIAA has a commitment to purchase an airport rescue and firefighting vehicle (ARFF) in 2021.

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### 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.

	2020	2019
Fees collected	\$ 2,133,627	\$ 8,341,155
Interest	8,115	93,894
	<b>2,141,742</b>	<b>8,435,049</b>
Handling fees	<b>(158,066)</b>	<b>(591,879)</b>
Excess of revenues over expenses	<b>\$ 1,983,676</b>	<b>\$ 7,843,170</b>

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

## **Notes to the Financial Statements**

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December 31, 2020

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### **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 \$5.0 million dollar line of credit available, and term loans of \$21.2 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, 2020, the notional amount related to interest rate swaps was \$21.2 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.

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

## **Notes to the Financial Statements**

December 31, 2020

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### **12. Financial instruments (continued)**

#### **(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.

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### **13. Line of credit**

GMIAA has available an operating line of credit of \$5.0 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.

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### **14. Comparative figures**

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

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### **15. COVID 19**

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization, which has resulted in governments worldwide, including the Canadian and provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally and in Canada, resulting in an economic slowdown. As a result of the pandemic, GMIAA has experienced a significant decrease in revenues. In response, the Authority has reduced its workforce by 26% and is closely monitoring its costs, capital projects and expenditures to reduce the impact of potential lost revenues. The impact on operating cash flows, working capital levels and/or debt balances, which may also have a direct impact GMIAA's operating results and financial position in the future, will depend on when operations can resume to pre-pandemic levels. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Authority is not known at this time.

In April 2020, the Authority confirmed its eligibility to receive funding from the government under the Canada Emergency Wage Subsidy ("CEWS") program and qualified for \$921,903 of funding under this program for fiscal 2020. At the date these financial statements were completed the government has committed to run the CEWS program until June 2021. Subsequent to year end, GMIAA has qualified for \$197,953 in funding under this program to the program period ended February 13, 2021.

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

## Schedules to the Financial Statements

Year ended December 31

### Aircraft revenues

	2020	2019
Landing fees	\$ 3,262,261	\$ 4,997,256
Terminal fees	612,289	1,715,907
	<u>\$ 3,874,550</u>	<u>\$ 6,713,163</u>

### Airport revenues

	2020	2019
Airport emergency services	\$ 42,900	\$ 166,500
Concessions	720,476	1,664,337
Federal subsidies	921,903	-
Gain (loss) on disposal of assets	4,050	(251,112)
Miscellaneous	22,348	13,016
Interest	71,326	143,701
Parking	734,501	2,223,980
Recovery of expenses from tenants	225,477	181,739
Recovery of property taxes from tenants	373,933	375,439
Rent from tenants	605,920	615,861
	<u>\$ 3,722,834</u>	<u>\$ 5,133,461</u>

### Salaries and employee benefits

	2020	2019
Salaries and wages	\$ 2,638,653	\$ 2,911,813
Employee Benefits	484,333	498,442
	<u>\$ 3,122,986</u>	<u>\$ 3,410,255</u>



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

## Schedules to the Financial Statements

Year ended December 31

### Schedule of Other operating and administration expenses

	2020	2019
Advertising and marketing	\$ 110,303	\$ 366,235
Bad debt expense	-	4,915
Board administration	157,611	183,433
Communications - telephone/cellular	63,956	65,859
Contract and special services	290,048	283,543
Electricity	479,506	526,950
Fuel	336,109	404,157
Insurance	188,850	168,526
Interest and bank charges	47,850	105,227
Janitorial services	235,608	265,394
Management and support services	817,453	1,154,887
Materials and supplies	325,164	352,593
Miscellaneous	98,583	210,212
Office supplies	5,317	10,708
Professional and consulting services	100,144	81,111
Property taxes	1,046,688	1,044,754
Repairs and maintenance - Equipment	211,039	342,914
Repairs and maintenance - Infrastructure	685,368	291,039
Security services	627,449	800,488
Travel	20,168	87,061
Water and sewer	67,488	91,512
	<b>\$ 5,914,702</b>	<b>\$ 6,841,518</b>