

An aerial photograph of the Greater Moncton International Airport and its surrounding area. The airport's runways, taxiways, and terminal buildings are clearly visible in the lower half of the image. The surrounding landscape is a mix of green fields, forests, and some residential or commercial buildings. In the background, a large body of water, likely the Bay of Fundy, stretches across the horizon under a clear sky.

GREATER MONCTON INTERNATIONAL
AIRPORT AUTHORITY INC.

2021 ANNUAL REPORT

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CHAIR'S MESSAGE



2021, a year full of surprises

The year 2021 certainly did not proceed as we all had hoped and expected it to. Even though the passenger numbers did not meet target, we were able to achieve better financial results than those planned. This happy turn of events is due to the generous funding we received from the Federal government, through various programs, as well as property tax relief from the provincial government.

Another big surprise this year was the announcement by our President and CEO of his retirement from the airport. Bernard has been a very important pillar to our organization. During his tenure at the airport, we saw a substantial growth in passenger traffic (excluding the COVID-19 years) as well as in cargo operations. Bernard was also instrumental in bringing direct flights from Moncton to Newfoundland with a partnership with PAL. This was 12 years in the making and was certainly proof that perseverance pays off. His last 2 years were difficult with the COVID-19 pandemic, yet through it all Bernard and his team managed to capitalize on all available subsidies and even complete some very important infrastructure projects. It was a real privilege for me as Chair to have worked with Bernard over the last 3 years. I would like to take this opportunity to thank him for all he has done for the airport and wish him a good handicap on the golf course.

The Board as usual was kept very busy with the process of recruiting a new CEO, large infrastructure projects and oversight of the constantly evolving financial situation. I would like to thank them again for their constant dedication in these challenging times. I would like to give a special thanks to Diane Allain who after 9 years on the Board of Directors of the Greater Moncton International Airport Authority Inc. (GMIAA), and many of those years as Chair of the Human Resources committee, will be leaving us. She was instrumental in putting many human resources procedures in place to ensure good governance for the organization. I would like to also welcome three new board members; Linda Schofield, Ian Franklin and Roland Cormier.

Lastly, I would like to thank all of the employees at the airport for their hard work in these tough times. They have managed to stay focused and have been loyal to our organization through it all.

My time on the Board will be ending with this Annual General Meeting. I am very grateful to the Board and Management for all that we managed to achieve for the GMIAA during my tenure over these challenging years. It has been a true pleasure and privilege to serve as Chair of the airport for the last 3 years.



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



CEO'S MESSAGE



2021 was once more a very challenging year for YQM but one which the team faced head-on and still managed to make great strides and progress in, although not achieving the recovery of passenger traffic activity that we had hoped to see.

Although YQM saw a slight increase in passenger count over the prior year (by 3,637 passengers), we still remained down 74% compared to our more normal 2019 passenger traffic volumes such that we achieved 177,040 passengers in 2021 versus 674,406 in 2019, but just short of our 182,664 budget (at 96.9% of target).

In the Canadian "airport world", passenger traffic is our lifeblood/livelihood as our revenues are directly tied to passenger activity (e.g, landing & terminal fees, airport improvement fees, rental car fees, parking fees, etc) although supplemented by cargo and non-aeronautical activity related revenue.

Fortunately, the federal government recognized these challenges and came to our assistance in 2021 with COVID-19 related financial support available through a variety of programs and initiatives which included:

- Regional Air Transportation Initiative (ACOA) - \$4,800,000 to maintain regional connectivity and jobs.
- Airport Relief Fund (Transport Canada) - \$1,886,000 to fund expenditures directly related to the operations of the Airport.
- Canada Emergency Wage Subsidy (CEWS) - \$779,297.
- Tourism and Hospitality Recovery Program (THRP) - \$132,711.
- Airports Capital Assistance Program (ACAP) - \$4,067,140 Infrastructure support for Runway 11-29 Rehabilitation and Taxiway Hold Signs.



L-R: Minister of Transport Omar Alhabra, GMIAA Board Chair Nancy Whipp and Minister Dominic LeBlanc

THANK YOU to our federal government and local MPs and Ministers Ginette Petitpas Taylor and Dominic LeBlanc for these very welcomed financial contributions!

For the first half of the year, YQM was the only airport offering passenger service in the Province of New Brunswick. Although 2021 was not a great year for the airport, we still achieved some very positive outcomes.

A few examples:

- Passenger airline partners – our scheduled air service partners Air Canada and PAL Airlines provided flight services throughout the full year at YQM with WestJet resuming flight services in June and Porter in September. As well, Swoop announced the launch of a new non-stop service to Edmonton Alberta for summer 2022.
- Cargo activity – We did see a slight increase in cargo activity in 2021 versus 2020 although there was a significant slowdown in international cargo activity in the second half of the year. Still, domestic activity with Cargojet and FedEx made up for this international volume slowdown.



Commercial activity to support passenger needs - We also saw Ad Valorem launch a very welcomed service by airport users in terms of the availability of “at airport” COVID-19 testing for those needing to show proof of a negative COVID-19 test at their arriving destination. Not only was YQM the first airport in Atlantic Canada to offer such services, now all PCR tests are processed at the airport, reducing the turnaround time for results.

- Infrastructure investments and projects – Although we started the year with a plan to only undertake about \$250,000 of projects in 2021, the availability of federal government infrastructure funding programs in fact allowed us to undertake projects worth just under \$9 million. The majority of this being related to the rehabilitation of our primary 8,000-foot runway 11-29.
- ACI-NA Environmental Achievement Award YQM was recognized as a North American leader for our environmental efforts.



None of the above undertakings would have been possible without the contributions and dedication of our YQM employees, as well as the efforts of all our airport partners, whether airlines, concession operators, ground handlers, fueling providers, as well as control tower operator NAV Canada and security screening provider CATSA.

In 2021, as a result of these combined efforts and federal government financial support, we were able to generate a net income of \$1.7M which compares very positively to 2020's net loss of (\$6.5M).

2021 will have been my last full year with YQM as I will be retiring in May of 2022. I would therefore like to thank ALL YQM EMPLOYEES for their efforts and contributions during my past 7 years at the airport. Your dedication to the success of the airport is not only noticed and appreciated by me but more importantly, by all users of the airport. You have made and still make YQM the success that it is – CONGRATULATIONS AND THANK YOU!

Similarly, I would like to recognize and thank the GMIAA Board of Directors, who's support and confidence has allowed me as CEO to ensure the long-term sustainability and growth of the Greater Moncton Roméo LeBlanc International Airport. Specific thanks to our current Board Chair Nancy Whipp as well as Chris Bacich and André Pelletier all past Chairs during my tenure at YQM.

I am very proud of what YQM has been able to achieve over my stay as CEO whether in regards to rehabilitating both our runways, building our new Airport Operations Facility, replacing our Aircraft Rescue and Fire Fighting (ARFF) vehicle fleet, or making our terminal more accommodating of our customers' needs post-security such as an accessible mezzanine, Altitude Bistro lounge and expanded food offerings.

Still, what I value the most of all our achievements is the team's efforts towards an environmentally and financially sustainable future through our de-icing fluid capture and disposal system collaboration with the City of Dieppe and TransAqua, as well as partnerships to grow the airport over the long term whether it be from the cargo perspective with Xtreme Cold, Cargojet, and ATS, or from the passenger side with existing and new airline partners.

This is what will maintain YQM's leadership position and ensure that the next 20 years are as successful as the past 20 years in terms of activity growth and financial sustainability.

At the outset of 2022 we are seeing continued impacts of the pandemic and will not see the return of our key international service partners Air Transat and Sunwing until 2023. This is unfortunate and will further challenge the airport financially in 2022 but hopefully this remains a temporary hiatus as we continue to "fight" the pandemic.

I look forward to taking advantage of all YQM has to offer as the region's "hub airport" following the conclusion of my term as CEO and in my retirement years.

Thanks to all of you who continue to support YQM and allow us to be your airport of choice!

Keep up the great work Team YQM!



Bernard LeBlanc, P.Eng., MBA, icd.d
President & CEO GMIAA | Managing Director YQM

OPERATIONAL HIGHLIGHTS

In addition to items mentioned in the Chair and CEO messages, following are key operational highlights:

- Completed a major airside rehabilitation project with the resurfacing of YQM's primary runway 11-29 which was funded in part by the Transport Canada Airports Capital Assistance Program (ACAP).



- Transitioned to the new Global Reporting Format (GRF) for the August 12th, 2021 implementation date in Canada for runway surface condition reporting (RSC). This is an internationally accepted methodology that required a complete retraining and certification for our operations team.

- Recognized in 2021 by Airports Council International- North America as recipient of an environmental achievement award for “Environmental Improvement with Limited Resources” in recognition of our new glycol management system initiative that went live in 2020.
- Maintained and renewed the Airports Council International (ACI) Airport Health Accreditation.
- Implemented and maintained a COVID-19 operating plan throughout 2021 for the airport in line with Province of NB, federal Public Health and Transport Canada guidelines and regulations.
- Relunched a new and improved YQM Emergency Procedures Manual in September 2021 and successfully tested our new Emergency Procedures Manual with a virtual table top exercise with our airport stakeholders and partners in December 2021.
- Developed an internal carbon reduction strategy with a key focus on initiatives to reduce our carbon footprint.
- Participation in virtual Canadian Airports Safety Week.



CANADIAN AIRPORTS Safety Week



Foreign object debris (FOD) cleanup with employees

BUSINESS

DEVELOPMENT

Pandemics are not a great timeframe during which to launch new services or seek a growth of activity. Still YQM was able to achieve just that. In 2021 we actually grew the number of passengers we accommodated over the prior year as well as the amount of cargo flowing through our airport.

Over the course of the full year, Air Canada and PAL Airlines provided flight services to Toronto, Montreal, Halifax, Ottawa, Deer Lake, Wabush and St-John's. WestJet resumed flight services to Toronto in June and Porter Airlines to Ottawa/Toronto City in September. All of this activity remained at a reduced scale than pre-pandemic as ramping up their flight frequency and seat capacity remained a function of customer demand.

Over the year, we saw PAL Airlines launch new routes to Deer Lake and Wabush Newfoundland as well as to Halifax and Ottawa in addition to their 2020 service to St John's NL. As well, Swoop reaffirmed its commitment to launch service from YQM in June 2022 although delayed from the 2020 planned launch due to the advent of the pandemic.

2021 was always uncertain in terms of the anticipated level of passenger activity recovery at the Greater Moncton Roméo LeBlanc International Airport (YQM). Although YQM was the only New Brunswick airport handling passenger traffic over the first half of the year, the activity remained very weak with only 10% of normal traffic levels in the first six months of the year. A stronger recovery over the summer months meant that YQM was able to close the year at 177,040 passengers so slight growth over the prior year's 173,404 passengers. Still, this remains down 74% compared to pre-COVID 2019 activity levels of 674,406 passengers.



PAL Airlines New Route Launch (YOW & YHZ)



It was also an active year from the cargo perspective with 20,624 metric tons (MT) of cargo shipped in 2021. This was a 247 MT increase over the prior year as a result of strong domestic cargo activity by both Cargojet and FedEx. Although the international cargo activity was very strong for the first 7 months of the

year, it at that point stalled due to COVID-19 impacts, only to recover late in the year.

In terms of new commercial activity at YQM over the course of 2021, we were the first Atlantic Canadian airport to accommodate an “on airport” COVID-19 testing service with our new tenant Ad Valorem. This service was initially launched in June 2021 and remains very active due to the need to provide negative COVID-19 test results at many international travel destinations. Accordingly, this became an essential service for the traveling public and helped to support the recovery of safe travel at our airport.

YQM continued to make efforts to keep our community and stakeholders engaged through our bi-annual Community Consultative and Noise Management Committee sessions, direct interaction with key community organizations and our municipal partners, as well as through the issue of regular newsletters, press releases, social media posts and updates.

Unfortunately, we were not yet in a position to accommodate group events at the airport in view of ongoing restrictions.



The Greater Moncton International Airport Authority held virtual Community Consultative and Noise Committee sessions on June 24 and December 21. YQM is committed to being a leader in the business and airport community and we hope to resume our normal levels of “in person” engagement in 2022. One initial example is working collaboratively with organizers to bring a Snowbirds demonstration to the Greater Moncton region on June 29th 2022.

BOARD OF DIRECTORS

Six standing Board committees met on a regular basis throughout 2021. These committees are:

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

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.

Committee memberships as of December 31, 2021:

AUDIT

Janice Lirette Evers (Chair)
James Lockyer Jean Corriveau
Ian Franklin Roland Cormier
Scott Lewis Nancy Whipp

GOVERNANCE

Luc Elsliger (Chair)
Janice Lirette Evers Linda Schofield
Scott Lewis Patrick Grew
Roland Cormier Nancy Whipp

HUMAN RESOURCES

Peter McIntyre (Chair)
Diane Allain Luc Elsliger
Linda Schofield Nancy Whipp

NOMINATION

Luc Elsliger (Chair)
Arthur Allan Peter McIntyre
Nancy Whipp

RISK MANAGEMENT

Arthur Allan (Chair)
Mike Magee Ian Franklin
Patrick Grew Peter McIntyre
Nancy Whipp

STRATEGIC PLANNING

James Lockyer (Chair)
Mike Magee Arthur Allan
Jean Corriveau Diane Allain
Luc Elsliger Nancy Whipp

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 2021 was:

Nancy Whipp	Chair	\$18,315
Luc Elsliger	Vice-Chair	\$11,108
Janice Lirette Evers	Secretary-Treasurer	\$12,195
Arthur Allan	Director	\$8,465
Brian Baxter *	Director	\$3,953
Diane Allain	Director	\$7,265
Ian Franklin **	Director	\$3,519
James Lockyer	Director	\$7,865
Jean Corriveau	Director	\$7,865
Linda Schofield **	Director	\$3,219
Michael Magee	Director	\$6,365
Patrick Grew	Director	\$7,865
Peter McIntyre	Director	\$6,965
Roland Cormier **	Director	\$3,078
Scott Lewis	Director	\$6,665

* Term ended prior to year-end 2021

** Term started midway through the year 2021

Board Accountability

The GMIAA Board of Directors was in compliance with its Code of Conduct and Ethics for Directors policy in 2021.

Community Consultative and Noise Management Committee

The Community Consultative Committee and 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, Operations

Representing stakeholders:

- Jean-Marc Brideau, City of Dieppe
- Paul R. Boudreau, Town of Shediac
- Bill Budd, City of Moncton
- Tyla Finlay, Town of Riverview
- Jim Doyle, Province of New Brunswick
- Ted Davis, NAV Canada
- Louis Godbout, Expansion Dieppe
- Greg MacLean, CCGM
- Susy Campos, 3+ Corporation
- John Belliveau, CAA

Human Resources Highlights

In 2021 we welcomed Louis De Grâce as a Mechanical Maintenance Technician and after 29 years of service with YQM, Camille Thébeau retired in October.

Employees celebrating years of service in 2021:

- Wilson Gear, Fire Fighter Captain - 35 years
- Joel Phillips, Airfield Specialist - 10 years
- Jeff Trenholm, Airfield Operations Specialist - 5 years
- Marty Gullison, Mechanical Maintenance Lead Technician - 5 years

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 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 21, 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 2021 except for its supply of fuel. GMIAA spent \$151,955 with Parkland Fuel Corp. in 2021. The last competitive bid process for fuel was conducted in 2019. The GMIAA will conduct a public tender for fuel in 2022.

HIGHLIGHTS

- The airport continued to feel the financial impacts of the COVID-19 pandemic on the aviation industry in 2021. Travel and public health restrictions impacting travel were in place throughout the year, although the province of New Brunswick lifted its restrictions in July until the Omicron variant hit our region in the fall. The airport saw a strong improvement in passenger activity correlated with New Brunswick's easing of travel restrictions, returning to a peak of 52% pre-COVID traffic in the month of December. Total passengers at YQM in 2021 were of 177,040, a slight, 2.1% increase from 2020 but remains down 74% compared to pre-pandemic activity.

- Revenue from aircraft, airport, and airport improvement fees continues to be significantly reduced compared to pre-pandemic levels, with 2021's revenue down 56% or \$11.1M for a two-year combined impact to revenue from COVID-19 of \$21.2M.



- GMIAA received \$7.6M in Federal COVID-19 relief funding in 2021 toward operating expenses. \$4.8M from the Atlantic Canada Opportunities Agency (ACOA) via the Regional Air Transportation Initiative, \$1.9M from the Federal Airport Relief Fund, and \$0.9M from wage subsidy programs. Following GMIAA's excess of expenditures over revenues, or net loss, of (\$6.5M) in 2020, this funding support was, without question, a substantial liquidity risk mitigation that allowed GMIAA to stabilize its cash flow position and avoid borrowing to finance losses resulting from the pandemic.



- Cost containment continued to be a key focus for GMIAA in 2021 with operating expenses coming well under budget for the year.
- GMIAA's excess of revenue over expenditures, or net income, in 2021 was \$1.7M.
- Capital spending in 2021 totaled \$8.9M with the largest initiative being the rehabilitation of runway 11-29 at a total project cost of \$8.3M. The project was 50% funded by the Airports Capital Assistance Program. GMIAA made a deposit in 2021 on an Aircraft Rescue and Fire Fighting Vehicle that will be delivered in 2022. This initiative is 100% funded by the Airports Capital Assistance Program and is anticipated to cost \$1.0M.
- GMIAA accessed a total of \$5.9M in bank financing in 2021; \$4.3M to fund its portion of the runway 11-29 rehabilitation project, and \$1.6M related to its 2020 de-icing system project (borrowing a two-year total of \$3.6M for the project). Bank financing outstanding at the end of 2021 was \$27.5M.

2021 Actual versus Business Plan (in \$ millions)

	Actual	Plan	Difference
Revenue	\$ 8.6	\$ 8.3	\$ 0.3
<p><u>Explanation:</u> With total passengers of 177,040 (under budget by 3.1%), the Airport Improvement Fees (AIF) missed budget by (\$0.1M). This was offset by aircraft revenue exceeding budget by \$0.3M due to larger aircraft than anticipated and increased use of passenger loading bridges, a larger number of after-hours arrivals as well as parking revenue and rental car concession better than budgeted by \$0.1M.</p>			
Government Assistance	\$ 7.6	\$ 0.3	\$ 7.3
<p><u>Explanation:</u> The Airport received Federal government COVID-19 relief for airports of \$6.7M via \$4.8M from the Regional Air Transportation Initiative and \$1.9M from the Airport Relief Fund. The airport received \$0.9M from a combination of the Canada Emergency Wage Subsidy and Tourism and Hospitality Recovery Program in 2021.</p>			
Expenses	\$ 14.6	\$ 16.5	\$ 1.9
<p><u>Explanation:</u> A focus on cost mitigation continued in 2021. The Airport saw relief of \$0.2M on property taxes and was able to forego planned repairs to runway 11-29 in light of Airports Capital Assistance Program funding for 50% of eligible expenditures on a full runway rehabilitation.</p>			
Capital Expenditures	\$ 8.9	\$ 0.2	\$ (8.7)
<p><u>Explanation:</u> \$8.3M rehabilitation to runway 11-29 which was 50% funded by the Airports Capital Assistance Program. The business plan had anticipated that the runway would be repaired (operating expense) in 2021 in the absence of funding support and rehabilitated in 2022.</p>			
Business Plan Objectives	<p>In 2021 GMIAA was successful in its active pursuit of funding support and in its cost mitigation and cash preservation objectives, securing \$7.6M in Federal government assistance towards operating costs as well as \$4.1M in funding towards a runway rehabilitation. Efforts commenced in 2021 on collective bargaining and GMIAA anticipates concluding this in 2022. Some objectives were deferred to 2022 in response to the ongoing impacts of COVID-19 including recruitment for the Manager, Airside Operations and developing a new Strategic Plan.</p>		

Note: Revenue above includes net Airport Improvement Fees.

Business Plan Forecast 2022-2026 (in \$ millions)

	2022	2023	2024	2025	2026
Revenue	\$ 13.5	\$ 16.2	\$ 20.3	\$ 20.3	\$ 20.5
Expenses	\$ 15.6	\$ 15.6	\$ 17.3	\$ 17.5	\$ 17.8
Capital Expenditures	\$ 2.7	\$ 11.7	\$ 3.5	\$ 4.8	\$ 13.0
Objectives	<ul style="list-style-type: none"> • Financial recovery from COVID-19 pandemic • Key recruitments including CEO (2022) • Deliver major airport infrastructure projects • Enhance the passenger experience • Revenue growth including land and terminal building • Commercialization and increased concessions • Increased emphasis on training and succession planning 				



The Greater Moncton International Airport Authority Inc. has a management services agreement in place with the Vantage Airport Group to operate YQM on its behalf.

Vantage Airport Group works with more than 30 airports worldwide by improving airport operations and commercial programs, investing in and developing new infrastructure or helping an airport grow its air services.



FINANCIAL STATEMENTS

GREATER MONCTON INTERNATIONAL AIRPORT AUTHORITY INC.

DECEMBER 31, 2021



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Independent auditor's report

To the Members of

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

Opinion

We have audited the financial statements of Greater Moncton International Airport Authority Inc / Direction de l'Aéroport international du Grand Moncton Inc. which comprise the statement of financial position as at December 31, 2021, 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, 2021, 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 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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

Moncton, Canada
April 23, 2022

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

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

2021

2020

Revenues		
Aircraft (Page 38)	\$ 3,788,538	\$ 3,917,450
Airport (Page 38)	2,438,789	2,758,031
Government assistance (Page 38)	7,598,008	921,903
	<u>13,825,335</u>	<u>7,596,384</u>
AIR Fund revenues, net of expenses (Note 10)	<u>2,342,950</u>	<u>1,983,676</u>
	<u>16,168,285</u>	<u>9,581,060</u>
Expenditures		
Salaries and employee benefits (Page 39)	2,508,022	3,122,986
Other operating and administration expenses (Page 39)	5,099,702	5,914,702
Amortization	6,205,593	6,223,567
Ground lease rent (Note 9(a))	-	5,765
Interest on bank financing	785,454	801,933
	<u>14,598,771</u>	<u>16,068,953</u>
Excess of revenue over expenditures (expenditures over revenues) before other income	\$ 1,569,514	\$ (6,487,893)
Other income		
Change in fair value of financial instruments (Note 7)	92,857	-
Excess of revenue over expenditures (expenditures over revenues)	<u>\$ 1,662,371</u>	<u>\$ (6,487,893)</u>
Net assets, beginning of year	\$ 31,460,344	\$ 37,647,237
Excess of revenue over expenditures (expenditures over revenues)	1,662,371	(6,487,893)
Remeasurement in actuarial (losses) gains	(40,000)	301,000
Net assets, end of year	<u>\$ 33,082,715</u>	<u>\$ 31,460,344</u>

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

2021

2020

Assets

Current

Cash and cash equivalents	\$ 9,801,508	\$ 4,177,586
Receivables	1,151,112	1,226,709
Discretionary grants and contributions receivable	191,829	1,756,039
Materials and supplies	169,584	153,402
Prepaid expenses	184,502	146,087
	<u>11,498,535</u>	<u>7,459,823</u>

Pension surplus (Note 3)	3,190,000	3,207,000
Capital assets (Note 4)	47,822,556	49,464,131
Financial instruments asset (Note 7)	92,857	-
	<u>\$ 62,603,948</u>	<u>\$ 60,130,954</u>

Liabilities

Current

Payables (Note 5)		
Trade	\$ 1,156,341	\$ 1,006,892
Capital	142,263	3,728,394
Unearned revenue	46,945	35,901
Refundable deposits	179,323	179,323
Bank financing due within one year (Note 6)	<u>2,274,607</u>	<u>1,675,000</u>

	3,799,479	6,625,510
Callable portion of bank financing (Note 6)	<u>25,217,842</u>	<u>15,084,484</u>

29,017,321 21,709,994

Long-term

Severance liabilities	503,912	498,116
Bank financing (Note 6)	-	6,462,500

503,912 6,960,616

29,521,233 28,670,610

Net assets

33,082,715 31,460,344
\$ 62,603,948 \$ 60,130,954

Commitments (Note 9)
Contingencies (Note 12)

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

2021

2020

Increase (decrease) in cash and cash equivalents

Operating

Excess of (expenditures over revenues) revenues over expenditures	\$ 1,662,371	\$ (6,487,893)
Items not affecting cash		
Amortization	6,205,593	6,223,567
(Gain) loss on disposal	-	(4,050)
Change in fair value of financial instruments	(92,857)	-
Pension expense (Note 3)	(25,000)	37,000
	<u>7,750,107</u>	<u>(231,376)</u>
Change in non-cash working capital items (Note 8)	187,289	(238,931)
Pension payments (Note 3)	2,000	(161,000)

7,939,396 (631,307)

Financing

Repayment of bank financing	(1,675,000)	(1,675,000)
Proceeds from new financing	5,945,465	1,978,234
Change in capital payables	(3,586,131)	1,441,123
	<u>684,334</u>	<u>1,744,357</u>

Investing

Change in restricted cash, net	-	580,091
Proceeds on disposition of assets	-	4,050
Motor vehicles	(149,047)	-
Equipment	(37,942)	(1,371)
Infrastructure	(8,620,879)	(7,051,859)
New ATB	(134,249)	(2,073,107)
Discretionary grants and contributions	5,942,309	3,602,819

(2,999,808) (4,939,377)

(Decrease) increase in cash and cash equivalents

5,623,922 (3,826,327)

Cash and cash equivalents

Beginning of year	<u>4,177,586</u>	<u>8,003,913</u>
End of year	<u>\$ 9,801,508</u>	<u>\$ 4,177,586</u>

See accompanying notes and schedules to the financial statements.

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

Notes to the Financial Statements

December 31, 2021

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 9(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.

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.

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

Notes to the Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

In 2019 GMIAA 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 has recorded funding of \$1,663,672 in the year ended December 31, 2021 with a total of \$3,642,090 on the multi-year project to December 31, 2021 as a reduction to the cost of the related capital asset. At December 31, 2021 GMIAA has recorded a receivable from the Government of \$37,620 (2020 - \$1,563,981) relating to eligible expenditures and holdbacks pertaining to 2021.

Non-refundable government contributions of \$216,659 through the Canadian Air Transport Security Authority's Hold Baggage Screening (HBS) Recapitalization Program for security screening assets have been recorded in the year ended December 31, 2021 with a total of \$3,465,465 on the multi-year Program to December 31, 2021 as a reduction to the cost of the related asset.

On April 28, 2021 and amended on May 27, 2021 GMIAA entered into a contribution agreement with the Government represented by the Minister of Transport for a Runway rehabilitation and Taxiway Hold Signs project under the Airports Capital Assistance Program. Claims for reimbursement under the agreement are submitted to the Government once the related invoice has been incurred. The contribution agreement funds 50% of eligible expenditures to a maximum of \$4,438,727. GMIAA has recorded funding of \$4,067,140 to December 31, 2021 as a reduction to the cost of the related capital assets. At December 31, 2021 GMIAA has recorded a receivable of \$5,163 relating to eligible expenditures and holdbacks pertaining to 2021.

On April 16, 2021 GMIAA entered into a contribution agreement with the Government represented by the Minister of Transport for an Aircraft Rescue and Fire Fighting Vehicle under the Airports Capital Assistance Program. Claims for reimbursement under the agreement are submitted to the Government once the vehicle has been received and invoiced. The contribution agreement funds 100% of eligible expenditures to a maximum of \$1,096,600. GMIAA has recorded funding of \$149,047 to December 31, 2021 as a reduction to the cost of the related capital asset. At December 31, 2021 GMIAA has recorded a receivable of \$149,047 relating to eligible expenditures pertaining to 2021.

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.

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

Notes to the Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

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. 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.

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

Notes to the Financial Statements

December 31, 2021

2. Summary of significant accounting policies (continued)

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. The derivative financial instrument effective October 1, 2021 (see Note 7) is recorded on the statement of financial position at fair value. Changes in the fair value of the derivative financial instrument are recognized in the statement of operations. GMIAA has designated each of its remaining interest rate swaps 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. 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 2021 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:

	<u>2021</u>	<u>2020</u>
Accrued benefit obligation	\$ (6,802,000)	\$ (6,990,000)
Fair market value of plan assets	<u>11,372,000</u>	<u>10,628,000</u>
Funded status – pension surplus	\$ 4,570,000	\$ 3,638,000
Valuation allowance	<u>(1,380,000)</u>	<u>(431,000)</u>
	<u>\$ 3,190,000</u>	<u>\$ 3,207,000</u>

**Greater Moncton International Airport Authority Inc. /
Direction de l'Aéroport international du Grand Moncton Inc.**
Notes to the Financial Statements

December 31, 2021

3. Pension surplus (continued)

The pension plan is required to complete solvency valuations as part of the normal regulatory compliance. As a result of the January 1, 2021 solvency valuation, the pension plan had a statutory solvency excess. The Income Tax Act requires that any excess surplus first be applied to reduce or eliminate the contribution requirements for GMIAA. For 2021 GMIAA solvency excess was sufficient to offset the full year current service cost and no special payment were required for 2021. In 2021 GMIAA received a reimbursement for employer over-contributions in 2020. GMIAA paid \$2,635 in special payments in 2020.

	<u>2021</u>	<u>2020</u>
Net pension expense	\$ (25,000)	\$ 35,000
Employer contributions	(2,000)	161,000
Employee contributions	14,000	27,000
Benefits paid	290,000	265,000

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

	<u>2021</u>	<u>2020</u>
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 2021 fiscal year is based on an extrapolation provided by the actuaries. The last formal actuarial valuation performed was effective January 1, 2021. The actuaries believe the financial results would not differ materially from the extrapolation if a formal valuation was performed as at December 31, 2021. The next valuation report is due from the actuaries effective January 1, 2022.

	Percentage of Plan Assets	
	<u>2021</u>	<u>2020</u>
Defined benefit plan assets consist of:		
Equity securities	63.1%	63.7%
Debt securities	33.1%	33.2%
Other	3.8%	3.1%
	<u>100.0%</u>	<u>100.0%</u>

In addition, GMIAA contributed \$116,906 (2020 - \$128,815) to a defined contribution plan for employees during the year.

**Greater Moncton International Airport Authority Inc. /
Direction de l'Aéroport international du Grand Moncton Inc.**
Notes to the Financial Statements

December 31, 2021

4. Capital assets

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	2021 Net Book Value
Airside infrastructure**	64,282,052	(22,718,430)	(19,840,280)	21,723,342
Equipment	2,473,141	(186,921)	(2,061,512)	224,708
Groundside infrastructure**	21,200,473	(4,599,257)	(4,895,803)	11,705,413
Motor vehicles	7,867,500	(136,552)	(6,078,342)	1,652,606
New ATB**	34,483,583	(6,898,050)	(15,074,593)	12,510,940
Old ATB renovations**	1,277,204	(495,356)	(776,301)	5,547
Assets under construction (Note 9(d))	149,047	(149,047)	-	-
	\$ 131,733,000	\$ (35,183,613)	\$ (48,726,831)	\$ 47,822,556

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	2020 Net Book Value
Airside infrastructure**	62,874,125	(18,522,870)	(23,058,447)	21,292,808
Equipment	2,435,299	(186,921)	(1,985,088)	263,290
Groundside infrastructure**	21,200,473	(4,598,956)	(4,345,605)	12,255,912
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
Asset under construction	-	-	-	-
	\$ 130,505,032	\$ (30,805,215)	\$ (50,235,686)	\$ 49,464,131

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

5. Payables

Government remittances of \$3,393 (2020 – \$3,867) for worker's compensation and \$30,292 (2020 – nil) for HST are included in payables.

**Greater Moncton International Airport Authority Inc. /
Direction de l'Aéroport international du Grand Moncton Inc.**
Notes to the Financial Statements

December 31, 2021

6. Bank financing	2021	2020
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.	5,775,000	6,325,000
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.	6,462,500	7,012,500
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.	7,331,250	7,906,250
CIBC demand loan, amortized to December 2036 at bankers acceptance plus 0.45% per annum renewed every 30 days. There is an interest rate swap with a fixed rate of 1.52% per annum (original amount \$3.5 million). Principal repayments beginning in 2022 are quarterly installments of \$60,702.	3,642,090	1,978,234
CIBC demand loan, amortized to December 2033 at bankers acceptance plus 0.45% per annum renewed every 30 days. Principal repayments beginning in 2022 are quarterly instalments of \$89,200.	4,281,609	-
	27,492,449	23,221,984
Less current portion	2,274,607	1,675,000
Less callable portion	25,217,842	15,084,484
Due beyond one year	\$ -	\$ 6,462,500

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:

2022	\$ 2,274,607
2023	2,274,607
2024	2,274,607
2025	2,274,607
2026	2,274,607

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

Notes to the Financial Statements

December 31, 2021

7. Financial instruments asset

The GMIAA entered into an interest rate swap effective October 1, 2021 which converts the variable bankers acceptance rate on its CIBC demand loan (December 31, 2021 balance of \$3,642,090) into a fixed rate of 1.52%. The change in fair value is recorded in other income "change in fair value of financial instruments", in the statement of operations, which was \$92,857. The notional amount of the derivative financial instrument at December 31, 2021 was \$3,642,090.

The GMIAA has three other interest rate swaps with a total notional amount of \$19,568,750 (December 31, 2020 - \$21,243,750). The GMIAA has elected to apply hedge accounting to these instruments (see Note 2 "Derivative financial instruments"). At December 31, 2021 interest rate swaps were valued at (\$911,817) (December 31, 2020 - (\$1,967,185)).

8. Change in non-cash working capital items

	2021	2020
Receivables	\$ 75,597	\$ 256,874
Materials and supplies	(16,182)	2,999
Prepaid expenses	(38,415)	62,367
Payables - trade	149,449	(405,361)
Refundable deposits	-	25,000
Unearned revenue	11,044	(134,869)
Severance liabilities	5,796	(45,941)
	\$ 187,289	\$ (238,931)

9. 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.

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

Notes to the Financial Statements

December 31, 2021

9. 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 3 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 18).
- (d) The GMIAA has a commitment to purchase an airport rescue and firefighting vehicle (ARFF) in 2022.

10. 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.

	<u>2021</u>	<u>2020</u>
Fees collected	\$ 2,518,730	\$ 2,133,627
Interest	-	8,115
	<u>2,518,730</u>	<u>2,141,742</u>
Handling fees	<u>(175,780)</u>	<u>(158,066)</u>
Excess of revenues over expenses	<u>\$ 2,342,950</u>	<u>\$ 1,983,676</u>

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

Notes to the Financial Statements

December 31, 2021

11. 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.

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 \$7.0 million dollar line of credit available, and term loans of \$27.5 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, 2021, the notional amount related to interest rate swaps was \$23.2 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.

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

Notes to the Financial Statements

December 31, 2021

11. 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.

12. Contingencies

As described in Note 1 and 9(c), GMIAA has a management services agreement (the "Agreement") with Vantage. There is a disagreement between GMIAA and Vantage in the determination Vantage's compensation under the Agreement for the year ended December 31, 2021.

Based on their interpretation of the Agreement, GMIAA has accrued the base fee of \$100,000 which is included in Management and support services expense. However, the maximum compensation could be up to \$2.3 million. As the possible outcomes or any settlements of this matter are not yet determinable, no additional provision has been made in the December 31, 2021 financial statements.

13. Line of credit

GMIAA has available an operating line of credit of \$7.0 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.

14. Comparative figures

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

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 2021 GMIAA received \$7,598,008 (2020 - \$921,903) from the Government as COVID 19 economic support through direct, non-refundable support to airports as well as federal wage subsidies (see page 17). 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.

**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

	2021	2020
Landing fees	\$ 2,935,911	\$ 3,262,261
Terminal fees	465,330	510,489
Other aircraft fees and services	387,297	144,701
	<u>\$ 3,788,538</u>	<u>\$ 3,917,450</u>

Airport revenues

	2021	2020
Concessions	559,565	720,476
Gain on disposal of assets	-	4,050
Miscellaneous	28,344	22,345
Interest	50,627	71,326
Parking	702,534	734,501
Recovery of expenses from tenants	169,281	225,477
Recovery of property taxes from tenants	345,710	373,933
Rent from tenants	582,728	605,920
	<u>\$ 2,438,789</u>	<u>\$ 2,758,031</u>

Government assistance

	2021	2020
Wage related subsidies	\$ 912,008	\$ 921,903
Airport Relief Fund	1,886,000	-
Regional Air Transportation Initiative	4,800,000	-
	<u>\$ 7,598,008</u>	<u>\$ 921,903</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

Salaries and employee benefits

	2021	2020
Salaries and wages	\$ 2,161,259	\$ 2,638,653
Employee benefits	<u>346,763</u>	<u>484,333</u>
	<u>\$ 2,508,022</u>	<u>\$ 3,122,986</u>

Schedule of other operating and administration expenses

	2021	2020
Advertising and marketing	\$ 49,913	\$ 110,303
Board administration	129,102	157,611
Communications - telephone/cellular	57,749	63,956
Contract and special services	267,814	290,048
Electricity	485,563	479,506
Fuel	296,587	336,109
Insurance	229,117	188,850
Interest and bank charges	60,820	47,850
Janitorial services	260,541	235,608
Management and support services (Note 12)	800,624	817,453
Materials and supplies	261,382	325,164
Miscellaneous	111,237	98,583
Office supplies	2,849	5,317
Professional and consulting services	80,397	100,144
Property taxes	791,006	1,046,688
Repairs and maintenance - Equipment	276,521	211,039
Repairs and maintenance - Infrastructure	247,232	685,368
Security services	619,916	627,449
Travel	14,643	20,168
Water and sewer	<u>56,690</u>	<u>67,488</u>
	<u>\$ 5,099,702</u>	<u>\$ 5,914,702</u>
