



## Financial Statements

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

December 31, 2024

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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 Authority Inc / Direction de l'Aéroport International du Grand Moncton Inc. ("the Authority"), which comprise the statement of financial position as at December 31, 2024, 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, 2024, 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 9, 2025

Chartered Professional Accountants

*Doane Grant Thornton LLP*

**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

**2024**

**2023**

Revenues		
Aircraft (Page 16)	\$ 6,744,446	\$ 5,962,337
Airport (Page 16)	6,872,136	6,557,423
Government funding	309,007	108,060
	<b>13,925,589</b>	12,627,820
AIR Fund revenues, net of expenses (Note 11)	<b>9,556,329</b>	8,026,816
	<b>23,481,918</b>	20,654,636
Expenditures		
Salaries and employee benefits (Page 17)	4,428,201	3,732,737
Other operating and administration expenses (Page 17)	8,882,644	8,282,882
Airport rent (Note 10)	718,781	-
Amortization	6,064,170	5,259,530
Interest on bank financing	1,269,282	846,636
	<b>21,363,078</b>	18,121,785
Excess of revenue over expenditures before other income	\$ 2,118,840	\$ 2,532,851
Other income		
Change in fair value of financial instruments (Note 8)	(90,410)	(109,943)
Excess of revenue over expenditures	<b>\$ 2,028,430</b>	<b>\$ 2,422,908</b>
Net assets, beginning of year	\$ 35,949,516	\$ 33,573,608
Excess of revenue over expenditures	2,028,430	2,422,908
Remeasurement in actuarial losses	(795,000)	(47,000)
Net assets, end of year	<b>\$ 37,182,946</b>	<b>\$ 35,949,516</b>

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

## Statement of Financial Position

December 31

2024

2023

### Assets

#### Current

Cash and cash equivalents	\$ 2,497,007	\$ 9,641,390
Receivables (Note 6)	1,557,934	2,110,309
Discretionary grants and contributions receivable (Note 2)	-	847,488
Materials and supplies	465,370	329,750
Prepaid expenses	338,928	342,028

**4,859,239** 13,270,965

Restricted cash (Note 3)	8,413,220	5,036,841
Pension surplus (Note 4)	2,187,000	2,928,000
Capital assets (Note 5)	55,588,823	54,725,615
Financial instruments asset	255,191	345,600

**\$ 71,303,473** \$ 76,307,021

### Liabilities

#### Current

Payables (Note 6)		
Trade	\$ 2,178,646	\$ 1,779,412
Capital	943,913	5,811,376
Unearned revenue	56,645	67,815
Refundable deposits	181,198	179,323
Bank financing due within one year (Note 7)	2,767,698	2,647,698

**6,128,100** 10,485,624

Callable portion of bank financing (Note 7) **27,554,126** 29,454,256

**33,682,226** 39,939,880

#### Long-term

Severance liabilities **438,301** 417,625

**438,301** 417,625

**34,120,527** 40,357,505

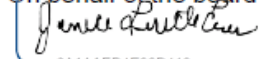
### Net assets

**37,182,946** 35,949,516

**\$ 71,303,473** \$ 76,307,021

Commitments (Note 10)

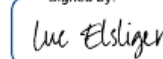
On behalf of the board



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Director

Signed by:



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Director

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

## Statement of Cash Flows

Year ended December 31

2024

2023

Increase (decrease) in cash and cash equivalents

### Operating

Excess of revenues over expenditures	\$ 2,028,430	\$ 2,422,908
Items not affecting cash		
Amortization	6,064,170	5,259,530
Gain on disposal	(14,138)	-
Change in fair value of financial instruments (Note 8)	90,410	109,943
Pension expense (Note 4)	(55,000)	(53,000)
	<b>8,113,872</b>	<b>7,739,381</b>
Change in non-cash working capital items (Note 9)	820,934	17,484
Pension payments (Note 4)	1,000	1,000
	<b>8,935,806</b>	<b>7,757,865</b>

### Financing

Repayment of bank financing	(2,287,880)	(2,287,700)
Proceeds from new financing	507,750	9,092,430
Change in capital payables	(4,867,463)	4,975,093
	<b>(6,647,593)</b>	<b>11,779,823</b>

### Investing

Change in restricted cash, net	(3,376,379)	(4,295,553)
Proceeds on disposition of assets	25,190	-
Motor vehicles	(2,507,024)	(2,378,393)
Equipment	(213,462)	(164,175)
Groundside infrastructure	(739,554)	(45,274)
Airside infrastructure	(1,064,915)	(16,278,036)
Assets under construction	(955,956)	(2,086,902)
Old ATB	(5,650)	(20,532)
New ATB	(1,454,817)	(110,906)
Discretionary grants and contributions	859,971	6,786,228
	<b>(9,432,596)</b>	<b>(18,593,543)</b>

Increase (decrease) in cash and cash equivalents

(7,144,382) 944,145

Cash and cash equivalents

Beginning of year	9,641,389	8,697,244
End of year	<b>\$ 2,497,007</b>	<b>\$ 9,641,389</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**

December 31, 2024

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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 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 funding**

GMIAA recognizes government funding toward current expenses in the Statement of Operations. When government funding is specified to relate to future expenses, GMIAA defers the funding and recognized it in the Statement of Operations as the related expenses are incurred. When government funding relates to the acquisition of capital assets, GMIAA deducts the funding 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, 2024

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### 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 the eliminating bottleneck and enabling growth project under the National Trade Corridors program. The agreement was signed on December 12, 2019, and has been amended March 5, 2021, and March 7, 2023, and with a revised contribution agreement end date of July 31, 2025. Claims for reimbursement under the agreement are submitted to the Government once the related invoice has been submitted. The contribution agreement funds 50% of eligible expenditures to a maximum of \$10,843,152. GMIAA received a total of \$5,933,228 in federal funding for the 2023 calendar year, with a total of \$10,008,837 on the multi-year project to December 31, 2023, as a reduction to the cost of the related capital asset. At December 31, 2024, the project is completed and all claims have been paid in full.

On December 21, 2021, GMIAA entered into a contribution agreement with the Government represented by the Minister of Transport for Airfield Lighting and Electrical Rehabilitation under the Airports Capital Funding 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 \$287,740 which was amended on June 20, 2022, to a maximum of \$455,738. GMIAA recorded funding of \$147,797 as of December 31, 2023 as a reduction to the cost of the related capital asset. At December 31, 2024, the project is completed and all claims have been paid in full.

#### 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, 2024

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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. The derivative financial instrument effective October 1, 2021 (see Note 8) is recorded on the statement of financial position at fair value. Changes in the fair value of the derivative financial instrument is 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.

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### 3. Restricted cash

	2024	2023
AIR Fund for capital purposes	\$ 8,413,220	\$ 5,036,841

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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, 2024

### 4. Pension surplus

GMIAA is a participating employer in the Canadian Airports Council Pension Plan, (the "CAC Plan"), a multi-employer pension plan. The CAC Plan provides defined benefits to those employees who transferred their employment from the Government of Canada. The CAC Plan also provides a defined contribution plan to all other employees of GMIAA.

The Government of Canada remains liable for all pension benefits accrued prior to the transfer date of September 1, 1997. The CAC Plan is responsible for providing all pensions accrued since the transfer date.

Information about the CAC defined benefit plan follows:	<u>2024</u>	<u>2023</u>
Accrued benefit obligation	\$ (7,492,000)	\$ (7,024,000)
Fair market value of plan assets	<u>9,679,000</u>	<u>9,952,000</u>
Funded status – pension surplus	\$ <u>2,187,000</u>	\$ <u>2,928,000</u>
	<u>\$ 2,187,000</u>	<u>\$ 2,928,000</u>

The pension plan is required to complete solvency valuations as part of the normal regulatory compliance. As a result of the January 1, 2024, 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 2024 GMIAA solvency excess was sufficient to offset the full year current service cost and no special payments were required for 2024.

	<u>2024</u>	<u>2023</u>
Net pension expense	\$ (55,000)	\$ (53,000)
Employee contributions	10,000	10,000
Benefits paid	348,000	341,000

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

	<u>2024</u>	<u>2023</u>
Discount rate	4.0%	4.5%
Rate of compensation increase	2.5%	3.5%
Rate of inflation	2.0%	3.0%
Mortality table	CPM	CPM

The actuarial present value of accumulated plan benefits for the 2024 fiscal year is based on an extrapolation provided by the actuaries. The last formal actuarial valuation performed was effective January 1, 2024. The actuaries believe the financial results would not differ materially from the extrapolation if a formal valuation was performed as at December 31, 2024. The next valuation report is due from the actuaries effective January 1, 2025.

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

## Notes to the Financial Statements

December 31, 2024

### 4. Pension surplus (continued)

	Percentage of Plan Assets	
Defined benefit plan assets consist of:	2024	2023
Debt securities	38%	100%
Other - Annuity	62%	-
	<b>100.0%</b>	<b>100.0%</b>

In addition, GMIAA contributed \$157,946 (2023: \$132,343) to a defined contribution plan for employees during the year.

### 5. Capital assets

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	2024 Net Book Value
Airside infrastructure**	86,094,953	(31,622,595)	(29,890,966)	<b>24,581,392</b>
Equipment	3,043,996	(186,921)	(2,414,488)	<b>442,587</b>
Groundside infrastructure**	25,847,357	(4,604,026)	(8,358,593)	<b>12,884,738</b>
Motor vehicles	13,386,575	(2,010,123)	(6,373,492)	<b>5,002,960</b>
New ATB**	34,820,792	(6,924,302)	(16,189,518)	<b>11,706,972</b>
Old ATB renovations**	1,305,619	(501,957)	(789,444)	<b>14,218</b>
Assets under construction	955,956	-	-	<b>955,956</b>
	<b>\$ 165,455,248</b>	<b>\$ (45,849,924)</b>	<b>\$ (64,016,501)</b>	<b>\$ 55,588,823</b>

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	2023 Net Book Value
Airside infrastructure**	85,020,542	(31,609,864)	(26,374,917)	<b>27,035,761</b>
Equipment	2,830,535	(186,921)	(2,268,717)	<b>374,897</b>
Groundside infrastructure**	23,211,612	(4,604,026)	(7,520,069)	<b>11,087,517</b>
Motor vehicles	11,973,912	(2,010,124)	(6,917,782)	<b>3,046,006</b>
New ATB**	33,174,981	(6,924,303)	(15,169,071)	<b>11,081,607</b>
Old ATB renovations**	1,299,969	(501,963)	(785,081)	<b>12,925</b>
Asset under construction	2,086,902	-	-	<b>2,086,902</b>
	<b>\$ 159,598,453</b>	<b>\$ (45,837,201)</b>	<b>\$ (59,035,637)</b>	<b>\$ 54,725,615</b>

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

### 6. Payables

Government remittances of \$2,077 (2023: \$1,780) for worker's compensation. On December 31, 2024, amounts owing to the Government relating to HST are \$107,286 (2023: included in the receivables amounts owed to the organization are \$873,832).

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

## Notes to the Financial Statements

December 31, 2024

<b>7. Bank financing</b>	<b>2024</b>	<b>2023</b>
CIBC demand loan, amortized to September 2032 at CAD-CORRA plus 0.99547% (0.70% spread + 0.29547% credit spread adjustment) per annum renewed every 30 days. There is an interest rate swap with a fixed rate of 1.66% per annum (original amount \$11.0 million). Principal repayments are quarterly instalments of \$137,500.	<b>4,125,000</b>	4,675,000
CIBC demand loan, amortized to December 2032 at CAD-CORRA plus 0.99547% (0.70% spread + 0.29547% credit spread adjustment) 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>4,812,500</b>	5,362,500
CIBC demand loan, amortized to December 2034 at CAD-CORRA plus 0.99547% (0.70% spread + 0.29547% credit spread adjustment) 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>5,606,250</b>	6,181,250
CIBC demand loan, amortized to December 2036 at CAD-CORRA plus 0.99547% (0.70% spread + 0.29547% credit spread adjustment) 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 are quarterly instalments of \$60,702.	<b>2,913,672</b>	3,156,478
CIBC demand loan, amortized to December 2033 at CAD-CORRA plus 0.99547% (0.70% spread + 0.29547% credit spread adjustment) per annum renewed every 30 days. Interest is variable which fluctuates with Prime Rate. Principal repayments are quarterly instalments of \$92,473.	<b>3,264,402</b>	3,634,296
CIBC demand loan, amortized to March 2044 at CAD-CORRA plus 0.99547% (0.70% spread + 0.29547% credit spread adjustment) per annum renewed every 30 days. There is an interest rate swap with a fixed rate of 4.05% per annum (original amount \$9.6 million). Principal repayments are monthly installments of \$120,000.	<b>9,600,000</b>	9,092,430
	<b>30,321,824</b>	32,101,954
Less current portion	<b>2,767,698</b>	2,647,698
Less callable portion	<b>27,554,126</b>	29,454,256
Due beyond one year	<b>\$ -</b>	<b>\$ -</b>

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

## Notes to the Financial Statements

December 31, 2024

### 7. Bank financing (continued)

As security for the CIBC term loans, GMIAA has provided the Leasehold Mortgage of the ground lease between GMIAA and His Majesty the King 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:

2025	\$ 2,767,698
2026	2,767,698
2027	2,767,698
2028	2,767,698
2029	2,767,698

### 8. Financial instruments asset

The GMIAA entered into an interest rate swap effective October 1, 2021 which converts the variable CAD-CORRA rate on its CIBC demand loan with a December 31, 2024 value of \$2,913,672 (December 31, 2023 of \$3,156,478) 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 (\$90,410) (2023: \$109,943). The notional amount of the derivative financial instrument at December 31, 2024 was \$2,913,672 (2023: \$3,156,478).

The GMIAA has four other interest rate swaps with a total notional amount of \$23,783,750 (December 31, 2023: \$25,311,180). The GMIAA has elected to apply hedge accounting to these instruments (see Note 2 "Derivative financial instruments"). At December 31, 2024 interest rate swaps were valued at \$516,131 (December 31, 2023: \$655,899).

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

	<u>2024</u>	<u>2023</u>
Receivables	\$ 522,375	\$ (426,933)
Materials and supplies	(135,620)	11,479
Prepaid expenses	3,100	(75,886)
Payables - trade	399,234	525,656
Unearned revenue	11,169	(8,601)
Severance liabilities	20,676	(8,231)
	<u>\$ 820,934</u>	<u>\$ 17,484</u>

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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, 2024

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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 of January 1, 2024, annual rents resumed.

- (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 contract was amended on September 30, 2022, which amends and restates an agreement amended in 2014. The term on the contract was extended to a term of 38 years. The remaining term is 14 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 an annual fee plus a performance incentive (Page 17).

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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, 2024

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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.

	2024	2023
Fees collected	\$ 9,916,015	\$ 8,495,755
Interest	341,483	129,150
	<u>10,257,498</u>	<u>8,624,905</u>
Handling fees	(701,169)	(598,089)
Excess of revenues over expenses	<u>\$ 9,556,329</u>	<u>\$ 8,026,816</u>

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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.

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

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

#### (a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market price. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. GMIAA is not exposed to significant currency and other price risk.

##### (i) Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. Financial instruments that potentially subject GMIAA to interest rate risk include bank financing with floating interest rates. GMIAA currently has a \$3.0 million dollar line of credit available, and term loans of \$30.3 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, 2024, the notional amount related to interest rate swaps was \$26.7 million.



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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, 2024

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

#### **(b) Credit risk**

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

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

#### **(c) Liquidity risk**

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

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

GMIAA has available an operating line of credit of \$3.0 million, bearing interest at prime minus 1%, and as security GMIAA provides the Leasehold Mortgage of the ground lease between GMIAA and His Majesty the King in Right of Canada, represented by the Minister of Transport dated September 1, 1997.

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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**

	<b>2024</b>	<b>2023</b>
Landing fees	\$ 4,951,974	\$ 4,448,545
Terminal fees	1,587,043	1,356,238
Other aircraft fees and services	205,429	157,554
	<b>\$ 6,744,446</b>	<b>\$ 5,962,337</b>

**Airport revenues**

	<b>2024</b>	<b>2023</b>
Concessions	1,796,573	1,739,120
Gain on disposal of assets	14,138	-
Miscellaneous	68,077	35,782
Interest	244,666	429,783
Parking	3,477,291	3,162,163
Recovery of expenses from tenants	156,091	175,686
Recovery of property taxes from tenants	381,975	334,962
Rent from tenants	733,326	679,927
	<b>\$ 6,872,136</b>	<b>\$ 6,557,423</b>

# 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

	2024	2023
Salaries and wages	\$ 3,844,643	\$ 3,324,611
Employee benefits	583,558	408,126
	<u>\$ 4,428,201</u>	<u>\$ 3,732,737</u>

### Schedule of other operating and administration expenses

	2024	2023
Advertising and marketing	\$ 190,220	\$ 194,736
Bad debt expense	18,409	24,730
Board administration	118,937	135,606
Communications - telephone/cellular	65,675	56,490
Contract and special services	536,357	762,730
Electricity	626,684	540,899
Fuel	500,447	511,473
Insurance	334,521	324,645
Interest and bank charges	125,529	131,424
Janitorial services	379,320	360,740
Management and support services	1,663,097	1,460,666
Materials and supplies	624,453	473,690
Miscellaneous	150,542	171,874
Office supplies	16,615	8,910
Professional and consulting services	438,596	182,865
Property taxes	1,034,946	940,621
Repairs and maintenance - Equipment	412,456	604,148
Repairs and maintenance - Infrastructure	353,291	354,809
Security services	1,120,122	878,305
Travel	73,496	68,303
Water and sewer	98,931	95,218
	<u>\$ 8,882,644</u>	<u>\$ 8,282,882</u>