



SAINT JOHN AIRPORT

YSJ 2020 ANNUAL REPORT

ABOUT THE AIRPORT

The Saint John Airport Inc. is a community based, not-for-profit corporation serving the air travel needs of residents of southwestern New Brunswick.

The airport (YSJ) is a key element in the economic and social development of the Greater Saint John region with an economic impact estimated at \$68.7 million, with more than 480 jobs created directly and indirectly.

The Saint John Airport (YSJ) reinvests all profits back into the airport and local communities.



OUR VISION

To be the preferred airport
in New Brunswick.

OUR VALUES

Our core values act as guideposts for everything we do.



SAFETY:

Safety & security is our first priority.



SERVICE:

We strive to exceed passenger expectations.



STANDARDS:

We meet or exceed all Environmental
and Regulatory standards.



NEW BRUNSWICK:

We're an active participant in Greater Saint
John's vibrant community and a vital gateway
to economic growth in New Brunswick.

OUR MISSION

To maintain a safe, convenient and modern airport that connects Greater Saint John with the rest of Canada and the World.

KEY STRATEGIES

4 PILLARS OF GROWTH

These four goals must be reached in order to realize the Mission and Vision of our airport.

1 BROADEN AIR SERVICE AND ROUTES

- Diversify Airline Carriers and Routes
- 500,000 Passengers by 2030

2 DIVERSIFY OUR REVENUE STREAM

- Develop Our Land
- Expand Our Tenant Base
- Optimize Concessions

3 DRIVE COMMUNITY OWNERSHIP

- Improve Stakeholder Engagement
- Improve Social, Environmental, and Economic Impact on the Region
- Improve Community Engagement

4 ENHANCE FACILITIES, INFRASTRUCTURE, PROCESSES, AND PASSENGER EXPERIENCE

- Invest in Ourselves - Modernize & Beautify
- Improve Business Planning, Processes & Procedures
- Improve Employee Engagement
- Measure Passenger Experience
- Improve Safety, Cybersecurity, and Compliance

MESSAGE FROM THE CEO →

We had envisioned a very different 2020.



In January and February we saw a strong start to the year and were ready to embrace the continued growth in air traffic we had been experiencing. With the largest capital project in the Airport's history newly completed in 2019, our airfield is now one of the most modern and safest in the country. YSJ was poised and ready for the next 20 years of growth.

In February, we announced that Flair Airlines has selected Saint John as their exclusive New Brunswick destination, marking the start of a new ultra-low cost option that will allow Saint John leisure travellers to fly to more places than ever before.

And then the world changed. With the global pandemic came travel restrictions, and by mid-March all three of our airline partners, Air Canada, Porter Airlines, and Sunwing, had announced COVID-19 related flight suspensions. On April 1 commercial flights to and from YSJ were suspended. Our team worked tirelessly to adapt to a constantly changing situation, with the goal of resuming air travel, while keeping health and safety a top priority for travellers, our employees, and the larger Saint John community.

The commercial flight suspensions had a significant impact to our revenues. In April, we moved quickly to stem controllable spending and reduce operating costs as much as possible, while maintaining all safety protocols and

observing federal regulations. We deferred more than \$5 million in capital projects, cut expenses by \$1.3 million, and explored all available government support programs. Unfortunately, those measures were not enough; in July we took the difficult step of adjusting our workforce.

In the Spring of 2020, we never could have imagined that commercial flight suspensions would last (essentially) for the remainder of the year. There was a spark of hope in mid-June when Air Canada returned to YSJ, offering one daily non-stop flight between Saint John and Montreal. But in early December, Air Canada announced that they would be reducing service across the entire Atlantic region, effective January 11, 2021. For us, that meant the indefinite suspension of all commercial flights in and out of the Saint John Airport.

Even with all commercial flights stopped, our runways remained open and always will remain open 24/7 to provide essential services to medevac flights, cargo, and private carriers for the many national and global enterprises headquartered in Saint John.

In November, YSJ was one of the first airports in New Brunswick to receive global recognition for its health and safety measures, implemented in response to COVID-19, from the Airports Council International (ACI). We worked hard to receive

this global health accreditation.

And we'll continue working hard to reassure the travelling public that we are doing everything to ensure our airport is at the top of its game for health and safety — now, and in the future.

I thank our board, management team, staff, and community for their continued support. The Saint John Airport will be here to welcome back our passengers when it's safe to do so, and you're ready to fly again.

Greg Hierlihy Interim President & CEO

The Saint John Airport's past President and CEO, Derrick Stanford, stepped down from his role effective March 10, 2021. For more information, please see page 10.



MESSAGE FROM THE CHAIR →

A grueling year for
the aviation industry
but clear skies are ahead.



2020 has been the most challenging year in the Saint John Airport's history, and for the aviation industry as a whole. The COVID-19 pandemic, and the related travel restrictions and flight suspensions that followed, has tested us all on a daily basis. I am proud of our team who worked resolutely amidst fluctuating circumstances and uncertainty, with the primary goal of resuming air travel while keeping health and safety a top priority for everyone.

Around the world airlines and airports have reacted to the unprecedented decline in global travel resulting from the pandemic. The commercial flight suspensions by our airline partners were very disappointing, but we understood that they were business decisions that had to be made. The flight suspensions had a significant impact to YSJ's revenues. Fortunately, the Airport has been fiscally prudent and we are in a financial position to weather a temporary downturn.

We continue to have good relationships with our airline partners: Air Canada, Porter, Sunwing, and Flair Airlines, with flight service expected to resume in 2021. Passenger demand will ultimately determine when commercial air service returns to YSJ. We believe that people will choose to fly again when travel restrictions are lifted, and when they feel it is safe to do so as a result of widespread global vaccinations. Until then, the aviation sector —including Canadian

airlines— need financial support to withstand the pandemic.

The funding announced by the federal government at the end of 2020 was a good start for the aviation sector, including small airports like ours. It reflects the importance the federal government places on the entire travel industry and sustaining it for future service and growth.

During these trying times, it has been gratifying to experience the outpouring of support for our Airport from political and community leaders, local business and economic development organizations, and the general public. They recognize that the Saint John Airport has an important role to play in our community's post-pandemic recovery. YSJ connects the Greater Saint John region to the rest of Canada and the world. We know our ability to facilitate travel to and from our region has a direct positive impact on business attraction, retention and growth; tourism recovery and growth; population growth; and newcomer attraction and retention.

This year we welcomed Peter G. Gaulton to our hard-working and resourceful board of directors. And we said farewell to Andrew Green whose board term ended. Larry Hachey stepped down as Board Chair and I assumed the role on July 1. I would like to thank Larry and Andrew for their leadership and contributions to the success of our Airport.

Our board of directors and the YSJ management team continue to work on recovery strategies to restore operations, so that we can get back to the important work we were doing, pre-COVID. I thank them for their hard work and support during this most unusual and challenging year.

Please feel free to contact me or any member of our board with your concerns or ideas to help build back the Saint John Airport. It is your Airport, and we thank you for your continued support.

Mark Bettle
Chair of the Board of Directors



THANK YOU AND FAREWELL

Derrick Stanford, the Saint John Airport's President and CEO since 2016, stepped down from his role effective March 10, 2021. For almost five years, Derrick was a dedicated ambassador of the Saint John Airport. Under his leadership, the Airport experienced record-breaking passenger growth, major capital improvements, enhancements to passenger experience, as well as the attraction of new airline carriers: Porter Airlines and Flair Airlines. The Saint John Airport would like to thank Derrick for his significant contributions and we wish him all the best.

Greg Hierlihy, the Airport's Director of Finance and Administration since 2017, is the Interim President and CEO, effective March 11, 2021. Greg has demonstrated his leadership, guiding the Airport through the financial pressures brought on by COVID-19. His role as Interim President and CEO, is to provide the Vision and Strategic Direction of the Saint John Airport until a permanent CEO is selected.

CORPORATE GOVERNANCE

Your Board of Directors [As of December 2020]

Chair: Mark Bettle

Nominated by: Saint John
Region Chamber

Paulette Hicks

Nominated by: City of Saint John

Vice Chair: Susan Harley

Nominated by: Transport Canada

Karen Chantler

Nominated by: Regional Service
Commission Region 8

Treasurer: Shilo Boucher

Nominated by: Fundy Regional
Service Commission

Peter Gaulton

Nominated by: NB Department
of Transportation

Secretary: Susan Layton

Nominated by: Saint John Airport

Nancy Creamer-Ervin

Nominated by: Transport Canada

Chair, Air Services: Andrew MacGillvray

Nominated by: Saint John Airport

Dwayne Stoddart

Nominated by: Saint John Airport Inc.

Chair, HR: Kevin Scott

Nominated by: City of Saint John

Charles Hickey

Nominated by: Saint John and District
Labour Council

John Wheatley

Nominated by: Enterprise Saint John

COMMITTEES OF THE BOARD ↓

FINANCE, AUDIT & INVESTMENT COMMITTEE

CHAIR – SHILO BOUCHER

A committee of three directors and senior management meet on a regular basis to review the operational and corporate financial activities, review the annual business plan, capital plan and financial budget and makes appropriate recommendations to the board of directors.

The annual audit is reviewed with the Corporation's auditors prior to presentation to the board of directors for approval. The Finance, Audit & Investment Committee recommends investment options to the board of directors and, as required, recommends options for the appointment of the Corporation's auditors.



GOVERNANCE COMMITTEE

CHAIR – SUSAN LAYTON

A committee of five directors and senior management meet to review board policies, the Corporation's by-laws, and the public accountability principles for Canadian airports to ensure compliance with relevant legislation, regulations and current policies and procedures. New board member attraction and orientation is also the responsibility of the committee. This committee evaluates board training options, committee terms of reference, board composition and any potential gaps in board expertise and diversity.

FACILITIES AND AIR SERVICE COMMITTEE

CHAIR – ANDREW MACGILLIVRAY

A committee of six directors and senior management meet as required to determine air service priorities and develop strategies for airline attraction. Committee members also seek and recruit community support for airline attraction activities and expertise for presentation to potential airline partners, all in an effort to broaden our air service options.

The committee also develops for the board of directors, recommendations on infrastructure improvements and development and strategies for commercial development opportunities. They provide guidance on matters related to long-term growth and viability, revenue diversification and land development options.

HUMAN RESOURCES COMMITTEE

CHAIR – KEVIN SCOTT

A committee of four directors and senior management meet on a regular basis to review and make recommendations to the board on the annual salary policy for the CEO and management team (non-unionized), mandates for the negotiation of collective agreements with certified bargaining units, employee benefit plan coverage and benefit rate renewal for management, and plans for recruitment and changes in staffing levels.

The committee also serves to provide general oversight on policies and processes that ensure the Airport's compliance with occupational and environmental health and safety legislation, and to receive and consider reports and recommendations from the Pension Administration Committee and make recommendations to the board with respect to the design of the pension plan and other pension matters within the authority of the board.

EXECUTIVE COMMITTEE

CHAIR – MARK BETTLE

A committee made up of the Chairs of the Board Committees, the Vice Chair and senior management meets between regular meetings of the board to deal with matters pertaining to the direction of the affairs and business of the Corporation, in such manner as it deems best for the interests of the Corporation.

AIRPORT COMMUNITY CONSULTATIVE COMMITTEE (ACCC)

CHAIR – DERRICK STANFORD

The YSJ Airport Community Consultative Committee's purpose is to provide effective dialogue between the Saint John Airport Authority and community stakeholders, government partners, and other aviation community representatives.

The ACCC is intended to demonstrate YSJ's commitment to transparency and effective engagement with local community stakeholders potentially affected by activities of the Saint John Airport Authority.

The committee shares and discusses issues relating to the ongoing operation and future plans of the Saint John Airport, such as growth plans, flight path changes, or noise issues to name a few, and allow the Airport's management team to hear municipal concerns expressed in a public forum and to take action as agreed and considered appropriate.



SAFETY & SECURITY

The Saint John Airport is committed to excellence in safety, security and environmental management. Our primary objective is to build, operate and maintain a safe, secure and environmentally sustainable airport for our employees, stakeholders and customers.

Currently YSJ has safety, security and environmental policies to serve as a reminder to each airport authority employee that we are all individually responsible to report hazards and to always look for ways to improve our programs and processes.

The management team leads our endeavor to:

- Meet all applicable safety, security and environmental laws and regulations;
- Train and educate our employees and allocate sufficient resources in support of safety, security and environmental excellence;
- Set specific measurable goals for safety, security and environmental performance and regularly report on these results; and
- Promote a culture whereby employees and stakeholders can:
 - ↳ Voluntarily self-report any acts, deficiencies, hazards, incidents or occurrences that threaten safety, security or the environment; and
 - ↳ Actively and collaboratively identify, seek out, report, analyze and rectify hazards in order to prevent or mitigate reoccurrence and maintain a safe, secure and environmentally sustainable airport.

ACI AIRPORT HEALTH ACCREDITATION

2020 saw a new challenge introduced and that was the COVID-19 pandemic. The Saint John Airport quickly reacted and received the ACI Airport Health Accreditation. A review of all passenger areas and processes was completed and additional Health and Safety measures were implemented which allowed YSJ to;

- Demonstrate to passengers, staff, regulators, and governments YSJ's prioritization of health and safety in a measurable, established manner.
- Reassure the travelling public using the airport's facilities.
- Promote the recognition of professional excellence in maintaining safe hygienic facilities, and
- Promote best practices and align efforts across the aviation industry.

WILDLIFE MANAGEMENT

We have a responsibility to ensure safe aircraft operations while conserving wildlife. The YSJ wildlife team patrols the airfield year-round, using methods (pyrotechnics, sirens and trapping) to scare and disperse hazardous wildlife. It uses proactive tools such as a bird deterrent kite and incorporates game cameras to help identify wildlife sightings in wooded areas. These methods increase wildlife management effectiveness. In 2020 wildlife reports doubled and strike reports decreased from the previous year.

WATER

Saint John Airport continuously monitors the quality of potable water, wastewater and storm water at its airport through sampling conducted by our certified water and wastewater operators and analysis provided by an accredited outside laboratory.

More than 200 analyses are carried out annually on water samples collected at various outlets of the airport. In our glycol management plan, we set clear targets for reducing impacts to water quality. This includes a target that strives for zero water samples with glycol concentration above the Canadian glycol guideline level of 100 mg/L. In 2020 all water samples tested for glycol from airport storm water runoff met our target, as all samples tested had <5 mg/L of glycol concentration.

TRAINING

Every year we invest in thousands of hours of safety related training for our employees in the following areas:

- Safety Management System
- Security Management System
- Barrier Free Training
- Wildlife training
- Occupational Health & Safety

HEALTH & SAFETY

Our joint Occupational Health and Safety Committee is comprised equally of management and bargaining unit employees. The committee reviews policies, programs and safe work practices on an annual basis ensuring all applicable regulations, standards, guidelines and best practices are incorporated. Our goal is zero findings of unsafe work practices.

In 2020, the Health and Safety Committee developed and implemented numerous procedures to mitigate hazards of COVID-19 for both our employees and our customers. An operational plan was developed, implemented and training provided to all employees. Plan and procedures were amended as public health and work-safe guidance changed.

LOST-TIME INJURIES

We measure health and safety performance by tracking any at-work injuries that result in an employee missing work. Our goal is to have zero at-work injuries.

EMERGENCY RESPONSE PROCEDURES - TABLETOPS AND LIVE

Safety and security is our main priority and it is critical that we are prepared should a real emergency occur. The exercises provide valuable emergency response training and allows YSJ and our first responding agencies to test interoperability. All exercises highlight procedures that are working well, as well as areas that require improvement. Saint John Airport is committed to continuing with the annual tabletop exercises in 2021.

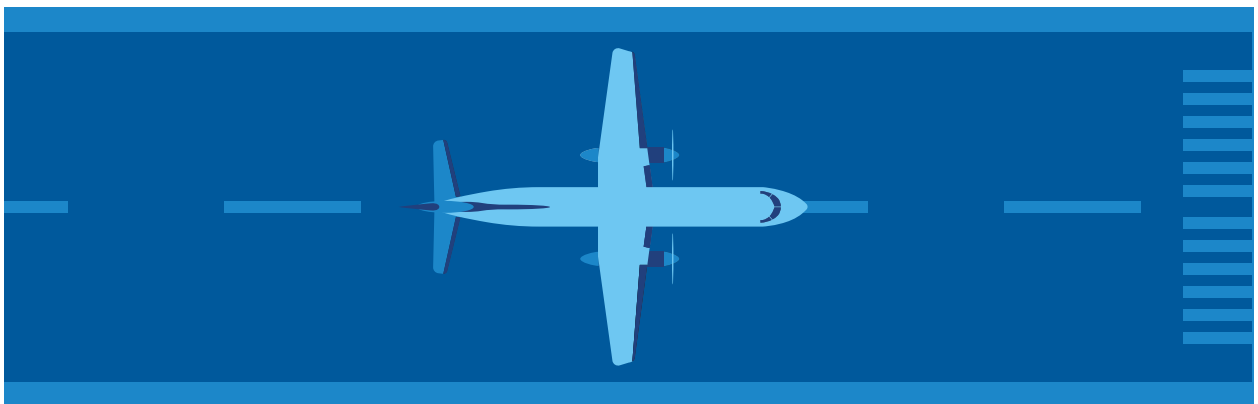
COMMUNITY ENGAGEMENT

A FORUM FOR DIALOGUE WITH OUR LOCAL COMMUNITY

The Airport Community Consultative Committee (ACCC) provides effective dialogue between the airport and our local community stakeholders potentially affected by activities of the Saint John Airport Authority.

The committee shares and discusses issues relating to the ongoing operation and future plans of the Saint John Airport. It allows for any concerns by the local community to be expressed in a public forum and to be heard directly by the airport's management team.

Due to the significant disruption caused by the global pandemic the committee meetings were not held during 2020. Future meetings will be held bi-annually, beginning with a virtual meeting in the second quarter of 2021, and be representative of the community, particularly the traveling public and organized labour.



2020 HIGHLIGHTS

THE SAINT JOHN AIRPORT IS COMMITTED TO ENHANCING PASSENGER EXPERIENCE.

YSJ RECEIVES GLOBAL HEALTH ACCREDITATION FROM ACI

The Saint John Airport is one of the first airports in New Brunswick to receive global recognition for its health and safety measures, implemented in response to COVID-19, from the Airports Council International (ACI). Many changes have been implemented within the airport terminal to ensure the health and safety of passengers, airport employees and tenants. The travelling public can rest assured that the Saint John Airport is at the top of its game for health and safety – now, and in the future.

YSJ BRINGS FLAIR AIRLINES AND ULTRA LOW FARES TO SAINT JOHN

Flair Airlines selected Saint John as their exclusive New Brunswick destination, marking the start of a new ultra-low cost option that will allow Saint John leisure travellers to fly to more places than ever before. The inaugural Flair Airlines flight from the Saint John Airport (YSJ) to Toronto Pearson Airport (YYZ) had been scheduled for June 25, 2020 but has been postponed until 2021 due to COVID-19 related travel restrictions.

YSJ FIRST AIRPORT IN CANADA TO INSTALL A UPOD FOR BUSINESS TRAVELLERS

The Saint John Airport has partnered with USTATION, an Atlantic Canadian startup, to install a mobile work station, called a UPOD, inside the airport's main terminal that allows business travellers to stay productive while on-the-go. YSJ was selected as the first of three locations to test the innovative UPOD concept.

UPGRADED AMENITIES

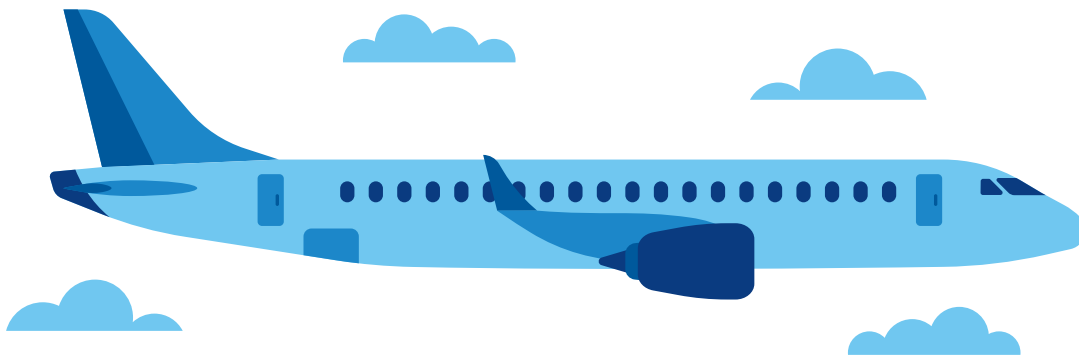
- New renovations to the YSJ Market and Duty Free area allow guests to enjoy a more inviting layout and an improved passenger experience, including alcoholic and non-alcoholic beverages, snacks and other refreshments in the departures area post security.

IMPROVED PARKING FACILITIES

- Improved convenience has been expanded to the long term parking area. YSJ now offers the convenience of HotSpot Parking in both the long and short term parking lots.

5 YEAR UNION AGREEMENT REACHED

- A collective bargaining agreement was reached with the Union of Canadian Transportation Employees (UCTE). The agreement with Local 60615 ensures that the Airport's unionized employees receive a progressive new pension plan and wage increases over the next five years.



2020 Business Plan vs Actual

(IN THOUSANDS)

	PLAN	ACTUAL	DIFFERENCE
Revenue	7,391	1,984	(5,407)
Expenses	6,187	3,943	2,244
Capital Expenditures	6,635	2,360	4,275

REVENUE:

As a result of the pandemic there was a significant drop in passenger traffic and the number of flights

EXPENSES:

Operating costs were reduced in response to the significant drop in revenue. Safety and security of the airfield and the terminal remain as the priority; adjustments to cost of this nature are limited.

CAPTIAL EXPENDITURES:

Fire truck was ordered in 2019 and arrived in 2020. Capital projects expenditures were cancelled or deferred as a result of the Covid-19 pandemic

Business Plan Forecast 2021-2024

(IN THOUSANDS)

	2021	2022	2023	2024	2025
Revenue (Note 1)	1,475	3,680	5,941	6,937	9,263
Expenses (Note 2)	3,483	4,584	5,032	5,331	5,586
Capital Expenditures (Note 3)	545	1,622	2,025	2,375	1,497

1. Revenue includes Passenger Facility Fees and Operations

2. Expenses include interest and do not include non-cash items of amortization of capital assets and the deferred grant.

3. Capital forecast includes water & waste water treatment centre upgrades, new emergency response vehicle and heavy equipment

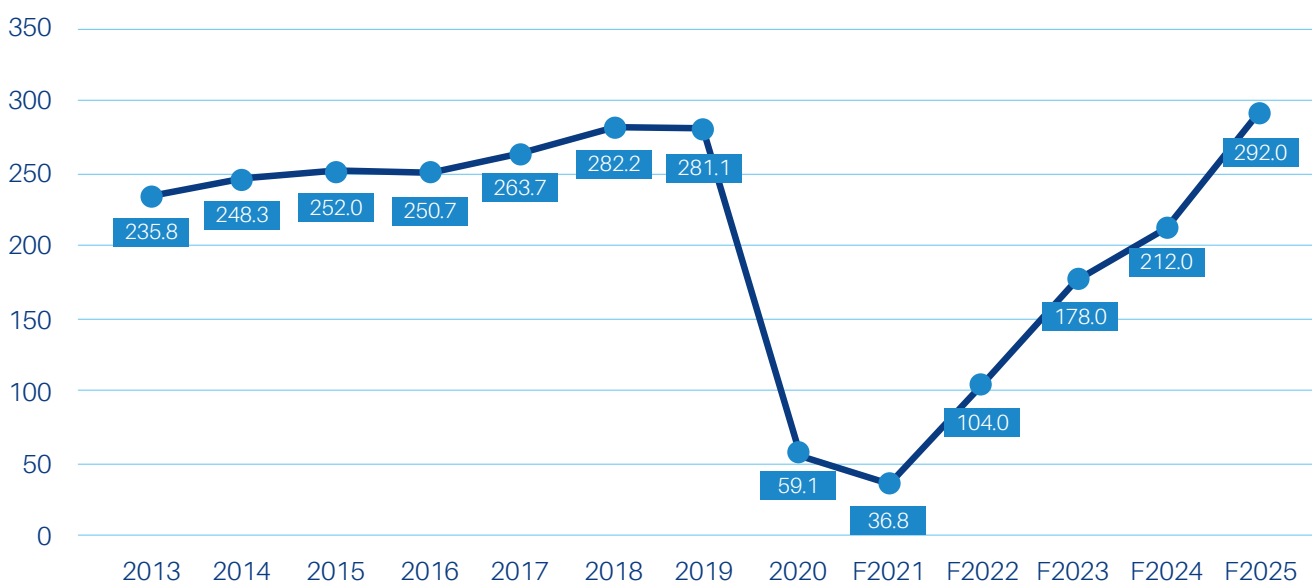
Summary of Capital Expenditures in 2020

[IN THOUSANDS]

Aircraft Fire Fighting Vehicle	1,150
Airfield Modernization	681
HVAC Systems and Controls	59
Heavy Equipment and Vehicles	90
Parking Revenue and Control System	30
Air Terminal Building Improvements	193
Computer Software, Systems and Hardware	71
Security Cameras	43
Equipment	34
Other items (<\$10,000 each)	9
	<u>2,360</u>

All contracts awarded in 2020 exceeding \$120,000 (\$75,000 in 1994 dollars adjusted by the Consumer Price Index) were awarded on the basis of a public tendering process

Passenger Statistics



Financial Review →

INDEPENDENT AUDITORS' REPORT

**To the Board of
Directors of Saint John
Airport Inc.**

OPINION

We have audited the financial statements of Saint John Airport Inc. (the “Corporation”), which comprise the statement of financial position as at December 31, 2020, and the statements of changes in net assets, operations 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 financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2020, 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.

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 Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation 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 those 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 the 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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

AUDITORS' 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 auditors' 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Corporation 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.



Saint John, New Brunswick
February 25, 2021
CHARTERED PROFESSIONAL
ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

ASSETS

CURRENT	2020	2019
Cash	\$ 3,462,118	\$ 3,205,117
Accounts receivable (Note 6)	75,273	510,218
Government funding receivable	418,332	3,111,144
Harmonized sales tax recoverable	17,791	584,651
Parts inventory (Note 6)	113,205	111,330
Prepaid expenses	102,687	418,641
	4,189,406	7,941,101
ACCRUED DEFINED BENEFIT PENSION ASSET (Note 8)	1,351,000	1,638,000
RESTRICTED INVESTMENTS FOR CAPITAL ASSET REPLACEMENT	1,550,123	1,531,166
CAPITAL ASSETS (Notes 4, 6)	26,444,759	26,659,316
	<u>\$ 33,535,288</u>	<u>\$ 37,769,583</u>

LIABILITIES

CURRENT	2020	2019
Accounts payable and accrued liabilities	\$ 502,047	\$ 1,358,050
Deferred revenue	29,682	10,351
Current portion of long term debt (Note 6)	438,074	264,000
	969,803	1,632,401
PROVISION FOR RETIREMENT ALLOWANCE (Note 8)	53,326	79,255
DEFERRED CONTRIBUTIONS FOR AIRPORT CAPITAL IMPROVEMENTS (Note 5)	12,254,057	12,646,542
LONG TERM DEBT (Note 6)	9,278,663	8,684,720

NET ASSETS

UNRESTRICTED	9,429,316	13,195,499
INTERNALLY RESTRICTED - REPLACEMENT RESERVE FUND	1,550,123	1,531,166
	10,979,439	14,726,665
	<u>\$ 33,535,288</u>	<u>\$ 37,769,583</u>

COMMITMENTS AND CONTINGENCIES (NOTE 9)

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

	UNRESTRICTED	REPLACEMENT RESERVE FUND	TOTAL 2020	TOTAL 2019
BALANCE AT BEGINNING OF YEAR	\$ 13,195,499	\$ 1,531,166	\$ 14,726,665	\$ 14,096,143
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(3,413,183)	18,957	(3,394,226)	268,522
EMPLOYEE FUTURE BENEFITS OTHER REMEASUREMENT ITEMS (Note 8)	(353,000)	-	(353,000)	362,000
BALANCE AT END OF YEAR	<u>\$ 9,429,316</u>	<u>\$ 1,550,123</u>	<u>\$ 10,979,439</u>	<u>\$ 14,726,665</u>

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUE (NOTE 12)	2020	2019
Aircraft landing and terminal fees	\$ 560,169	\$ 1,666,832
Land and office rentals	290,145	319,069
Vehicle parking	226,804	955,516
Concessions	181,264	651,023
Interest income	51,879	21,801
Airport services	22,321	78,799
Other	4,300	4,300
Gain on disposal of capital assets	522	-
	1,337,404	3,697,340
Passenger facility fee (Note 10)	646,656	3,279,944
	1,984,060	6,977,284
EXPENDITURE		
Wages and benefits	2,203,149	2,632,872
General and administrative (Note 9)	686,146	863,704
Building and grounds	645,141	959,021
Marketing	419,216	763,602
Emergency response services	273,917	471,055
Consulting	81,345	63,653
	4,308,914	5,753,907
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FROM OPERATIONS	(2,324,854)	1,223,377
CANADA EMERGENCY WAGE SUBSIDIES	685,451	-
INTEREST ON LONG TERM DEBT	(319,260)	-
NET AMORTIZATION EXPENSE (Note 11)	(1,520,520)	(1,081,249)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE BEFORE DEFINED BENEFIT PENSION INCOME	(3,479,183)	142,128
DEFINED BENEFIT PENSION INCOME (Note 8)	66,000	81,000
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u><u>\$ (3,413,183)</u></u>	<u><u>\$ 223,128</u></u>

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

CASH PROVIDED BY (USED IN)	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditure	\$(3,413,183)	\$ 223,128
ITEMS NOT INVOLVING CASH		
Amortization of capital assets	2,574,816	1,460,693
Gain on disposal of capital assets	(522)	-
Defined benefit pension income	(66,000)	(81,000)
Decrease in provision for retirement allowance	(25,929)	(9)
Amortization of deferred contributions	(1,054,296)	(379,444)
Amortization of deferred financing fees	22,486	-
	(1,962,628)	1,223,368
CHANGES IN NON-CASH WORKING CAPITAL BALANCES		
Accounts receivable	434,945	(154,222)
Government funding receivable	2,692,812	(2,412,274)
Harmonized sales tax recoverable	566,860	(451,539)
Parts inventory	(1,875)	18,338
Prepaid expenses	315,954	64,449
Accounts payable and accrued liabilities	(856,003)	(265,933)
Deferred revenue	19,331	(64,686)
	1,209,396	(2,042,499)
INVESTING ACTIVITIES		
Purchase of capital assets	(2,360,259)	(18,642,398)
Proceeds on disposal of capital assets	522	-
Contributions for airport capital improvements	661,811	11,607,149
Restricted funds utilized for the purchase of capital assets	-	1,685,000
	(1,697,926)	(5,350,249)
FINANCING ACTIVITIES		
Net proceeds of long term debt	1,149,883	8,948,720
Repayment of long term debt	(404,352)	-
	745,531	8,948,720
INCREASE IN CASH	257,001	1,555,972
CASH AT BEGINNING OF YEAR	3,205,117	1,649,145
CASH AT END OF YEAR	<u>\$ 3,462,118</u>	<u>\$ 3,205,117</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest received	<u>\$ 70,836</u>	<u>\$ 67,195</u>
Interest paid	=	<u>\$ 61,241</u>

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. INCORPORATION AND ACTIVITIES

Saint John Airport Inc. (the "Corporation") was incorporated on February 19, 1997 under the Companies Act of New Brunswick as a non-share capital, not-for-profit corporation.

On June 1, 1999, the Corporation signed an agreement with the Government of Canada to transfer managerial, operational and developmental control of the Saint John Airport to the Corporation. Effective that date, the Corporation signed a ground lease agreement (the "ground lease") with the Government of Canada which provides that the Corporation 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, the Corporation is obligated to return control of the Saint John Airport to the Government of Canada. Regulation of Safety Standards for the airport continues to be the responsibility of the Government of Canada, but the Corporation is responsible for operating the airport safely.

Income arising from the operation of the Saint John Airport is exempt from federal and provincial income taxes. The Corporation is subject to HST and real property tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFP").

CASH AND CASH EQUIVALENTS

The corporation considers cash on hand, short term deposits, balances with banks as cash and cash equivalents. The cash balance at year end consists of funds held in bank accounts.

LEASE WITH GOVERNMENT OF CANADA

The ground lease is accounted for as an operating lease.

PARTS INVENTORY

Parts inventory is valued at the lower of cost or replacement value. Cost is determined on a first in, first out basis.

RESTRICTED INVESTMENTS FOR CAPITAL ASSET REPLACEMENT AND REPLACEMENT RESERVE FUND

The Board of Directors has established a Replacement Reserve Fund for the purpose of replacing capital assets. Transfers to and from the fund require approval from the Board of Directors. Income earned on the fund is recorded as a direct increase in net assets of the Replacement Reserve Fund.

The Replacement Reserve Fund is comprised of guaranteed investment certificates, mutual funds and cash and is stated at cost plus accrued interest which approximates market value. At December 31, 2020, the market value was \$1,550,123 (2019 - \$1,531,166). During the year, there was no amount (2019 - \$1,685,000) transferred from the Replacement Reserve Fund to fund capital assets.

CAPITAL ASSETS

Capital assets are stated at cost less accumulated amortization. During construction of capital assets, directly attributable carrying costs including interest are capitalized as part of the cost of the asset. As assets are put in use, amortization is provided for on a straight-line basis at the following annual rates:

Leasehold improvements

Buildings	5.0 - 20.0 %
Runways, roads and grounds	5.0 - 30.0 %
Vehicles	5.5 - 25.0 %
Machinery and equipment	6.7 - 30.0 %
Systems and software	20.0 - 33.3 %
Furniture and fixtures	10.0 - 20.0 %

The Corporation regularly reviews its capital assets to eliminate obsolete items.

EMPLOYEE FUTURE BENEFITS

The Corporation reports its defined benefit pension plan based on the going concern funding valuation basis. Remeasurements and other items include gain/(loss) on pension liabilities, gain/(loss) on pension assets and the change in impact of the valuation allowance. These are recognized directly in net assets.

The Corporation recognizes its defined contribution pension plan benefits as an expenditure when the employer's contributions are incurred.

The Corporation is a participating employer of the Colleges of Applied Arts and Technology Pension Plan, which is a multi-employer, defined benefit pension plan. The expenditure of this pension plan are the employer's contributions incurred in the period.

DEFERRED CONTRIBUTIONS FOR AIRPORT CAPITAL IMPROVEMENTS

In accordance with the terms of the ground lease, the Corporation received a capital based grant of \$6.3 million during the period ended December 31, 1999 from the Government of Canada. These funds, and all interest accrued thereon, have been spent on airport safety and security infrastructure capital projects. The deferred grant is be amortized to excess (deficiency) of revenue over expenditure on the same basis as the related capital assets acquired with the funds.

The Corporation received contributions from Transport Canada and Regional Development Corporation to fund runway infrastructure improvements. These funds are recorded when the related eligible expenditures are incurred. The deferred contributions are amortized to excess (deficiency) of revenue over expenditures on the same basis as the related capital assets acquired with the funds.

REVENUE RECOGNITION

Aircraft landing and terminal fees and parking revenues 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 revenues are recognized over the lives of respective leases. Passenger facility fees are recognized upon the enplanement of passengers. Other income is recognized on an accrual basis when earned.

The Corporation follows the deferral method of accounting for contributions. Contributions related for the purchase of capital assets are deferred and amortized into revenue on the same basis as the related amortization of capital assets.

FINANCIAL INSTRUMENTS POLICY

Financial instruments are recorded at fair value adjusted for financing fees and transaction costs when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in excess (deficiency) of revenue over expenditure. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments subsequently measured at fair value are expensed when incurred.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Corporation uses a derivative financial instrument, an interest rate swap, to reduce its exposure to interest rate risk relating to its variable interest rate bank financing. The Corporation has applied cash flow hedge accounting in accordance with the recommendations of CPA Handbook Section 3856. The Corporation's objectives of entering into the hedging relationship is to manage future cash flows relating to long term debt with a floating interest rate.

At the inception of the hedging transaction, the Corporation documented the relationship between the hedging instrument (interest rate swap) and the hedged item (long term debt), its risk management objective and its strategy for undertaking the hedge.

The Corporation 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 to 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.

MEASUREMENT UNCERTAINTY

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Examples of significant estimates contained in these financial statements include:

- the allowance for doubtful accounts;
- the allowance for inventory obsolescence;
- the estimated useful lives of assets;
- the recoverability of tangible assets; and
- certain actuarial and economic assumptions used in determining defined benefit pension costs, accrued pension obligations and pension plan assets.

3. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Corporation's risk exposure and concentration as of December 31, 2020.

CREDIT RISK

The Corporation is exposed to credit risk on the accounts receivable from its customers. The Corporation reviews a new customers' credit history before extending credit and conducts regular reviews of existing customers' credit

performance. At December 31, 2020, accounts receivable consisted primarily of aviation fees and passenger facility fees arising from normal operations and government funding. A significant portion of the accounts receivable is from the government and one customer and its subsidiaries.

LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its receipt of funds from its customers, contributions to the pension plan, long term debt, accounts payable and other obligations.

CURRENCY RISK

Currency risk is the risk to the Corporation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Corporation is not exposed to this type of risk as it does not hold foreign currency.

INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Corporation is exposed to interest rate risk on floating interest rate bearing long term debt and investments that are held in the Restricted Investments for Capital Asset Replacement. The Corporation has entered into an interest rate swap to manage the variable interest rate risk on long term debt.



4. CAPITAL ASSETS

	2020		2019	
	COST	ACCUMULATED AMORTIZATION	NET	NET
Leasehold improvements				
Buildings	\$ 8,343,243	\$ 5,913,400	\$ 2,429,843	\$ 2,718,573
Runways, roads and grounds	29,757,128	8,459,670	21,297,458	22,309,741
Vehicles	4,360,615	2,683,602	1,677,013	625,570
Machinery and equipment	2,241,290	1,330,051	911,239	903,496
Systems and software	311,535	202,298	109,237	71,853
Furniture and fixtures	106,406	86,437	19,969	30,083
	<u>\$ 45,120,217</u>	<u>\$ 18,675,458</u>	<u>\$ 26,444,759</u>	<u>\$ 26,659,316</u>

5. DEFERRED CONTRIBUTIONS FOR AIRPORT CAPITAL IMPROVEMENTS

	2020	2019
Balance at beginning of year	\$ 12,646,542	\$ 1,418,837
Contributions during the year	661,811	11,607,149
Amortized during the year	(1,054,296)	(379,444)
Balance at end of year	<u>\$ 12,254,057</u>	<u>\$ 12,646,542</u>

6. LONG TERM DEBT

	2020	2019
Bank of Montreal loan, repayable in accordance with scheduled amortization of the notional amount of the interest rate swap agreement over twenty years, maturing December 31, 2039. The Corporation has utilized a term loan facility with a fixed interest rate by way of an interest rate swap and issued a banker's acceptance, resulting in a net rate of 3.47% per annum.	\$ 8,709,000	\$9,000,000
Bank of Montreal loan bearing interest at prime less 1% per annum, repayable in monthly payments of \$9,173 plus interest, matures on May 31, 2030.	1,036,531	-
	9,745,531	9,000,000
Less financing fees and transaction costs	28,794	51,280
	9,716,737	8,948,720
Less instalments included in current liabilities	438,074	264,000
	<u>\$ 9,278,663</u>	<u>\$ 8,684,720</u>

PRINCIPAL DUE WITHIN EACH OF THE NEXT FIVE YEARS IS AS FOLLOWS:

2021	\$ 438,074
2022	449,074
2023	461,074
2024	474,074
2025	486,074

During the year, there was no amount (2019 - \$60,051) of interest capitalized related to the long term debt acquired to finance capital assets under development.

The Corporation has the following available unused credit facilities as of December 31, 2020:

- A \$3,963,469 capital expenditure facility demand loan or fixed rate term loan bearing interest at prime less 1%.
- A \$1,000,000 operating facility demand loan bearing interest at prime less 1%.

- A \$2,500,000 treasury risk facility to facilitate hedging of interest rate risk or foreign exchange risk subject to specific agreements and availability.

The long term debt and credit facilities are secured by a registered general security agreement providing a security interest over all present and after-acquired property of the borrower with a first ranking charge for machinery and equipment, accounts receivable and inventory. There is a specific first ranking charge over an aircraft rescue and fire fighting vehicle with a carrying value of \$1,063,641 (2019 - \$nil).

7. DERIVATIVE FINANCIAL INSTRUMENTS

The interest rate swap has an amortizing notional amount of \$8,709,000 (2019 - \$9,000,000) with a termination date of December 31, 2039. Under the terms of the swap, the Corporation pays fixed interest monthly of 3.47% and receives banker's acceptance rates at the one month Canadian Dealers Offer Rate (CDOR). At December 31, 2020, the interest rate swap was valued at (\$1,294,400) (2019 - \$nil).

8. EMPLOYEE FUTURE BENEFITS

	2020	2019
Accrued Defined Benefit		
Pension Asset	\$ 1,351,000	\$ 1,638,000
Provision for Retirement Allowance	\$53,326	\$79,255

DEFINED BENEFIT PENSION PLAN

On June 1, 1999, the Corporation joined the Canadian Airport Authorities and Canadian Port Authorities Pension Plan, a multi-employer pension plan. This plan covers employees of the Corporation who, immediately prior to joining the Corporation, were employees of the Federal Public Service and were accruing pension benefits under the Public Service Superannuation Act. The federal government remains responsible for all pension benefits accrued in respect of those individuals up to that time.

Pension assets consist primarily of Canadian and foreign equity and fixed income funds. The fair value of the plan assets is based on the market value of the funds in which the plan assets are invested. Pension benefit obligations are determined based on management's best estimate of long term salary escalation rates and are discounted based on management's best estimate of long term interest rates. The significant actuarial assumptions used in measuring the Corporation's accrued benefit obligation and the fair value of the plan assets are as follows:

	2020	2019
Compensation escalation rate	2.50 %	2.50 %
YMPE escalation rate	2.50 %	2.50 %
Indexation rate	2.00 %	2.00 %
Discount rate	4.50 %	4.50 %

Variations between such estimates and actual experience, which may be material, are recognized immediately as a direct increase or decrease to net assets.

The Corporation bears the risk of experience loss against the above assumptions. The maximum risk of loss is equal to the difference between the fair value of the pension benefit obligation and the amount of the pension benefit obligation accrued in the financial statements. Should actual experience differ from the assumptions, future contributions will be adjusted to make up for any variances. Risk is managed by placing the pension plan assets in trust and through the pension investment policy, which defines the plan's allowable investments.

Actuarial reports prepared are based on projections of employees' compensation levels to the time of retirement and estimates of long term interest rates which are determined based on stochastic projections of the various asset classes the plan assets are invested in, and agreed to by the plan administrator. The most recent actuarial valuation was performed as at January 1, 2020. The valuation was performed using the projected unit credit method to determine the minimum employer contribution under the Pension Benefits Standards Act and the maximum deductible contribution according to the Income Tax Act of Canada. Based on the recommendations of the Plan's actuary, the employer contributions for the year were set at 16.20% (2019 - 16.10%) of the employees' earnings plus an additional special contribution of \$467 per month (2019 - \$2,268). These contribution requirements will remain in effect until the next actuarial valuation scheduled for January 1, 2021.



INFORMATION ABOUT THE DEFINED BENEFIT PORTION OF THE PLAN AS AT DECEMBER 31 IS AS FOLLOWS:

	2020	2019
Fair market value of plan assets	\$ 5,581,000	\$ 5,219,000
Accrued benefit obligation	3,550,000	3,581,000
	2,031,000	1,638,000
Valuation allowance	(680,000)	-
Accrued benefit asset	<u>\$ 1,351,000</u>	<u>\$ 1,638,000</u>

	2020	2019
Accrued benefit asset - beginning of year	\$ 1,638,000	\$ 1,195,000
Net pension recovery for the year	39,000	15,000
Employer contributions	27,000	66,000
Other remeasurement items	(353,000)	362,000
Accrued benefit asset - end of year	<u>\$ 1,351,000</u>	<u>\$ 1,638,000</u>
Employee contributions	\$ 3,000	\$ 3,000
Pension and termination benefits paid	\$ 210,000	\$ 205,000

The actuarial present value of accumulated benefits for the 2020 fiscal year is based on an extrapolation provided by the actuaries. The actuaries believe that the financial results would not differ materially from the extrapolation if a formal valuation was performed at year end.

DEFINED CONTRIBUTION PENSION PLAN

The Corporation's defined contribution pension plan covers new employees who have joined the Corporation since June 1, 1999. Employees covered by this plan are required to contribute 6% of their earnings which are matched by the Corporation. All employer contributions vest with the employee immediately. During the year, the Corporation contributed \$67,419 (2019 - \$100,757) towards this plan.

DBPLUS PENSION PLAN

On July 1, 2020, the Corporation transitioned from the defined contribution pension plan to a DBplus pension plan with The Board of Trustees of the College of Applied Arts and Technology Pension Plan Trust Fund for unionized employees. The unionized employees of the Corporation

who participate in the plan are members of the Colleges of Applied Arts and Technology Pension Plan, a multi-employer jointly-sponsored defined benefit plan for employers across Canada. Under the terms of the plan, employees are required to contribute a fixed 6% of their earnings which are matched by the Corporation.

The Corporation is only responsible for the matching contribution and does not have any obligation to pay or remit additional contributions, including in respect of solvency deficiency, going-concern unfunded liability or wind-up deficit. During the year, the Corporation contributed \$22,761 (2019 - \$nil) towards this plan.

RETIRING ALLOWANCE

Following the guidelines set forth by the Saint John Airport Collective Agreement, employees who have ten or more years of service are entitled to a retirement allowance of one week's pay per year of service since June 1, 1999. This is limited to a maximum of thirty weeks of pay. There was \$157,873 (2019 - \$9,808) in retirement allowances paid during the year.

9. COMMITMENTS AND CONTINGENCIES

As described in Note 1 to the financial statements, the Corporation signed a ground lease agreement with the Government of Canada which provides that the Corporation will lease the airport 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, the Corporation is obligated to return control of the Saint John Airport to the Government of Canada.

a) Under the terms of the amended ground lease, the occupation of the airport by the Corporation was rent free until 2016. During that year and onwards, the rent formula is as follows: no rent charged on the first \$5,000,000 of airport revenue; 1% of the portion of airport revenue in excess of \$5,000,000 but equal to or less than \$10,000,000; 5% of the portion of airport revenue in excess of \$10,000,000 but equal to or less than \$25,000,000; 8% of the portion of airport revenue in excess of \$25,000,000 but equal to or less than \$100,000,000; 10% of the portion of airport revenue in excess of \$100,000,000 but equal to or less than \$250,000,000; and 12% of the portion of airport revenue in excess of \$250,000,000. During the year, \$1,588 was recorded as the rent charge for 2020 as the Government of Canada waived rent payments after the outbreak of COVID-19 (2019 - \$22,530).

b) An environmental site assessment on the Saint John Airport property was carried out in December 1998 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 December 1998 and extended to the June 1, 1999 transfer date. Article 37 of the Ground 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 June 1, 1999 to the Corporation rests with the Government of Canada. The Corporation has responsibility for any environmental

liabilities that arise from hazardous substances that occur subsequent to the transfer date. At December 31, 2020, there are no known environmental liabilities.

c) The Corporation has entered into an agreement with Transport Canada and the Regional Development Corporation for modernization of the airport's two main runways. The project will extend from 2018 to 2020 with a total budgeted cost of \$20,376,000. The approved maximum contribution from Transport Canada is \$10,134,500 and from the Regional Development Corporation, \$4,000,000. The remaining \$6,241,500 of the budgeted cost of the project is required to be funded by the Corporation. As of December 31, 2020, the Corporation has incurred total expenditures of \$18,735,848 (2019 - \$17,926,130) and has contributions receivable of \$289,735 (2019 - \$3,111,144) related to this project.

10. PASSENGER FACILITY FEE

	2020	2019
Passenger facility fees collected	\$680,690	\$3,455,258
Handling fees	(34,034)	(175,314)
Passenger facility fee	\$646,656	\$3,279,944

11. NET AMORTIZATION EXPENSE

	2020	2019
Amortization of capital assets	\$ 2,574,816	\$ 1,460,693
Amortization of deferred contributions (Note 5)	(1,054,296)	(379,444)
	\$1,520,520	\$1,081,249

12. ECONOMIC DEPENDENCE

The Corporation derives a significant amount of revenue from Air Canada and its subsidiaries and consequently, is economically dependent on this customer.



13. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place by the Federal and Provincial governments to combat the spread of the virus. These measures include pervasive travel restrictions resulting in a significant reduction in passengers and flights in the 2020 fiscal year.

The impact on the financial results, operations and cash flows of the Corporation was significant and resulted in decreases in aircraft fees and other revenues which led to an operating loss of \$3,413,183 in 2020. The duration and impact of the restrictions from COVID-19, recovery of flight service levels and passenger numbers is not certain at this time.

In response to these matters, the Corporation has taken the following actions:

- Maintained cash of \$5,012,241 and net assets of \$10,979,439 to fund future, potential operating losses;
- Maintained the availability of unused credit facilities up to a maximum authorized amount of \$5,063,469 with lenders;
- Eliminated operating expenditures and capital projects that are non-essential to the safe operation of the airport; and
- Accessed a number of measures announced by the Federal and Provincial Governments to support organizations through Canada's COVID-19 Economic Response Plan, including the Canada Emergency Wage Subsidy and has applied for other government support programs.

Management of the Corporation has prepared a long term financial forecast and has determined that the actions taken are sufficient to mitigate the financial impact of the pandemic.

COMPENSATION DISCLOSURES



OFFICERS:

Mark Bettle	Chair	\$ 12,200
Larry Hachey	Past Chair	\$ 9,075
Susan Harley	Vice Chair	\$ 9,100
Shilo Boucher	Treasurer	\$ 5,625
Susan Layton	Secretary	\$ 7,375

DIRECTORS:

Andrew MacGillvray	Chair - Air Services	\$ 5,975
Kevin Scott	Chair - HR	\$ 5,675
John Wheatley	Director	\$ 5,475
Paulette Hicks	Director	\$ 5,475
Karen Chantler	Director	\$ 4,125
Nancy Creamer-Ervin	Director	\$ 4,875
Dwayne Stoddart	Director	\$ 3,975
Charles Hickey	Director	\$ 4,275
Peter Gaulton <small>(Joined the Board on October 28, 2020)</small>	Director	\$ 825
Andrew Green <small>(Term ended on June 30, 2020)</small>	Director	\$ 2,100

The Board of Directors elected to take a reduction in compensation during 2020 in recognition of the financial impacts of the global pandemic.

Executive Compensation

The salary range for the president and CEO during 2020 was between \$200,000 to \$250,000

The total compensation paid to the management team during 2020 was \$667,000

Compliance/Non-Compliance

There were no reports of non-compliance with conflict of interest principles on the part of the board, nor on the part of the Airport Authority and tenants.

A note on Authority's compliance and/or non-compliance with the Conflict of Interest Principles (Paragraph 9 of Public Accountability Principles or Section 6.12 of General Operating By Law)



EXECUTIVE MANAGEMENT:

PRESIDENT & CEO

Derrick Stanford
dstanford@sjairport.ca

DIRECTOR OF FINANCE AND ADMINISTRATION

Greg Hierlihy
ghierlihy@sjairport.ca

DIRECTOR OF ENGINEERING, FACILITIES AND CAPITAL PROJECTS

Brian Wiggins
bwiggins@sjairport.ca

DIRECTOR OF OPERATIONS

Cindy Thorn
cthorn@sjairport.ca

DIRECTOR OF AIRPORT COMMERCIAL DEVELOPMENT

Jacques Fournier
jfournier@sjairport.ca

AUDITORS - TEED SAUNDERS DOYLE & CO.

39 Canterbury Street, Saint John, NB, E2L 4S1

LEGAL COUNSEL - LAWSON CREAMER

133 Prince William Street, Saint John, NB, E2L 4S2

BANKERS - RBC ROYAL BANK

100 King Street, Saint John, NB, E2L 4B3

BMO BANK OF MONTREAL

2 King Street, Saint John, NB, E2L 1G2

FLYSJ MOBILE APP MAKES PLANNING YOUR NEXT TRIP A LITTLE EASIER!

Our FlySJ app allows you to easily schedule a taxi ride to and from the Saint John Airport, get real-time flight information for arrivals and departures, track local weather updates, save packing checklists, and access the airport's services all in one place. Available for free download on iPhone or Android.

HOTSPOT PARKING

Pay for short-term or long-term parking at YSJ through your phone with HotSpot Parking. Download the app and pay for parking on the go.

ACI AIRPORT HEALTH ACCREDITATION

The Airports Council International Airport Health Accreditation programme accreditation process is based on guidelines that include cleaning and disinfection, physical distancing (where feasible), staff protection, physical layout, passenger communication and passenger facilities.

We will continue working hard to reassure the travelling public that we are doing everything to ensure our airport is at the top of its game for health and safety - now, and in the future.



Saint John Airport Inc.

4180 Loch Lomond Road Saint John, NB, Canada E2N 1L7

Telephone (506) 638-5555 | Fax (506) 638-5550 | Email: fly@sjairport.ca

www.saintjohnairport.com

