



YOUR AIRPORT.
YOUR ECONOMY.

2015 ANNUAL REPORT



GREATER MONCTON INTERNATIONAL AIRPORT
AÉROPORT INTERNATIONAL DU GRAND MONCTON



VISION

To be the airport of preference.

MISSION

The pursuit of excellence in growing and operating a safe, clean, efficient, friendly and profitable airport with a distinctive (local) sense of place.

VALUES

Operating a safe and secure environment.

Delivering service excellence by encouraging customer responsiveness, training and cooperation with staff, community and business partners.

Ensuring professional and entrepreneurial airport management operating in an ethical and open manner.

Providing an efficient and profitable airport.

Maintaining a commitment to the development of successful partnerships.

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DEAR GREATER MONCTON COMMUNITY STAKEHOLDERS,

I was pleased to have been nominated by my fellow members of the Greater Moncton International Airport Authority (GMIAA) to take on the Chair role effective September 18, 2015. This is my fifth year as a member of the Board. It has been a continuous learning experience as well as one that highlights the complexities and expectations of operating a successful, safe and secure airport. I look forward to this added responsibility and to being a good steward of this critical public infrastructure.

Board Changes

First of all, I would like to take this opportunity to thank our Past Chair, André Pelletier, for his contributions and commitment to our airport. It is easy to see the progress that has taken place at the Greater Moncton International Airport (GMIA) in terms of passenger and cargo options and infrastructure investment.

Over my initial few months in the Chair role, we saw the nomination of a new board member, Janice Ryan, representing the Province of New Brunswick. On behalf of the GMIAA, I would like to welcome her to the Board.

In 2015, the GMIA completed a major infrastructure investment in terms of a \$13-million Airport Operations Facility to combine our maintenance, operations and emergency response activities. This replaces facilities from the 1940s and 1950s and also provides a prime venue for on-site training and development activities for our own personnel and other airport tenants. Our aim is to ensure that we maximize the use of this new and convenient venue.

Over the past few years, the GMIA has benefited from strong passenger traffic growth as a result of the western demand for skilled tradespeople from our region. Unfortunately, aeronautical activity at our airport has not been immune to the impact of a weakening Western Canadian economy due to the downturn in the oil sector. This has resulted in a drop of Western Canada-destined dedicated passenger charter traffic from 31,474 in 2014 to 6,978 in 2015. Although this may rebound at some point, predicting or depending on this upswing is risky.

Still, 2015 remained a great year from the passenger flight movement perspective with a total of 8,118 scheduled flights. Our airport operations personnel was also able to mobilize during a challenging year and deliver more than \$2 million in excess of revenues over expenditures.

Over the course of the year, we also saw our air cargo volume grow by 0.9% to 25,129 tonnes. This was the result of our strong integrator traffic activity as well as scheduled dedicated freighter service to Europe.

The Board of Directors also fulfilled one of its prime responsibilities through the development of a new 2015-2020 Strategic Plan (see page 6). Its aim is not only to leverage the infrastructure investments made at the GMIA but, more importantly, to connect with you, our stakeholders and community, to ensure that we are providing the desired air travel and shipping options and amenities. To do so, we also enlisted the assistance of our key partner, Vantage Airport Group, who has since been selected to take the lead on a \$4-billion USD redevelopment of LaGuardia Airport in New York City.

To gauge our ability to meet our stakeholder expectations, we also participated in Airport Council International's (ACI) Airport Service Quality (ASQ) program for the first time in the fall of 2015. We were one of 37 participating airports in this passenger survey and were pleased with our fourth-place ranking in terms of leisure travel satisfaction and fifth place in terms of overall travel satisfaction.

“The success of our airport is only possible through the guidance of our board of directors.”

It also identified some gaps and user desires such as developing the presence of more restaurant and retail shopping options. This greatly assists our management team in focusing its efforts on how to best meet user expectations.

The success of our airport is only possible through the guidance of our board of directors. I would like to thank them for their dedication to making the GMIA the “Airport of Preference.” As well, I would wish to thank our President and CEO Bernard LeBlanc, his management team, the GMIA staff and the Vantage Airport Group for their assistance in delivering our Strategic Plan and ensuring we achieve our annual financial and capital budget targets.

At the 2014 Annual General Meeting (AGM) of the GMIAA Inc. held on May 8, 2015 at Resurgo Place in Moncton, we were proud to unveil a plaque honouring our former President and CEO Rob Robichaud, who passed away in 2014. We were very pleased that Rob’s family could be in attendance at the event. It was a very touching moment for Rob’s family, as well as colleagues and members of the community in attendance. A plaque honouring Rob is mounted in the Transportation Discovery Centre at Resurgo Place to commemorate Rob’s place in this area’s transportation history, while another is displayed in the airport terminal building to remind colleagues and passengers of Rob’s contribution to the airport.

Last but not least, I would like to thank you, our passengers. Without your choosing to fly in and out of the GMIA, we cannot continue to grow the airport’s economic activity, nor can we solicit our airline partners for new and added routes and travel options. You have a choice in terms of which airport you select, and we appreciate your choosing the GMIA!



A handwritten signature in blue ink, appearing to read 'C. Bacich'.

Christopher Bacich
Chair
*Greater Moncton International
Airport Authority Inc.*



PRESIDENT AND CEO'S MESSAGE

2015 - CONTINUOUS CHANGE
BECOMES THE NEW NORM.

Early 2015 started with a snow storm which seemed to never stop. This not only challenged our snow-clearing personnel in terms of how to address the pure magnitude of snow load but also in terms of equipment use/reliability and overtime hours required to ensure a fully functional and operational airport.

The Greater Moncton International Airport (GMIA) team performed brilliantly and learned from this experience.

In January 2015, the GMIA also started to feel the impact of a slowdown in the Western Canadian economy due to the drop in oil prices. Starting the year with 15 charter flights per week dedicated for oil-patch workers, this traffic decreased gradually until, by April, the economic realities were such that all such flights had been curtailed.

April was also the timeframe when the Greater Moncton International Airport Authority (GMIAA) board of directors, together with the GMIA management team and representatives from the Vantage Airport Group, spent two days to review, debate, and develop the airport's Strategic Plan. The end result was a 2015-2020 plan focused on three priorities:

- **Leveraging the cargo investment**
- **Becoming the preferred "people mover" airport**
- **Connecting and engaging with the community**

Even in view of the challenges presented as a result of the fragile western and New Brunswick economies, the airport team performed admirably. A few examples:

- An air cargo volume record of 25,129 tonnes
- Better than budgeted profit of \$2.2 million as a result of a concentrated effort on cost control and risk mitigation.
- Recruitment and initiation of a dedicated air cargo freighter service to Belgium with KF Aerospace.
- The best year ever for sun destination travel out of GMIA with a total of 14 flights per week, 53,291 passengers, with Sunwing alone experiencing 34% growth in passenger volume.
- A new direct service to Ottawa by WestJet.

Over the course of 2015, our passengers may also have noticed a renewed focus on passenger facilitation, i.e. better signage and markings in the parking lot and an investment in upgraded and powered seating in our departure lounges.

We also worked hard to reach out to our airline partners to help them be successful in our marketplace by helping them to promote themselves and their offerings as well as their codeshare alliances and partnerships. For instance, did you know that Air Canada, WestJet and Porter have the following partnerships:

AIR CANADA 

For example:
Lufthansa
United

porter

For example:
JetBlue
Icelandair

WESTJET 

For example:
American Airlines
Delta Airlines

As an airport, we are hugely grateful to have Canada's three largest carriers for scheduled daily service, so it is critically important that we help ensure their success such as to maintain their local presence.

From the cargo perspective, the aim has been to leverage the significant investment made in extension of our 6/24 runway to 10,000 feet. With a 2015 volume increase of 0.9%, GMIA achieved its best cargo volume ever of 25,129 tonnes. This was possible through a strong and renewed partnership with Cargojet, who grew by 62% by adding Purolator and Canada Post volumes. Over the course of the year, we also welcomed KF Aerospace and their new Europe-destined dedicated cargo service. Their presence at the GMIA led to a 198,891 tonne MTOW (maximum takeoff weight) for 2015 – our best ever and a growth in cargo capacity availability of 135% over 2014!

In coordination with the Vantage Airport Group, we undertook an economic impact study based on 2014 results which confirmed the airport's key economic role in the region through the generation of more than \$665 million of economic activity, 2,798 direct



and indirect jobs because of the local airport's presence, as well as \$37 million in tax revenue to all three levels of government: municipal, provincial and federal.

Still, as an airport, we cannot influence the price of oil, the value of the Canadian dollar or the uncertainty in the provincial or federal economies. Although we were able to buffer the financial impact on the airport, we were not able to buffer all of our airline partners' activities in terms of reduced demand or service viability.

Our very strong integrator air cargo presence (i.e. Cargojet, FedEx, UPS, Purolator) at GMIA makes up 97% of our annual cargo volume. The presence of a year-round dedicated air cargo service to Europe and Asia remains elusive, though great inroads were made with the KF Aerospace presence at the GMIA. With 55 flights between May and December, the volume moved from the GMIA consisted primarily of live Nova Scotia lobster, live eels, oysters as well as specialty products such as wind turbine blades or aircraft parts.



Although KF has now moved to a charter (on-demand) service, their operational expertise (i.e. no lobster mortality) was welcomed and hugely appreciated by the region's seafood producers and shippers. Yet, to be sustainable, a service needs to be profitable. Although the Moncton-Brussels leg was a success, its Toronto-Brussels leg was not, therefore negatively impacting the entire route.

In early 2015, I took on the role of President and CEO at the GMIAA and was quick to realize the strength of the airport team and the strong support of the airport board. I would like to thank both for their huge contributions over the course of the year and their commitment to making the GMIA a success. We are blessed with an infrastructure that is second-to-none, and – over the course of the year – completed our new Airport Operations Facility. This was only possible through the efforts of our operations team

who made the transition and move seamless. We are especially grateful to Vincent Martin, our Manager of Engineering, who kept the project on track and on budget. Bravo for your focus on this effort, Vincent!

We also welcomed Jacques Fournier as the new Director of Commercial Development. Jacques' previous airline and cargo expertise made him a uniquely qualified candidate for the requirements of this position.

We look forward to working with our key stakeholders to keep enhancing the contributions the GMIA makes to the region as well as to convince business and leisure travelers to select the GMIA as their "Airport of Preference."

As we all await the recovery of the Western Canadian oil sector and the strengthening of economic activity in our region, our airport is uniquely positioned not only to take advantage of any economic rebound but also to facilitate the necessary activity to support such economic growth.

YOUR AIRPORT - YOUR ECONOMY

Thank you for your support of the GMIA in 2015 and looking forward to best meeting our stakeholders needs and expectations in 2016!



Bernard F. LeBlanc
President and CEO
*Greater Moncton
International Airport
Authority Inc.*

UPDATED ECONOMIC IMPACT STUDY SHOWS GMIA'S IMPORTANCE TO REGIONAL ECONOMY



In 2015, the Greater Moncton International Airport (GMIA) undertook an **Economic Impact Study** to provide clarity in regards to how its operations contribute to the overall economic health of the region. As the primary aviation gateway for New Brunswick and the central Maritimes, the airport not only helps to generate thousands of jobs and tens of millions of dollars in tax revenue, it also plays an important role as a facilitator for attracting businesses to the region.

The study, which looked at 2014 data, revealed:

- GMIA helped to generate **\$665 million** of economic activity that year.
- GMIA helped to create **2,798 local jobs**, resulting in **\$23 million** in household income.
- **\$37 million** in taxes paid to municipal, provincial and federal governments.
- **\$247 million** contributed to Canada's gross domestic product (GDP).

Beyond the numbers, the study also looked at the wider economic benefits of the airport, including its role as a facilitator of industry. When businesses choose site locations, they factor in connectivity by air for both passengers and cargo because it enhances competitiveness. For example, air access makes it possible to ship time-sensitive goods – such as seafood – from great distances cost effectively and quickly.

GREATER MONCTON INTERNATIONAL AIRPORT (GMIA) STRATEGIC PLAN: 2015-2020

Our vision for the GMIA is to be the airport of preference.

Leverage the cargo investment



FOCUS ON AIR CARGO ACTIVITY

Be the preferred people mover



FOCUS ON PASSENGER AIR TRAVEL

Develop a focused communication plan



FOCUS ON COMMUNITY ENGAGEMENT



AIRPORT OPERATIONS FACILITY

The Operations Department's primary focus in 2015 was the completion of the Airport Operations Facility (AOF), resulting in the efficient consolidation of four department activities into the combined facility. The AOF is approximately 34,000 square feet and houses fleet maintenance, airfield maintenance, electricians and Aircraft Rescue and Fire Fighting (ARFF). These departments were previously located on the south side of the airport in three separate buildings. Now that everyone is under one roof, the facility better meets the needs of a modern airport operations team. The building was designed with the environment in mind to reduce energy, lighting and water use. The operations team is extremely proud of this facility. The team, along with design and engineering firms MMM and Avondale Construction, are to be congratulated for making the project a success.

OPERATIONS



CHILLER

Another significant project in 2015 was the installation of a chiller unit to replace a unit that had failed earlier in the year. The chiller is a part of the Heating, Ventilation, and Air Conditioning (HVAC) that provides air conditioning to the terminal building. While this was an expensive unit to replace, this model of chiller is more efficient than the failed unit and we anticipate resulting savings in energy use.



TERMINAL SEATING

Passengers flying out will notice new seating in the departures area along with stools and power outlets that can be used for laptops. Most of these seats and counter tops have power outlets to accommodate passenger electronic device charging needs.





DEVELOPMENT OF A 10-YEAR CAPITAL PLAN

During 2015, the GMIA management team worked on the development of a 10-year capital plan with the assistance of Tetratex and the Vantage Airport Group. This will assist in the planning of our long-term capital expenditures and financial resource allocation.



EMERGENCY RESPONSE

Every two years, the Greater Moncton International Airport (GMIA) is required to hold a live emergency exercise to test its emergency plan. This year, the exercise was held in early October. The exercise provides the opportunity for GMIA to work with its emergency response partners and the supporting agencies from the community who would be called upon in the event of a significant emergency. The GMIA would like to use this opportunity to thank its mutual aid partners, emergency responders and other agencies from the community for their ongoing positive support and cooperation in this very important role.



CANADIAN AIRPORTS SAFETY WEEK

The GMIA emphasized its commitment to the safety of its passengers, visitors and employees during Canada's first-ever Canadian Airports Safety Week held in conjunction with 23 other airports across the country from Aug. 24-30.

Canadian Airports Safety Week is a new airports-led initiative to promote healthy and safety work practices among airport employees. The program aims to reach thousands of airport employees across the country with safety-related events and promotions.

The GMIA focused on the following daily themes during Canadian Airports Safety Week: hazard reporting, worker safety, security, airside vehicle operations, foreign objects debris, construction safety and security and environment.



ENVIRONMENT

The GMIA Environmental Program remains very active with the completion of environmental audits of tenants. This proactive process, which is part of the GMIA Environmental Management System, is designed to benefit environmental stewardship and awareness for the airport and tenants.

Another green practice begun in 2015 was waste diversion comprised of separating compostable and dry garbage which was implemented in the Airport Operations Facility (AOF) and terminal building.

GMIA includes the environment and environmental practices as part of the project planning process.

MARKETING AND BUSINESS DEVELOPMENT REVIEW

THE YEAR IN NUMBERS

Passenger and cargo trends fluctuated for the Greater Moncton International Airport (GMIA) in 2015.

In 2015, the overall number of passengers at the airport was 644,275, a 4.9% decrease over 2014 (677,159). Previous to this downturn which was due to the drop in mobile worker traffic to and from Alberta, passenger statistics had risen steadily in recent years: 677,159 (2014), 647,682 (2013), 615,085 (2012) and 579,329 (2011).

Our major airline partners in 2015 included Air Canada Express, which offered the most flight destinations and frequency, as well as Porter and WestJet. In July, Air Canada Express launched an extra late-afternoon daily flight from GMIA to Montreal for the summer months. Meanwhile, WestJet added a daily flight to Ottawa, also in July. Over the course of the year, Porter Airlines increased frequency on demand by adding extra direct daily flights between Greater Moncton and Ottawa.

Traffic from chartered aircraft (Flair and Canadian North) transporting mobile workers primarily to and from Alberta dropped off significantly through the first half of the year, eventually terminating. This was due to the downturn in the Alberta economy as the result of the collapse in oil prices. Mobile workers travelling west now travel on regular flights. Consequently, overall passenger statistics for 2015 for the GMIA were negatively impacted.

Cargo traffic at the GMIA also saw a healthy increase once again in 2015. Cargo tonnage from carriers such as KF Aerospace, the newest addition to the cargo business in our region, flying in regularly with their DC10 during lobster fishing season, Cargojet, EVAS, FedEx, Purolator, UPS, Skylink and WestJet Cargo increased by 0.9% to 25,179 metric tonnes compared to 24,905 in 2014 and 24,172 in 2013.



MARKETING AND BUSINESS DEVELOPMENT REVIEW

SOUTHERN SUN DESTINATIONS REMAINED POPULAR IN 2015

Maritime winter vacationers continued to flock to the GMIA in 2015 for flights to southern destinations. Sunwing Vacations offered direct flights to Cuba, Jamaica, Dominican Republic, Florida and Mexico with a new addition to Cayo Coco, Cuba. Meanwhile, WestJet also offered direct flights from GMIA to Mexico and Florida. A new concept in 2015 was the very popular all-inclusive cruise package from Celebrity Cruises, which offered passengers direct flights to Miami then onto a cruise to the Caribbean. Transat Holidays offered flights to Florida, Cuba, Dominican Republic and Mexico.



ORLANDO, FLORIDA PUNTA CANA, DOMINICAN REPUBLIC
CANCUN, MEXICO VARADERO, CUBA



CANCUN, MEXICO VARADERO, CUBA PUNTA CANA, DOMINICAN REPUBLIC
CAYO COCO, CUBA ORLANDO, FLORIDA MONTEGO BAY, JAMAICA



ORLANDO, FLORIDA CANCUN, MEXICO



**14 WEEKLY SUN
DESTINATION FLIGHTS!**



WEST PALM, FLORIDA / CARIBBEAN



DOMESTIC FLIGHTS TO

- HALIFAX • MONTREAL
- HAMILTON • OTTAWA • TORONTO



CARGO FLIGHTS TO CANADA & EUROPE

MARKETING CAMPAIGNS AND EVENTS

Some of our main marketing campaigns in 2015 included:

- Prince Edward Island Hot 105.5 radio promotion
- Southern destination promotion in terminal building
- Continued to strengthen presence on social media (Facebook, Twitter) and initiated a new Instagram account.
- KF Aerospace announcement and launch in Greater Moncton, Brussels and Toronto
- WestJet Encore launch



COMMUNITY RELATIONS

In 2015, the GMIA contributed more than \$24,000 to a number of community events and organizations. As well, GMIA employees volunteered and provided in-kind assistance to a number of events and activities. The following is a list of organizations, causes and events we supported in 2015 (cash donation, in-kind, volunteer, sponsorship):

- Apprentissage pour adultes Sud-Est inc.
- Art for Art's Sake
- Atlantic Ballet Theatre of Canada
- Atlantic Maple Leaf Tribute Dinner
- Bell Mobility Fundraiser
- Choeur Neil Michaud Scholarship
- Community Peace Centre
- Expansion Dieppe
- FIFA Women's World Cup Canada 2015
- Fondation ChuDumont Foundation
- Friends of The Moncton Hospital Foundation
- Greater Moncton Chamber of Commerce
- Intelisys Aviation Systems Golf Tournament (Hope Air)
- Junior Achievement of New Brunswick
- Juvenile Diabetes Research Foundation (JDRF)
- Lung Association of New Brunswick
- Moncton Progress Club
- Moncton Wildcats
- Mosaiq Multicultural Festival
- New Brunswick Youth Orchestra
- Prostate Cancer Canada
- Rotary Club of Dieppe
- SIDA/AIDS Moncton
- Transportation Club of Moncton

Every year, we receive a number of donation requests. Although worthy causes, it was not possible to support all organizations and causes. In 2015, the GMIA announced a new approach to fundraising and charitable donation allocation.

Beginning January 1, 2016, charities would be required to provide a formal request for donation form to the GMIA. A committee will evaluate the donation request and determine which ones should be selected for funding. Funding could be in the form of a one-time donation or event sponsorship (purchase of tickets or participation in an event).

As part of the revamped system, GMIA has also set up a donation box located at the entrance of the security and boarding area. The initiative allows passengers to donate their spare change to support four charities per year (one per quarter). As an added bonus, the amount collected in the donation box during the three-month period is matched by GIMA to a maximum of \$3,000.

MARKETING AND BUSINESS DEVELOPMENT REVIEW (CONTINUED)

***DID YOU KNOW**
that in 2015 the
Moncton Flight College
had 180 students here in
Greater Moncton?*

2015 WOMEN'S FIFA WORLD CUP

Greater Moncton was abuzz in June as the culmination of years of hard work finally brought a number of 2015 Women's FIFA World Cup games to the Moncton Stadium on the Université de Moncton campus. Thousands of fans, players and team officials flocked to Greater Moncton from all over the world to take part in and enjoy the pre-eminent women's sporting event on the globe. The GMIA was proud to play a major role in the transportation needs of many of those who attended from outside the area. There was definitely excitement in the air as teams arrived in Greater Moncton for this major international event! Many thanks go out to all those who made the event possible, especially event organizers who worked so hard to ensure that the 2015 Women's FIFA World Cup events in Moncton went smoothly.

MUSIC AT THE GMIA

The GMIA began hosting one of six public pianos which were placed throughout the Greater Moncton area in June by Lisa Griffin and Matt Williston of Art for Art's Sake. They launched the unique art initiative after seeing public pianos in other cities. The piano is located in the terminal building and is available to be played by passengers and visitors at any time. The piano has been played regularly and is a great hit with passengers, many of whom have proven to be excellent musicians.

During the 2015 holiday season, the GMIA presented its first-ever holiday music program in the main terminal. A number of talented acts were booked to perform holiday music during the holiday travel period. Performances took place between Dec. 14-24.





RETAILING



Retail partners remained relatively consistent in 2015 and included the Relay (convenience store), a number of national and international vehicle rental agencies, Aramark (food services), Royal Atlantic LePage Atlantic (real estate). After the departure of our seafood retailer, we embarked on a search for a new seafood provider to set up shop as soon as possible in 2015 as this is a popular part of our customer experience. We were pleased to welcome Poissonnerie Big Fish Market as the seasonal retailer of seafood for a portion of 2015.



ASQ SURVEY

Airport Council International (ACI)'s Airport Service Quality (ASQ) is a world-renowned and globally established benchmarking program measuring passengers' satisfaction while travelling through an airport. The GMIA joined this program for the first time in 2015

The ASQ program provides the research tools and management information to better understand passengers' views and what they expect from an airport's product and service offerings.

LOOKING AHEAD TO 2016

Every year, the commercial team – supported by many others inside and outside of the GMIA – works very hard to attract new airlines and increase the airport's positive profile in the community. This was also the case in 2015.

In 2016, we will concentrate on increasing choices for GMIA customers and visitors by working with our food services partner to expand their offerings. We are currently looking forward to this improvement to our current food offerings through Aramark. We will continue to seek to improve/increase our other retail options, as well.

Other continued initiatives in 2016 will include:

- Retain current sun destinations and increase that number based on demand.

- Identify potential new carriers in order to increase traffic at the GMIA, with a particular focus on low-cost carriers.
- Attract European and Asian destined air cargo carriers in order to increase choices for shippers.
- Plan for a successful Cargo Symposium in September 2016. (The Symposium is held every two years.)
- Grow and maintain our current integrated freight partners.
- Lease retail space and our former maintenance garage facility.

In 2016, we will also be subscribing to ASQ's full program, meaning that we will survey our customers throughout the year, allowing global benchmarking and making us eligible for related awards and recognition for our customer service.

BOARD COMMITTEES

Six standing committees meet throughout the year on a regular basis. These include: Executive Committee; Audit Committee; Strategic Planning Committee; Environmental Committee; Governance Committee; and Human Resources Committee. Ad hoc committees are formed when required.

The Greater Moncton International Airport Authority Inc. (GMIAA) Board's approach to governance is that the Board deals with policy issues, while the President and CEO is responsible for management and operational matters. That is to say, the Board is solely responsible for the formulation and monitoring of policy matters at the highest level, while management is responsible for the execution of day-to-day issues in support of these policies. A monitoring policy is put in place which holds the President and CEO accountable through the provision of periodic reports as well as other monitoring measures, all designed to give the Board the tools necessary to ensure its policies are being adhered to.

The following is an overview of committee memberships as of December 31, 2015:

EXECUTIVE COMMITTEE

The Executive Committee is comprised of Christopher Bacich (Chair), Diane Allain (Vice-Chair and Human Resources), André Pelletier (Past Chair and Strategic Planning), Maurice Richard (Secretary-Treasurer and Audit), Roland Collette (Environmental) and Brian Donaghy (Governance). Its purpose is to consider, promote and transact the business of the GMIAA between regular meetings of the Board of Directors.

AUDIT COMMITTEE

The members of the Audit Committee are Maurice Richard (Chair), Diane Cormier, Randy Jones, Clifford Lavigne and André Pelletier. The committee's primary responsibilities include, among others: identifying and monitoring the management of the principal risks

that could impact financial reporting; monitoring the integrity of the financial reporting process and systems of controls; and monitoring the independence and performance of the external auditors.

ENVIRONMENTAL COMMITTEE

The Environmental Committee is made up of Roland Collette (Chair), Brian Baxter, Brian Donaghy and Gil Meredith. This committee's mandate is to establish and monitor all policies associated with environmental issues on airport lands.

GOVERNANCE COMMITTEE

Membership on this committee is made up of Brian Donaghy (Chair), Diane Allain, Clifford Lavigne and Gil Meredith. Every year, the Governance Committee reviews the Terms of Reference for the Board, committee, Board Chair, President and CEO and management contractor (Vantage Airport Group). This committee is also responsible for formulating and recommending governance policies as well as evaluation matrices.

HUMAN RESOURCES COMMITTEE

The members of this committee are Diane Allain (Chair), Diane Cormier, Shane Esson, Randy Jones and Janice Ryan. Its mandate is to ensure that the GMIA has appropriate human resource strategies and policies consistent with good practices and business requirements.

STRATEGIC PLANNING COMMITTEE

This committee's membership is made up of André Pelletier (Chair), Brian Baxter, Roland Collette, Shane Esson and Janice Ryan. Its role is to develop strategic policies and the monitoring thereof in support of the GMIAA's goals and objectives.



2015 GMIA MANAGEMENT TEAM

- | | |
|-------------------------|--|
| Bernard F. LeBlanc | President and CEO (GMIAA Inc.)
Managing Director (GMIA) |
| Natasha Ostaff, CPA, CA | Director of Finance and Administration |
| Jacques Fournier | Director of Airport Commercial Development |
| Chris Farmer | Director of Operations |

COMMUNITY CONSULTATIVE COMMITTEE AND AERONAUTICAL NOISE MANAGEMENT COMMITTEE

The Community Consultative Committee and Aeronautical Noise Management Committee are a required initiative as per the ground lease entered into by GMIAA with Transport Canada. This requirement and undertaking takes place to solicit community input and feedback, as well as to highlight or address potential impacts of aeronautical activity at the GMIA.

While the Community Consultative Committee did not meet in 2015, the GMIA did undertake significant community and stakeholder consultation through a variety of approaches and targeted events. Some of these were special-interest-group related and targeted sessions, while others were more general community focused events and interactions with the general public as well as key stakeholders.

BOARD ACCOUNTABILITY

In 2015, there were no code of non-compliance issues for the GMIAA Inc. Board of Directors.

GMIAA INC. BOARD OF DIRECTORS



Christopher Bacich
 Title: Chair,
 Executive
 Committee Chair
 Occupation: General Manager,
BMW/Mini Moncton
 Nominator: City of Moncton



Roland Collette
 Title: Environmental
 Committee Chair
 Occupation: President & Owner,
Proactif Sports Inc.
 Nominator: City of Dieppe



Diane Allain
 Title: Vice Chair,
 Human Resources
 Committee Chair
 Occupation: Senior Consultant,
*Knightsbridge
 Robertson Surrette*
 Nominator: GMIAA Inc.



Diane Cormier
 Title: Director
 Occupation: Private Advisor,
*National Bank
 Financial*
 Nominator: GMIAA Inc.



Maurice Richard
 Title: Secretary-Treasurer,
 Audit Committee
 Chair
 Occupation: Self-employed
 Nominator: City of Dieppe



Brian Donaghy
 Title: Governance Committee
 Chair
 Occupation: Owner,
Codiac Printing
 Nominator: Government of
 Canada



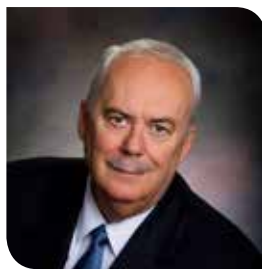
André Pelletier
 Title: Past Chair,
 Strategic Planning
 Committee Chair
 Occupation: Director, Real Estate
 Subsidiaries &
 Mortgage Loans,
Assumption Life
 Nominator: Greater Moncton
 Chamber of Commerce



Shane Esson
 Title: Director
 Occupation: Senior Vice-President and
 General Manager,
*Midland Transport
 Limited*
 Nominator: 3 + Corporation



Brian Baxter
 Title: Director
 Occupation: President,
*Botsford
 Investments Inc.*
 Nominator: Government of
 Canada



Randolph P. Jones
(deceased - January 2016)
 Title: Director
 Occupation: Trustee in Bankruptcy and
 Restructuring Professional,
*Allan Marshall
 & Associates Inc.*
 Nominator: Town of Riverview



Clifford Lavigne
 Title: Director
 Occupation: Retired teacher
 Nominator: City of Moncton



Gil Meredith
 Title: Director
 Occupation: Retired telecommunications professional
 Nominator: Town of Riverview



Robert Price
(departed Board in July 2015)
 Title: Director
 Occupation: President
Integrity Home Health Services
 Nominator: Province of New Brunswick



Janice Ryan
(joined Board in July 2015)
 Title: Director
 Occupation: President,
Botsford Fisheries LTD.
 Nominator: Province of New Brunswick



DIRECTORS' REMUNERATION AND EXPENSES *(In thousands of dollars, unless otherwise noted)*

<u>Directors' compensation</u> \$	
<i>Annual retainer</i>	
Chair	10
Vice-Chair	2.5
Secretary-Treasurer	8
Directors	2.5

Meeting fees
 Board and Board Committee meeting fees are \$300 dollars per meeting attended.

Total compensation to each Director in 2015 was:

<u>Compensation</u>	\$
Diane Allain	6.5
Chris Bacich	10
Brian Baxter	6
Roland Collette	7
Diane Cormier	6.5
Brian Donaghy	8
Shane Esson	6.5
Randolph P. Jones	7.5
Clifford Lavigne	8
Gil Meredith	6.5
André Pelletier	17
Robert Price	4
Maurice Richard	13
Janice Ryan	2

Changes to GMIAA's Board of Directors were as follows:

Departing Member

July 2015 - Robert Price

New Board Member

July 2015 - Janice Ryan

STRATEGIC INITIATIVES

FOR THE PERIOD 2016-2020, THE FOCUS OF THE GMIAA BOARD AND MANAGEMENT WILL BE:

- Pursuit of passenger service growth with emphasis on the establishment of new routes.
- Support and promotion of local air cargo activity and warehousing.
- Increased community engagement and communication efforts.
- Pursuit of international all-freighter airline shipping volume to grow cargo service.

2015 ACTUAL VS. BUSINESS PLAN (SHOWN IN MILLIONS OF DOLLARS)

	ACTUAL	PLAN	DIFFERENCE	EXPLANATION
Revenue, net of discounts	17.6	17.8	(0.2)	Decrease in Airport Improvement and Reconstruction (AIR) Fund revenues from decrease in passengers due to loss of oil worker traffic.
Expenses	15.6	16.8	(1.2)	Reduction of discretionary expenses such as travel, advertising and marketing
Capital expenditures	10.7	8.6	(2.1)	Airport Operations Facility construction began later than anticipated, therefore more cost carried over from 2014.

BUSINESS PLAN FORECAST FOR 2016-2020

	2016	2017	2018	2019	2020
Revenue, net of discounts	18.3	18.9	19.5	20.2	20.9
Expenses	17.2	16.7	16.9	17.6	18.1
Capital expenditures	1.8	6.8	13.7	8.7	3.3





FINANCIAL REVIEW

The Greater Moncton International Airport Authority Inc. (GMIAA) was incorporated as a corporation without share capital on June 22, 1995, under Part II of the *Canada Corporations Act*. The GMIAA Inc. is exempt from income tax according to the *Airport Transfer (Miscellaneous Matters) Act*. All earnings are retained and reinvested in airport operations and development.

The GMIAA Inc. is not required to pay any rent to the Government of Canada until 2016. In meeting the ground lease requirements, relating to whether goods, services or consideration in excess of \$75,000 (1997 dollars), adjusted to the Consumer Price Index (CPI), were awarded during 2015 without a public tendering process - there was one instance of sole sourcing for terminal furnishings from Arconas to match existing seating.

The excess of revenue over expenses for 2016 was \$2,235,033 compared to \$2,349,830 in 2014. The decrease in net earnings as well as revenues is a result of lower Airport Improvement and Reconstruction (AIR) Fund revenue due to the decline in mobile worker passenger traffic. Operating expenses decreased in 2015 due to a reduction in discretionary spending. All contributions are used to fund operational capital requirements ranging from mobile equipment, airfield maintenance and terminal building upgrades.

The AIR Fund generated \$5,982,103 net of collection expenses in 2015, compared to \$6,080,453 in 2014. The purpose of the AIR Fund is to finance the maintenance and development of expansionary infrastructure projects such as the construction of the new Airport Operations Facility, the lengthening of Runway 06/24 and reconstruction of Runway 11/29. Since 1999, the AIR Fund has raised \$60.5 million. These funds were in turn used to pay \$17.8 million in interest, principal payments of \$27.8 million and purchased \$12.8 million in capital assets. The net balance in the AIR Fund for 2015 was \$2.1 million and will be used to finance identified infrastructure requirements over the next five years of approximately \$24 million.



FINANCIAL STATEMENTS

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

DECEMBER 31, 2015



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INDEPENDENT AUDITOR'S REPORT

Grant Thornton LLP
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To the Members of
Greater Moncton International Airport Authority Inc. /
Direction de l'Aéroport international du Grand Moncton Inc.

We have audited the accompanying 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, 2015, and the statements of operations and changes in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the corporation's preparation and fair presentation of the financial statements 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 corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Greater Moncton International Airport Authority Inc. / Direction de l'Aéroport International du Grand Moncton Inc. as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Moncton, Canada
March 18, 2016

Grant Thornton LLP

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	2015	2014
Revenues		
Aircraft (Page 17)	\$ 6,559,503	\$ 6,427,876
Airport (Page 17)	<u>5,097,961</u>	<u>5,256,129</u>
	11,657,464	11,684,005
AIR Fund revenues, net of expenses (Note 11)	<u>5,982,103</u>	<u>6,080,453</u>
	<u>17,639,567</u>	<u>17,764,458</u>
Expenditures		
Salaries and employee benefits (Page 17)	3,219,606	3,095,448
Other operating and administration expenses (Page 18)	6,731,864	7,037,448
Amortization	4,287,463	4,193,315
Interest on bank financing	<u>1,331,369</u>	<u>1,331,833</u>
	<u>15,570,302</u>	<u>15,658,044</u>
Excess of revenues over expenses before other income	2,069,265	2,106,414
Other income		
Change in fair value of financial instruments (Note 8)	<u>165,768</u>	<u>243,414</u>
Excess of revenues over expenditures	<u>\$ 2,235,033</u>	<u>\$ 2,349,828</u>
<hr/>		
Net assets, beginning of year	\$ 27,023,878	\$ 24,750,050
Remeasurement in actuarial (losses) gains	111,000	(76,000)
Excess of revenues over expenditures	<u>2,235,033</u>	<u>2,349,828</u>
Net assets, end of year	<u>\$ 29,369,911</u>	<u>\$ 27,023,878</u>

SEE ACCOMPANYING NOTES AND SCHEDULE TO THE FINANCIAL STATEMENTS.

STATEMENTS OF FINANCIAL POSITION

December 31	2015	2014
ASSETS		
Current		
Cash and cash equivalents	\$ 5,084,982	\$ 3,721,007
Receivables	1,081,814	1,188,631
Materials and supplies	134,453	124,372
Prepaid expenses	<u>117,023</u>	<u>149,505</u>
	6,418,272	5,183,515
Restricted cash (Note 3)	3,115,917	12,692,996
Pension surplus (Note 4)	1,754,000	1,335,000
Capital assets (Note 5)	<u>59,701,746</u>	<u>53,264,131</u>
	<u>\$ 70,989,935</u>	<u>\$ 72,475,642</u>
LIABILITIES		
Current		
Payables (Note 6)		
-Trade	\$ 1,520,096	\$ 1,439,180
- Capital	923,812	687,738
Unearned revenue	8,559	7,113
Refundable deposits	156,642	157,194
Bank financing due within one year (Note 7)	<u>4,030,905</u>	<u>4,030,905</u>
	6,640,014	6,322,130
Long-term		
Severance liabilities	485,053	438,004
Bank financing (Note 7)	34,327,615	38,358,520
Financial instruments liability (Note 8)	<u>167,342</u>	<u>333,110</u>
	34,980,010	39,129,634
	41,620,024	45,451,764
Net assets	<u>29,369,911</u>	<u>27,023,878</u>
	<u>\$ 70,989,935</u>	<u>\$ 72,475,642</u>

Commitments (Note 10)

On behalf of the Board



Director



Director

SEE ACCOMPANYING NOTES AND SCHEDULE 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	2015	2014
Increase (decrease) in cash and cash equivalents		
OPERATING		
Excess of revenues over expenditures	\$ 2,235,033	\$ 2,349,828
Items not affecting cash		
Amortization	4,287,463	4,267,567
Loss (gain) on disposal	(3,473)	2,700
Pension expense (Note 4)	58,000	73,000
Change in fair value of financial instruments	<u>(165,768)</u>	<u>(243,414)</u>
	6,411,255	6,449,681
Change in non-cash operating working capital (Note 9)	<u>258,077</u>	<u>484,786</u>
Pension payments (Note 4)	<u>(366,000)</u>	<u>(407,000)</u>
	<u>6,303,332</u>	<u>6,527,467</u>
INVESTING		
Change in restricted cash, net	9,577,079	(7,627,320)
Proceeds on disposition of assets	6,752	15,000
Motor vehicles	(93,232)	(1,445,500)
Equipment	(161,972)	(135,763)
Infrastructure	(9,589,400)	(4,164,494)
ATB	<u>(883,753)</u>	<u>(448,198)</u>
	(1,144,526)	(13,806,275)
FINANCING		
Repayment of bank financing	(4,030,905)	(3,599,654)
Proceeds of bank financing	-	11,500,000
Change in capital payables	<u>236,074</u>	<u>79,622</u>
	<u>(3,794,831)</u>	<u>7,979,968</u>
Increase in cash and cash equivalents	1,363,975	701,160
Cash and cash equivalents		
Beginning of year	<u>3,721,007</u>	<u>3,019,847</u>
End of year	<u>\$ 5,084,982</u>	<u>\$ 3,721,007</u>

SEE ACCOMPANYING NOTES AND SCHEDULE TO THE FINANCIAL STATEMENTS.

December 31, 2015

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 Greater Moncton Chamber of Commerce, 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. The term on the contract is for 23 years. The remaining term is 9 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Part III, Canadian accounting standards for not-for-profit organizations (ASNPO). The following are the accounting policies selected by GMIAA and applied to these financial statements

FUND ACCOUNTING

GMIAA follows the restricted fund method of accounting for revenues and expenses. All of the operations are accounted in the general fund.

REVENUE RECOGNITION

Landing fees, terminal fees and parking revenue are recognized as the airport facilities are utilized. Concession revenues are recognized on the accrual basis and calculated using agreed percentages of reported concessionaire sales, with specified minimum rent guarantees. Rental (and licence) revenues are recognized over the lives of respective leases, licences and permits. Airport Improvement Fees (AIF), net of collection expenses, are recognized monthly based on reported travel. Unearned revenues are comprised of excess amounts, over the minimum guarantee provided by the car rental agencies that have been received during the year. The recognition of these excess amounts, as earned revenue, is dependent on a full year's activity measured at June 30th annually for all such agencies.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 vehicles	5% - 10%
New ATB	2.5% - 33.33%
Old ATB renovations	10% - 33.33%

Capital assets are recorded net of any grants identified for capital purposes.

EMPLOYEE FUTURE BENEFITS

The GMIAA uses the immediate recognition approach to account for its defined benefit pension plans. The accrued benefit obligations are determined using the projected benefit method prorated on services, which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors. The accrued benefit obligations are determined using the most recent actuarial valuation report prepared for funding purposes.

Plan assets are measured at fair value.

The GMIAA recognizes the plan's funded surplus, which is the net amount of the accrued benefit obligations and the fair value of plan assets, on the balance sheet.

Remeasurements and other items are recorded directly in Net Assets.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, commitments and contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Examples of such estimations and assumptions include the useful lives of capital assets, valuation adjustments, provisions for contingencies, assumption related to pension plan, interest rate swap and severance liabilities. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

DERIVATIVE FINANCIAL INSTRUMENTS

GMIAA's interest rate risk exposure arises from fluctuations in interest rates. GMIAA uses derivative instruments, such as interest rate swaps, to reduce its exposure to interest risk relating to its bank financing with variable interest rates. The agreements have the effect of converting the floating rate of interest to a fixed rate. For the derivative entered after the transition date of January 1, 2011, GMIAA has designated each interest rate swap as a cash flow hedge adopting hedge accounting to record the interest rate swaps in accordance with ASNPO, and as such, GMIAA is not required to record the fair value of the interest rate swap derivative. The interest rate swap agreements involve the periodic exchange of payments without the exchange of the notional principal amount upon which the payments are based and are recorded as an adjustment of interest expense on the hedge debt instrument. The related amount payable to or receivable from counter parties is included as an adjustment to accrued interest. Derivative financial instruments entered prior to transition date of January 1, 2011 are recorded on the statement of financial position at fair value. Changes in the fair values of derivative financial instruments are recognized in the statement of operations.

3. RESTRICTED CASH

	2015	2014
AIR Fund for capital purposes	\$ 2,133,772	\$ 1,951,146
Other capital funds (Board restricted)	522,781	522,781
Capital financing funds	<u>459,364</u>	<u>10,219,069</u>
	<u>\$ 3,115,917</u>	<u>\$ 12,692,996</u>

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

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:

	2015	2014
Accrued benefit obligation	\$ (5,956,000)	\$ (5,702,000)
Fair market value of plan assets	7,710,000	7,037,000
Funded status – pension surplus	<u>\$ 1,754,000</u>	<u>\$ 1,335,000</u>
	2015	2014
Net pension expense	\$ 58,000	\$ 73,000
Employer contributions	366,000	407,000
Employee contributions	35,000	36,000
Benefits paid	198,000	198,000

As a result of January 1, 2015 actuarial valuation, GMIAA is required to make special monthly payments of \$18,475. These payments are to fund the solvency deficiency that existed at January 1, 2015.

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

	2015	2014
Discount rate	5.25%	5.5%
Rate of compensation increase	3.0%	4.0%
Rate of inflation	2.5%	2.5%
Mortality Table	CPM	CPM

The actuarial present value of accumulated plan benefits for the 2015 fiscal year is based on an extrapolation provided by the actuaries. The last formal actuarial valuation performed was effective January 1, 2015. The actuaries believe the financial results would not differ materially from the extrapolation if a formal valuation was performed as at December 31, 2015. The next valuation report is due from the actuaries effective January 1, 2016.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

4. PENSION SURPLUS (CONTINUED)

	Percentage of Plan Assets	
	2015	2014
Defined benefit plan assets consists of:		
Equity securities	59.2%	61.8%
Debt securities	32.8%	30.6%
Other	8.0%	7.6%
	100%	100%

In addition, GMIAA contributed \$105,520 (2014 - \$98,393) to a defined contribution plan for employees during the year.

5. CAPITAL ASSETS

	Cost	Discretionary grants and contributions applied	Accumulated Amortization	2015 Net Book Value
Airside infrastructure**	\$ 53,376,417	\$ (16,287,509)	\$ (12,252,385)	\$ 24,836,523
Equipment	1,931,364	(219,115)	(1,409,240)	303,009
Groundside infrastructure**	20,968,601	(4,625,447)	(1,469,080)	14,874,074
Motor vehicles	7,943,772	(164,591)	(3,893,714)	3,885,467
New ATB**	28,371,483	(3,936,263)	(8,722,352)	15,712,868
Old ATB renovations**	1,215,761	(495,356)	(630,600)	89,805
	\$ 113,807,398	\$ (25,728,281)	\$ (28,377,371)	\$ 59,701,746
				2014
				Net Book Value
Airside infrastructure**	\$ 53,332,486	\$ (16,287,509)	\$ (10,004,424)	\$ 27,040,553
Equipment	1,769,392	(219,115)	(1,282,621)	267,656
Groundside infrastructure**	11,423,132	(4,625,447)	(1,255,949)	5,541,736
Motor vehicles	7,899,785	(164,591)	(3,318,684)	4,416,510
New ATB**	27,487,730	(3,936,263)	(7,701,797)	15,849,670
Old ATB renovations**	1,215,761	(495,356)	(572,399)	148,006
	\$ 103,128,286	\$ (25,728,281)	\$ (24,135,874)	\$ 53,264,131

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

6. PAYABLES

Included in payables and accruals is federal government remittance due of \$1,895 (December 31, 2014 - \$2,579) relating to payroll source deductions.

7. BANK FINANCING

CIBC term loan, maturing July 2, 2017 at bankers acceptance plus 0.48% per annum renewed every 30 days. There is an interest rate swap with a fixed rate of 6.46% per annum (original amount \$12.1 million). Principal repayments are yearly instalments of \$1,666,666 (2009 - 2016) and \$1,616,672 (2017).

<u>2015</u>	<u>2014</u>
\$ 3,283,338	\$ 4,950,004

CIBC term loan, amortized to May 2018, repayable in quarterly instalments of principal of \$55,643 plus interest. Interest rate is prime minus 1% plus a stamp fee of 0.35% per annum.

556,432	779,004
---------	---------

CIBC term loan, amortized to September 2026, repayable in quarterly instalments of principal of \$116,667 plus interest. Interest rate is prime minus 1% plus a stamp fee of 0.35% per annum.

4,900,000	5,366,667
-----------	-----------

CIBC term loan, maturing July 7, 2016 at bankers acceptance plus 0.48% per annum renewed every 30 days. There is an interest rate swap with a fixed rate of 3.84% per annum (original amount \$11.0 million). Principal repayments are quarterly instalments of \$137,500.

9,075,00	9,625,000
----------	-----------

CIBC term loan, maturing December 18, 2017 at bankers acceptance plus 0.48% per annum renewed every 30 days. There is an interest rate swap with a fixed rate of 3.14% per annum (original amount \$11.0 million). Principal repayments are quarterly instalments of \$137,500.

9,762,500	10,312,500
-----------	------------

CIBC term loan, maturing September 29, 2019 at bankers acceptance plus 0.48% per annum renewed every 30 days. There is an interest rate swap with a fixed rate of 3.53% per annum. Principal repayments are quarterly instalments of \$143,750.

<u>10,781,250</u>	<u>11,356,250</u>
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38,358,520	42,389,425
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Less current portion

<u>4,030,905</u>	<u>4,030,905</u>
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Due beyond one year

<u>\$ 34,327,615</u>	<u>\$ 38,358,520</u>
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NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

7. BANK FINANCING (CONTINUED)

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 re-payments are as follows:

2016	\$	4,030,905
2017		3,980,911
2018		2,252,953
2019		2,141,667
2020		2,141,667

8. FINANCIAL INSTRUMENTS LIABILITY

In 2001, the GMIAA entered into an interest rate swap which convert variable bankers acceptance rates into a fixed rate of 6.46%. The change in fair value are recorded in other income "change in fair value of financial instruments", in the statement of operations, which was \$165,768 for 2015 (2014 - \$243,414). At December 31, 2015, the interest rate swap was in a net liability position in the amount of \$167,342 (December 31, 2014 - \$333,110). The notional amount of derivative financial liabilities at December 31, 2015 was \$3,283,338 (December 31, 2014 - \$4,950,004). For interest rate swap's entered into after January 1, 2011, see Note 2 "Derivative financial instruments" for the GMIAA's accounting policy.

9. CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2015	2014
Receivables	\$ 106,817	\$ 539,329
Materials and supplies	(10,081)	3,173
Prepaid expenses	32,482	1,849
Payables - trade	80,915	(44,479)
Unearned revenue	1,446	(1,540)
Refundable deposits	(552)	(7,438)
Severance liabilities	47,050	(6,108)
	\$ 258,077	\$ 484,786

December 31, 2015

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.

GMIAA is not required to pay rent to the Landlord until the year 2016. Subsequent to 2015, the operating lease for the airport requires that GMIAA calculate rent due to the Landlord utilizing a formula reflecting annual airport gross revenues.

- (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 9 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) Severance liabilities

- (i) Severance trust liability

In 1998, GMIAA received \$245,892 from the Government of Canada representing the present value of all future severance benefits accrued for the benefit of the employees, in respect of all years of service, up to the transfer date of September 1, 1997. The valuation amount was arrived at by the Office of the Superintendent of Financial Institutions Canada by using the methodology recommended by the Canadian Institute of Actuaries for the computation of transfer values from registered pension plans. The total of these monies were paid out as at December 31, 2011.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

10. COMMITMENTS (CONITNUED)

(ii) On-going severance accrual

In addition, since the transfer from Transport Canada, GMIAA continues to accrue severance as earned. At December 31, 2015, this component totalled \$485,053 (December 31, 2014 - \$438,004).

11. AIR FUND RESULTS

	2015	2014
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.		
Fees collected	\$ 6,414,673	\$ 6,491,944
Interest	18,733	49,278
	6,433,406	6,541,222
Handling fees	(451,303)	(460,769)
Excess of revenues over expenses	\$ 5,982,103	\$ 6,080,453

12. FINANCIAL INSTRUMENTS

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

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

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

December 31, 2015

12. FINANCIAL INSTRUMENTS (CONTINUED)

(a) MARKET RISK

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

(i) INTEREST RATE RISK

Interest rate risk is the potential for financial loss arising from changes in interest rates. Financial instruments that potentially subject GMIAA to interest rate risk include bank financing with floating interest rates. GMIAA currently has a million dollar line of credit available, and term loans of \$38.4 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, 2015, the National amount related to interest rate swaps was \$32.9 million.

(b) CREDIT RISK

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

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

(c) LIQUIDITY RISK

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2015

13. LINE OF CREDIT

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

14. COMPARATIVE FIGURES

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

SCHEDULES TO THE FINANCIAL STATEMENTS

Year Ended December 31

AIRCRAFT REVENUE

	2015	2014
Landing fees	\$ 4,791,713	\$ 4,616,305
Terminal fees	<u>1,767,790</u>	<u>1,811,571</u>
	<u>\$ 6,559,503</u>	<u>\$ 6,427,876</u>

AIRPORT REVENUE

	2015	2014
Concessions	\$ 1,536,393	\$ 1,461,348
Interest	37,978	48,863
Parking	2,163,961	2,511,251
Rent	572,904	549,450
Recovery of property taxes from tenants	329,423	327,116
Recovery of expenses from tenants	295,951	173,538
Miscellaneous	<u>161,351</u>	<u>184,563</u>
	<u>\$ 5,097,961</u>	<u>\$ 5,256,129</u>

SALARIES AND EMPLOYEE BENEFITS

	2015	2014
Salaries and wages	\$ 2,798,325	\$ 2,673,148
Employee benefits	<u>421,281</u>	<u>422,300</u>
	<u>\$ 3,219,606</u>	<u>\$ 3,095,448</u>

SCHEDULES TO THE FINANCIAL STATEMENTS

Year Ended December 31

OTHER OPERATING AND ADMINISTRATION EXPENSES

	2015	2014
Advertising and marketing	\$ 348,323	\$ 315,397
Bad debt expense	19,263	12,994
Board administration	192,758	186,084
Communications - telephone/cellular	74,079	77,379
Contract and special services	607,872	768,401
Electricity	561,332	555,024
Freight	4,639	3,658
Fuel	443,149	433,262
Insurance	160,568	156,872
Interest and bank charges	76,994	76,496
Janitorial services	336,313	331,077
Management and support services	1,045,643	1,064,473
Materials and supplies	274,725	300,938
Miscellaneous	140,721	130,112
Office supplies	10,527	12,163
Professional and consulting services	68,146	103,121
Property taxes	912,201	887,241
Repairs and maintenance	568,060	750,018
Security services	568,340	606,860
Travel	135,381	137,184
Water and sewer	182,830	128,694
	<u>\$ 6,731,864</u>	<u>\$ 7,037,448</u>