



SAINT JOHN AIRPORT

YSJ 2021 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 CHAIR

2021 was a very difficult year for the Saint John Airport; with no commercial flights for the first six months our financial situation was severely impacted. Despite significantly decreased revenues, we maintained liquidity by cutting costs; deferring capital projects when prudent; and leveraging available government funding. Throughout this period, we spent the funds necessary to keep our runways open 24/7 to provide essential services, to ensure the safety and security of operations, and to comply with government regulations. I am incredibly proud of how our Board and Management rose to the challenge to ensure that we are in a strong fiscal situation moving forward.

On behalf of the entire Saint John Airport organization, I would like to express our sincere appreciation to the Federal Government for \$4.9-million in funding through the Airport Relief Fund and the Regional Air Transportation Initiative. Through this support, the Federal Government has recognized the vital function our airport plays in the economic growth of Southwestern New Brunswick, and the important role YSJ will play in our community's post-pandemic recovery in the months and years ahead.

2021 was not all that different from the year before. But what has changed is our perspective. We've come to realize that the pandemic isn't just a short-term situation that



we can weather until things return to normal — air travel in a world with Covid-19 is the new normal for the foreseeable future.

Despite the challenges, this is an exciting time of change for the Saint John Airport. The pandemic has provided both the necessity and the opportunity to reimagine YSJ with a fresh perspective. It is an opportune time to welcome Alexander (Sandy) Ross, who joined YSJ as our new President and CEO on January 3, 2022. I have the utmost confidence in Sandy; his experience in guiding companies through times of transition and growth are exactly the skills we need at this time.

I want to thank Greg Hierlihy, who as Interim CEO effectively led YSJ through one of the most demanding and uncertain times in the airport's history, keeping a steady hand on operations and positioning the airport for the re-emergence of air travel. I would also like to thank Paulette Hicks and Susan Layton, whose board terms ended in 2021, for their leadership and contributions to the success of our airport. Thank you to Peter Gaulton who is now serving as both Secretary and Chair of the Corporate Governance Committee, replacing Paulette and Susan in those respective roles.

We have an incredible team at the Saint John Airport. I thank the Board of Directors, Management and all of our staff for their

collaboration and commitment to fulfill the airport's mission, each and every day. I am confident that we will deliver new and better services in the years to come, continue to exceed passenger expectations, and ensure that YSJ remains a vital economic generator for our region.

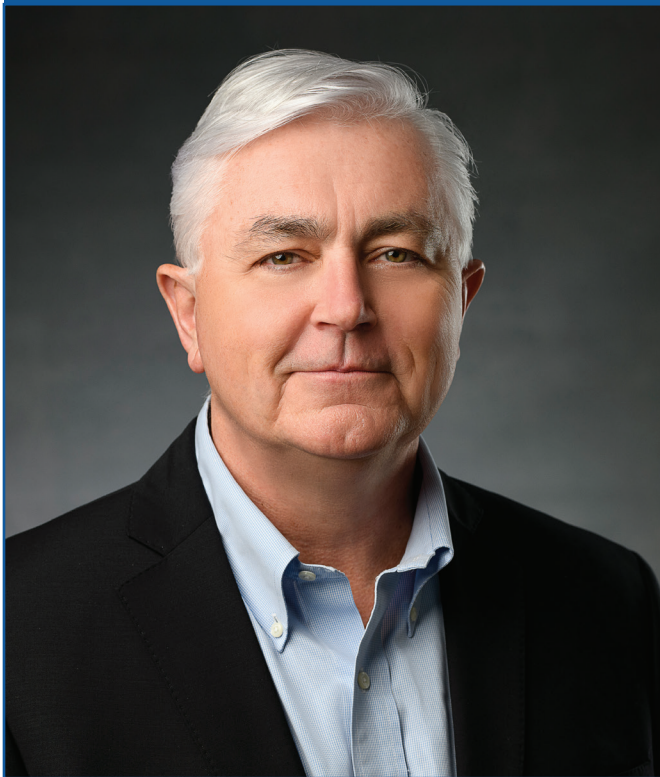
Please feel free to contact me or any member of our board with your concerns or ideas to help make the Saint John Airport even better. It is your airport, and we thank you for your continued support.



Mark Bettle
Chair of the Board of Directors



MESSAGE FROM THE CEO



For the first half of 2021, our team worked diligently with the goal of resuming commercial air travel. We collaborated with Public Health officials, both local and international, to ensure that the most up-to-date health and safety measures would be in place to protect travellers when flight service returned.

At the end of June, we were delighted to welcome back Air Canada, offering daily flight service to Montreal and Toronto. And in late September, we happily welcomed back Porter Airlines, resuming service to Ottawa and Toronto Island.

July was an exciting month. We proudly launched Flair Airlines, an Ultra-Low Cost Carrier (ULCC), offering flight service from YSJ to Toronto Pearson for as low as \$49. We were very pleased that Flair selected Saint John as their exclusive New Brunswick destination. And we launched PAL Airlines, an established regional carrier, re-connecting Saint John to Halifax, an important destination for both our business and leisure travellers.

The Canadian aviation sector is undergoing many changes. Decreased passenger traffic caused by the pandemic has necessitated that established airlines streamline operations. As a result, routes connecting smaller regional airports have been reduced or discontinued. But these network changes have created opportunities for newer ultra-low cost carriers (like Flair) and smaller regional airlines (like PAL) to grow and fill in the gaps — and eventually to create new non-stop destinations for Saint John travellers.

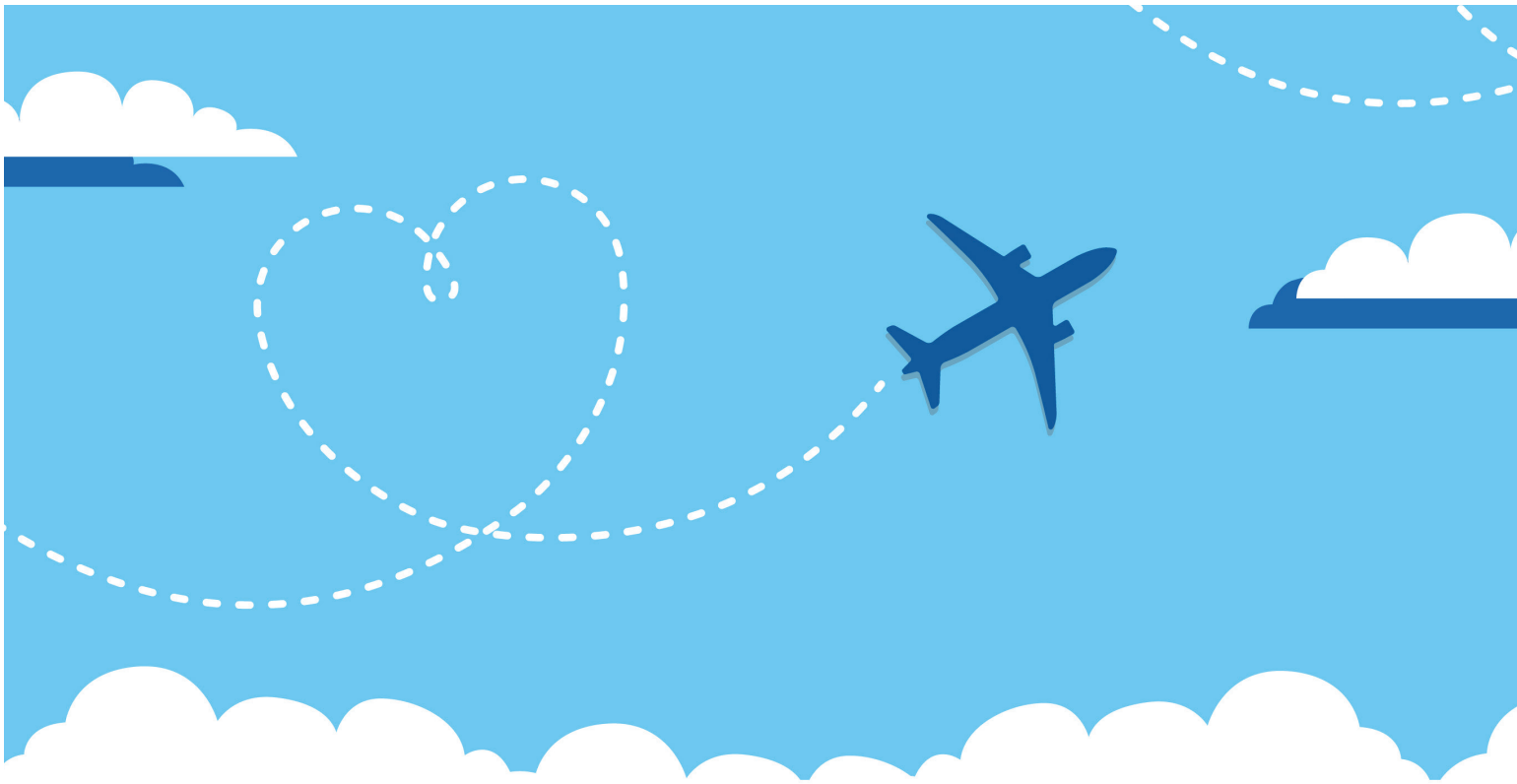
I would like to thank the Board of Directors for selecting me as the new CEO, and for their confidence in my ability to guide YSJ's vision and strategic direction during this dynamic time in the aviation sector. I look forward to exploring fresh ideas and novel solutions by reaching out to our community through stakeholder meetings and public consultations. The challenge before us isn't to just build back, but to envision how to add the most value to our passengers, our stakeholders, our local community and the province. The next few years will be transformative as the Saint John Airport changes for the better.

I thank our Board of Directors, Management and all of our employees for their hard work and commitment. And I would like to express our sincere thanks to the Federal Government for the \$4.9-million in funding through the Airport Relief Fund and the Regional Air Transportation Initiative.

I look forward to the challenges and opportunities of the coming year. There remains a tremendous demand for air travel and I have confidence in our team's commitment to our customers, our ability to exceed passenger expectations and to rise to new heights. On behalf of everyone at the Saint John Airport, I thank this community for your continued support.

Alexander (Sandy) Ross
President & CEO

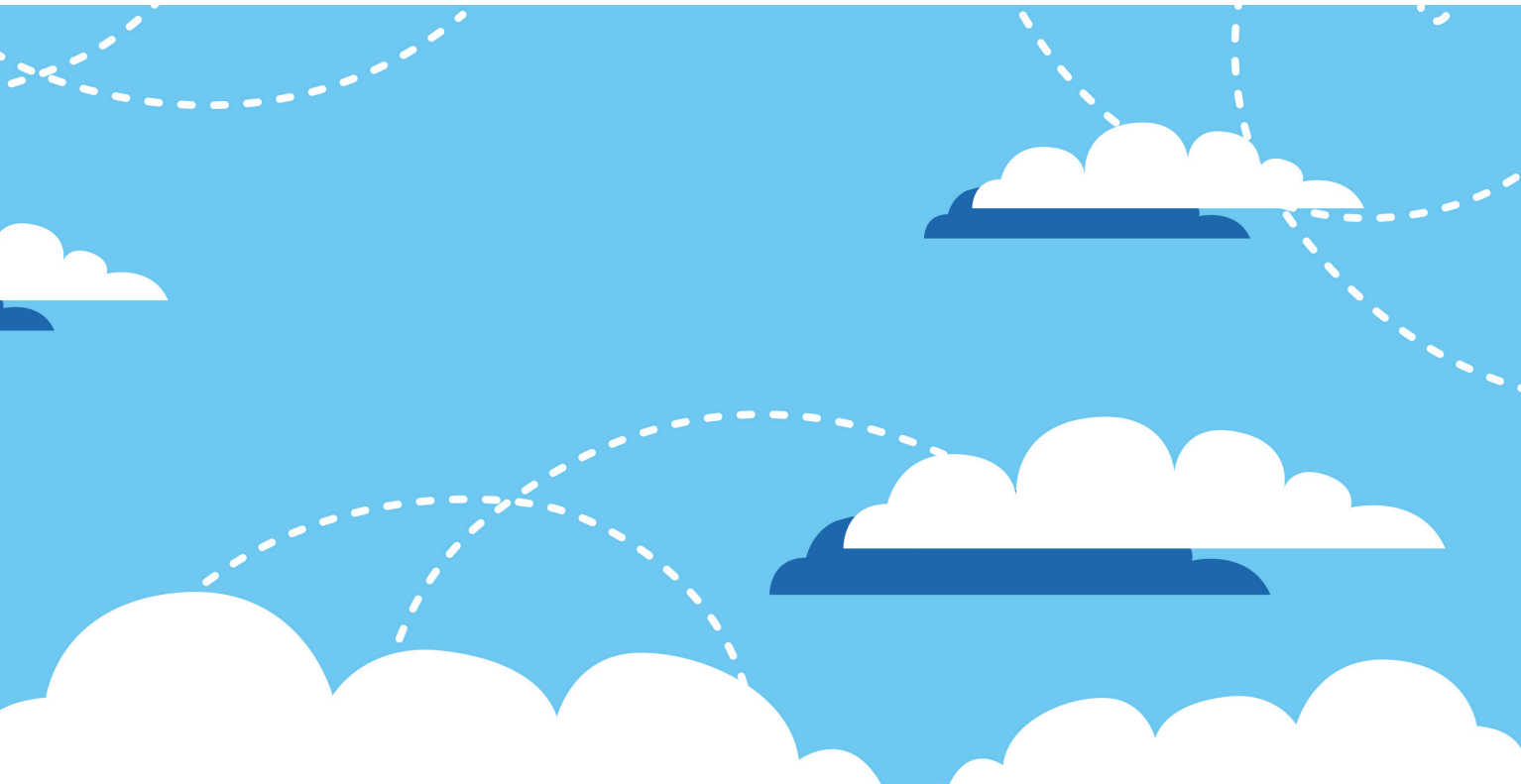




A HEARTFELT THANKS

FOR THE VITAL SUPPORT FROM THE FEDERAL GOVERNMENT

The Saint John Airport would like to express our wholehearted thanks and appreciation to the Federal Government for the \$4.9-million in funding: \$1.1M through the Airport Relief Fund and an additional \$3.8M through the Regional Air Transportation Initiative. Through this funding, the Federal Government recognizes the vital function our airport plays in the economic growth of Southwestern New Brunswick, and the important role YSJ will play in our community's post-pandemic recovery in the years ahead. The funding enables the Saint John Airport to recover from the negative economic impacts of COVID-19, and ensures that we can continue to provide safe and reliable travel options for our community.



CORPORATE GOVERNANCE

Your Board of Directors [As of December 2021]

Mark Bettle, Chair

Nominated by: Saint John Region Chamber

Susan Harley, Vice Chair

Nominated by: Transport Canada

Shilo Boucher, Treasurer

Nominated by: Fundy Regional Service Commission

Peter Gaulton, Secretary

Nominated by: Province of New Brunswick

Andrew MacGillivray, Chair - Air Services

Nominated by: Saint John Airport Inc.

Kevin Scott, Chair - HR

Nominated by: City of Saint John

John Wheatley, Director

Nominated by: Envision Saint John

Karen Chantler, Director

Nominated by: Regional Services Commission 8

Nancy Creamer-Ervin, Director

Nominated by: Transport Canada

Dwayne Stoddart, Director

Nominated by: Saint John Airport Inc.

Charles Hickey, Director

Nominated by: Saint John & District Labour Council

Susan Layton, Director

Nominated by: Saint John Airport

COMMITTEES ON THE BOARD

FINANCE, AUDIT & INVESTMENT COMMITTEE

CHAIR – SHILO BOUCHER

A committee of five 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 – PETER GAULTON

A committee of four 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 – ALEXANDER (SANDY) ROSS

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.

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.

During 2021, the ACCC held 2 meetings on June 28th and December 14th. These meetings are representative of the community, particularly the traveling public and organized labour.



SAFETY AND 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

The Saint John Airport proudly holds the ACI Airport Health Accreditation. A review of all passenger areas and processes was completed and additional Health and Safety Measures were implemented which allows 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.

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 2021, 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 2021, 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. In 2021 there were no 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 2022.



2021 HIGHLIGHTS

AIR CANADA FIRST AIRLINE PARTNER TO RESTORE AIR SERVICE

We'd like to acknowledge that Air Canada was the last of our airline partners to stop air service at YSJ and the first to restore it. We gave a warm Saint John welcome to Air Canada at the end of June, when they restored daily flight service to Montreal and Toronto and reconnected YSJ with the rest of Canada and the World.

FLAIR AIRLINES BRINGS ULTRA-LOW COST FARES TO SAINT JOHN

We were delighted when Flair Airlines selected Saint John as their exclusive New Brunswick destination. Flair launched at YSJ on July 3, 2021 with direct service from Saint John (YSJ) to Toronto Pearson Airport (YYZ). With flights starting as low as \$49, this ultra-low cost option allows Saint John travelers to fly to more places than ever before.

YSJ WELCOMES ESTABLISHED REGIONAL CARRIER PAL AIRLINES

Halifax is an important destination for Saint John business and leisure travelers, so we were very pleased when regional carrier, PAL Airlines began re-connecting our two cities on July 30, 2021. Direct service to Halifax Stanfield International Airport provides Saint John travelers with more options for international travel.

NEW CERTIFICATION MEANS FEWER FLIGHT DELAYS DUE TO FOG

YSJ has officially been certified by Transport Canada for low visibility take-offs (RVR 600). This means flights are now able to depart at visibility levels as low as 600 feet, significantly reducing the chance of flight delays or cancellations due to poor weather conditions.

Saint John is the third foggiest airport in Canada, so this improvement is very good news for airlines, passengers, and the airport's corporate customers headquartered in Saint John.

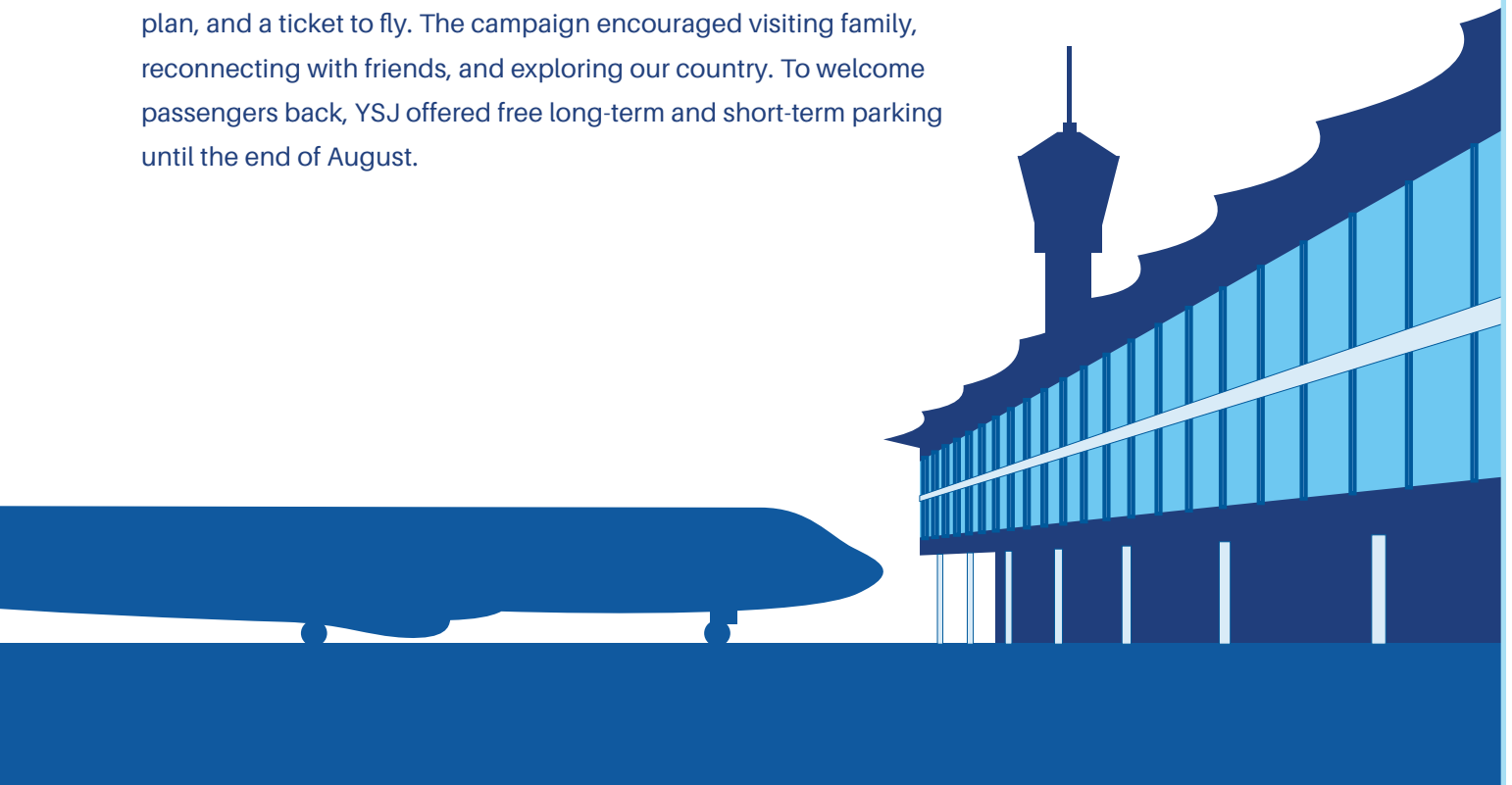


ON-SITE COVID-19 TESTING AT YSJ IMPROVES PASSENGER CONVENIENCE

Many International destinations require proof of a negative COVID-19 test result in order to enter the country. Passengers traveling on to the Unites States and other International destinations have a convenient way to book an appointment for a COVID-19 test to be administered on-site at the Saint John Airport. For more information visit www.distributionadvalorem.com.

YSJ'S BACK-TO-TRAVEL CAMPAIGN ENCOURAGES RECONNECTING WITH FAMILY & FRIENDS

So, where will your first flight be? In anticipation of commercial flight service returning to YSJ, a 3-phase Back-To-Travel campaign launched to give pandemic-weary travelers permission to dream, license to plan, and a ticket to fly. The campaign encouraged visiting family, reconnecting with friends, and exploring our country. To welcome passengers back, YSJ offered free long-term and short-term parking until the end of August.



2021 BUSINESS PLAN VS ACTUAL

[IN THOUSANDS]

	Plan	Actual	Difference	
Revenue	1,597	1,824	227	Revenue: Passenger numbers remained low during the pandemic but were more than Plan.
Expenses	3,429	3,506	(77)	Expenses: Operating costs were reduced in response to the decrease in revenue and remained in line with prior year and Plan. Safety and security of the airfield and the terminal remain as the priority; adjustments to cost of this nature are limited.
Capital Expenditures	545	659	(114)	Capital Expenditures: Expenditures were limited to the completion of our Runway Rehabilitation project and upgrades to equipment and terminal space, to facilitate the relaunch of services in July.

BUSINESS PLAN FORECAST 2022-2026

[IN THOUSANDS]

	2022	2023	2024	2025	2026
Revenue (Note 1)	4,224	5,876	6,728	8,843	9,020
Expenses (Note 2)	5,028	4,982	5,165	5,524	5,635
Capital Expenditures (Note 3)	5,899	2,795	635	1,022	635

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

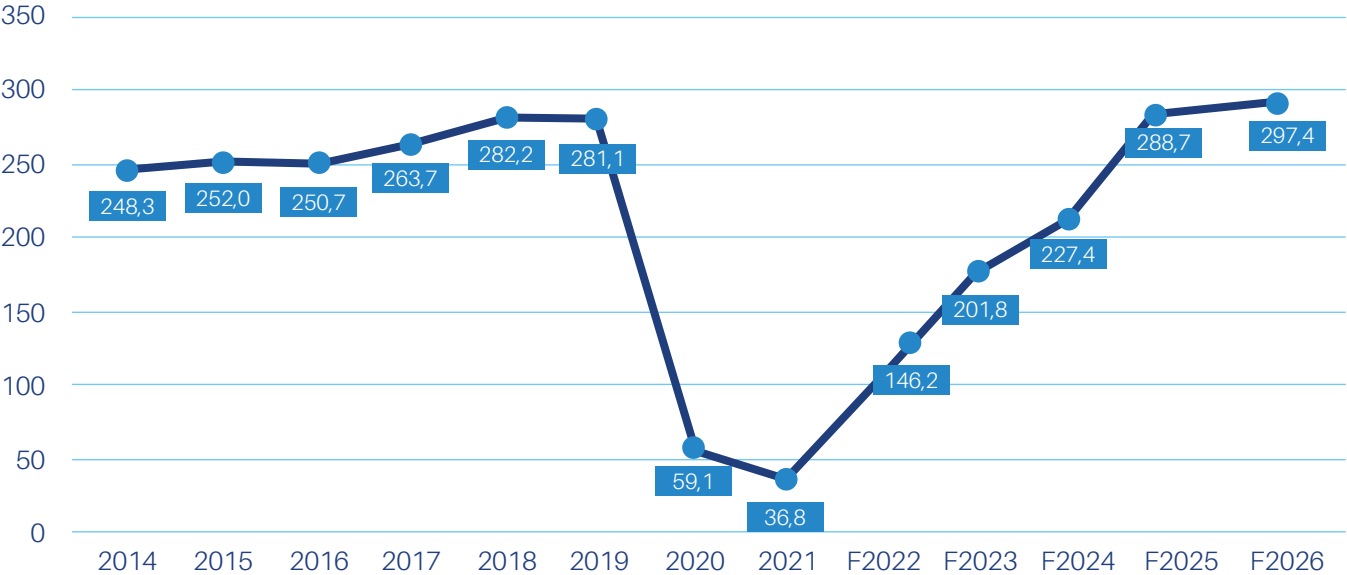
SUMMARY OF CAPITAL EXPENDITURES IN 2021

[IN THOUSANDS]

CATEGORY	
Airfield Modernization	478
Apron Lighting and Electrical Controls	93
Passenger Ramp	46
Firepump upgrades	18
Air Terminal Building Improvements	13
Security equipment	11
	<u>659</u>

All contracts awarded in 2021 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, 2021, 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, 2021, 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. Independent Auditors' Report to the Board of Directors of Saint John Airport Inc.

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.

Ted Samaras Doyle



STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

ASSETS

CURRENT	2021	2020
Cash	\$ 4,850,277	\$ 3,462,118
Accounts receivable (Note 6)	360,806	75,273
Government funding receivable	1,593,162	418,332
Harmonized sales tax recoverable	28,587	17,791
Parts inventory (Note 6)	103,851	113,205
Prepaid expenses	96,533	102,687
	<u>7,033,216</u>	<u>4,189,406</u>
ACCRUED DEFINED BENEFIT PENSION ASSET (Note 8)	1,356,000	1,351,000
RESTRICTED INVESTMENTS FOR CAPITAL ASSET REPLACEMENT	1,562,147	1,550,123
CAPITAL ASSETS (Notes 4, 6)	24,426,364	26,444,759
	<u>\$ 34,377,727</u>	<u>\$ 33,535,288</u>

LIABILITIES

CURRENT	2021	2020
Accounts payable and accrued liabilities	\$ 940,088	\$ 502,047
Deferred revenue	26,041	29,682
Current portion of long term debt (Note 6)	449,074	438,074
	<u>1,415,203</u>	<u>969,803</u>
PROVISION FOR RETIREMENT ALLOWANCE (Note 8)	59,016	53,326
DEFERRED CONTRIBUTIONS FOR AIRPORT CAPITAL IMPROVEMENTS (Note 5)	11,579,110	12,254,057
LONG TERM DEBT (Note 6)	8,841,106	9,278,663

NET ASSETS

UNRESTRICTED	10,921,145	9,429,316
INTERNALLY RESTRICTED - REPLACEMENT RESERVE FUND	1,562,147	1,550,123
	<u>12,483,292</u>	<u>10,979,439</u>
	<u>\$ 34,377,727</u>	<u>\$ 33,535,288</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, 2021

	UNRESTRICTED	REPLACEMENT RESERVE FUND	TOTAL 2021	TOTAL 2020
BALANCE AT BEGINNING OF YEAR	\$ 9,429,316	\$ 1,550,123	\$ 10,979,439	\$ 14,726,665
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	1,546,829	12,024	1,558,853	(3,394,226)
EMPLOYEE FUTURE BENEFITS OTHER REMEASUREMENT ITEMS (Note 8)	(55,000)	-	(55,000)	(353,000)
BALANCE AT END OF YEAR	<u>\$ 10,921,145</u>	<u>\$ 1,562,147</u>	<u>\$ 12,483,292</u>	<u>\$ 10,979,439</u>



STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUE (NOTE 12)	2021	2020	2019
Aircraft landing and terminal fees	\$ 488,841	\$ 560,169	\$ 1,666,832
Land and office rentals	297,291	290,145	319,069
Vehicle parking	107,894	226,804	955,516
Concessions	119,177	181,264	651,023
Interest income	20,486	51,879	21,801
Airport services	23,298	22,321	78,799
Other	8,000	4,300	4,300
Gain on disposal of capital assets	-	522	-
	1,064,987	1,337,404	3,697,340
Passenger facility fee (Note 10)	758,809	646,656	3,279,944
	1,823,796	1,984,060	6,977,284

EXPENDITURE			
Wages and benefits	\$ 1,770,527	2,203,149	2,632,872
General and administrative (Note 9)	613,136	686,146	863,704
Building and grounds	633,991	645,141	959,021
Marketing	151,991	419,216	763,602
Emergency response services	294,792	273,917	471,055
Consulting	41,877	81,345	63,653
	3,506,314	4,308,914	5,753,907
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FROM OPERATIONS	1,682,518)	(2,324,854)	1,223,377
DEFINED BENEFIT PENSION INCOME (Note 8)	60,000	60,000	81,000-
INTEREST ON LONG TERM DEBT	(310,309)	(319,260)	-
NET AMORTIZATION EXPENSE (Note 11)	(1,622,758)	(1,520,520)	(1,081,249)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE BEFORE COVID-19 PANDEMIC RELIEF CONTRIBUTIONS	(3,555,585)	(3,479,183)	142,128
COVID-19 PANDEMIC RELIEF CONTRIBUTIONS (Note 13)	5,102,414	66,000	81,000
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u>\$ 1,546,829</u>	<u>\$(3,413,183)</u>	<u>\$ 223,128</u>

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

CASH PROVIDED BY (USED IN)	2021	2020
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditure	\$1,546,829	\$(3,413,183)
ITEMS NOT INVOLVING CASH		
Amortization of capital assets	2,677,836	2,574,816
Gain on disposal of capital assets	-	(522)
Defined benefit pension income	(66,000)	(66,000)
Decrease in provision for retirement allowance	5,690	(25,929)
Amortization of deferred contributions	(1,066,596)	(1,054,296)
Amortization of deferred financing fees	11,518	22,486
	3,115,277	(1,962,628)
CHANGES IN NON-CASH WORKING CAPITAL BALANCES		
Accounts receivable	(285,533)	434,945
Government funding receivable	(1,174,830)	2,692,812
Harmonized sales tax recoverable	(10,796)	566,860
Parts inventory	9,354	(1,875)
Prepaid expenses	6,154	315,954
Accounts payable and accrued liabilities	438,053	(856,003)
Deferred revenue	(3,641)	19,331
	2,094,038	1,209,396
INVESTING ACTIVITIES		
Purchase of capital assets	(659,454)	(2,360,259)
Proceeds on disposal of capital assets	-	522
Contributions for airport capital improvements	391,649	661,811
Restricted funds utilized for the purchase of capital assets	-	-
	(267,805)	(1,697,926)
FINANCING ACTIVITIES		
Net proceeds of long term debt	-	1,149,883
Repayment of long term debt	(438,074)	(404,352)
	(438,074)	745,531
INCREASE IN CASH	1,388,159	257,001
CASH AT BEGINNING OF YEAR	3,462,118	3,205,117
CASH AT END OF YEAR	<u>\$ 4,850,277</u>	<u>\$ 3,462,118</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest received	<u>\$ 32,510</u>	<u>\$ 70,836</u>
Interest paid	=	=

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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, 2021, the market value was \$1,562,147 (2020 - \$1,550,123). During the year, there was no amount (2020 - nil) 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.

GOVERNMENT ASSISTANCE

The Corporation recognizes government assistance toward current expenses in the Statement of Operations. When government assistance is specified to relate to future expenses, the Corporation defers the assistance and recognizes it in the Statement of Operations as the related expenses are incurred. When government assistance relates to the acquisition of capital assets, the Corporation defers the assistance and amortizes it to income on the same basis as the related capital asset acquired with the funds. 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 amortized to income 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 were recorded when the related eligible expenditures were incurred. The deferred contributions are being amortized to income 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, 2021.

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, 2021, accounts receivable consisted primarily of aviation fees and passenger facility fees arising from normal operations. A significant portion of the accounts receivable is from 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

	2021		2020	
	COST	ACCUMULATED AMORTIZATION	NET	NET
Leasehold improvements				
Buildings	\$ 8,361,331	\$ 6,373,862	\$ 1,987,469	\$ 2,429,843
Runways, roads and grounds	30,322,591	10,233,572	20,089,019	21,297,458
Vehicles	4,578,041	2,988,547	1,589,494	1,677,013
Machinery and equipment	2,096,646	1,420,656	675,990	911,239
Systems and software	311,535	242,715	68,820	109,237
Furniture and fixtures	109,515	93,943	15,572	19,969
	<u>\$ 45,779,659</u>	<u>\$ 21,353,295</u>	<u>\$ 24,426,364</u>	<u>\$ 26,444,759</u>

5. DEFERRED CONTRIBUTIONS FOR AIRPORT CAPITAL IMPROVEMENTS

	2021	2020
Balance at beginning of year	\$ 12,254,057	\$ 12,646,542
Contributions during the year	391,649	661,811
Amortized during the year	(1,066,596)	(1,054,296)
Balance at end of year	<u>\$ 11,579,110</u>	<u>\$ 12,254,057</u>



6. LONG TERM DEBT

	2021	2020
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.	\$ 8,381,000	\$ 8,709,000
Bank of Montreal loan bearing interest at prime less 1% per annum, repayable in monthly payments of \$9,173 plus interest, maturing on May 31, 2030.	926,456	1,036,531
	9,307,456	9,745,531
Less financing fees and transaction costs	17,276	28,794
	9,290,180	9,716,737
Less instalments included in current liabilities	449,074	438,074
	<u>\$8,841,106</u>	<u>\$ 9,278,663</u>

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

2022	449,074	449,074
2023	461,074	461,074
2024	474,074	474,074
2025	486,074	486,074
2026	500,074	486,074

The Corporation has the following available unused credit facilities as of December 31, 2021:

- A \$4,073,544 capital expenditure facility demand loan bearing interest at prime less 1% or term loan bearing interest at a fixed rate.
- 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 \$948,653 (2020 - \$1,063,641).

7. DERIVATIVE FINANCIAL INSTRUMENTS

The interest rate swap has an amortizing notional amount of \$8,381,000 (2020 - \$8,709,000) 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, 2021 the interest rate swap was valued at (\$675,868), 2020 - (\$1,294,400).

8. EMPLOYEE FUTURE BENEFITS

	2021	2020
Accrued Defined Benefit		
Pension Asset	\$ 1,356,000	\$ 1,351,000
Provision for Retirement Allowance	\$ 59,016	\$ 53,326

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:

	2021	2020
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 %

Variances 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, 2021. 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, there was no percentage of employee's earnings required to be contributed by the employer (2020 - 16.20%) and no additional special monthly contributions (2020 - \$467). Therefore, the total contribution is the provision for non-investment expenses of \$15,700 (2020 - \$23,500). These contribution requirements will remain in effect until the next actuarial valuation scheduled for January 1, 2022.

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

	2021	2020
Fair market value of plan assets	\$5,902,000	\$ 5,581,000
Accrued benefit obligation	3,535,000	3,550,000
	2,367,000	2,031,000
Valuation allowance	(1,011,000)	(680,000)
Accrued benefit asset	<u>1,356,000</u>	<u>\$ 1,351,000</u>

	2021	2020
Accrued benefit asset - beginning of year	\$ 1,351,000	\$ 1,638,000
Net pension recovery for the year	43,000	39,000
Employer contributions	17,000	27,000
Other remeasurement items	(55,000)	(353,000)
Accrued benefit asset - end of year	<u>\$ 1,356,000</u>	<u>\$ 1,351,000</u>
Employee contributions	\$ -	\$ 3,000
Pension and termination benefits paid	\$ 217,000	\$ 210,000

The actuarial present value of accumulated benefits for the 2021 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 \$30,706 (2020 -\$67,419) 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 \$48,381 (2020 -\$22,761) 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 were no retiring allowances paid during the year (2020 - \$157,873).

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, a recovery of \$2,746 was recorded as the Government of Canada waived rent payments after the outbreak of COVID-19 (2020 - expense of \$1,588).

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, 2021, there are no known environmental liabilities.

10. PASSENGER FACILITY FEE

	2021	2020
Passenger facility fees collected	\$ 806,693	\$ 680,690
Handling fees	(47,884)	(34,034)
Passenger facility fee	\$ 758,809	\$ 646,656

11. NET AMORTIZATION EXPENSE

	2021	2020
Amortization of capital assets	\$2,677,836	\$ 2,574,816
Amortization of deferred contributions (Note 5)	(1,066,596)	(1,054,296)
Amortization of deferred financing	11,518	-
	\$ 1,622,758	\$ 1,520,520

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 corona virus ("COVID-19") as a pandemic which resulted in a series of public health and emergency measures being put in place by the Federal and Provincial governments to combat the spread of the virus. These measures included pervasive travel restrictions resulting in a significant reduction in flights and passenger volume since the beginning of the pandemic.

The impact on the financial results, operations and cash flows of the Corporation has been significant and has resulted in decreases in aircraft landing and terminal fees and other operating revenues. The duration and impact of the restrictions from COVID-19, recovery of flight service levels and passenger numbers is not certain at this time. The 2019 comparative figures have been disclosed on the Statement of Operations to present the results of a full year of operations

prior to the COVID-19 pandemic. Management of the Corporation has prepared a long term financial forecast and has determined that the actions taken to date, and planned for the future, are sufficient to mitigate the financial impact of the pandemic.

Specifically, the Corporation has taken the following actions:

- Maintained cash of \$6,412,424 and net assets of \$12,483,292 to fund future, potential operating losses;
- Maintained the availability of unused credit facilities up to a maximum authorized amount of \$4,073,544 with lenders;
- Eliminated operating expenditures and capital projects that are non-essential to the safe operation of the airport;
- Accessed a number of measures announced by the Federal and Provincial Governments to support organizations through Canada’s COVID-19 Economic Response Plan, including:

	2021	2020
Canada Emergency Wage Subsidy	\$620,414	\$685,451
Airport Relief Fund (<i>Transport Canada</i>)	\$1,132,000	-
Regional Air Transportation Initiative (<i>ACOA</i>)	\$3,350,000	-
	\$5,102,414	\$685,451

The Corporation has been approved for total funding of \$3.8 million under an agreement with ACOA regarding the Regional Air Transportation Initiative. The program is designed to provide assistance with operating costs in order to mitigate financial hardship resulting from COVID-19. The program runs until March 31, 2022, and the Corporation expects to incur qualifying expenses and be eligible for the remaining \$450,000 of the total funding available.

COMPENSATION DISCLOSURES

OFFICERS:

Mark Bettle	Chair	\$ 18,150
Larry Hachey <small>(Mr. Hachey resigned from the Board effective January 31, 2021)</small>	Past Chair	\$ 125
Susan Harley	Vice Chair	\$ 11,500
Shilo Boucher	Treasurer	\$ 6,800
Susan Layton <small>(Ms Layton’s term with the Board ended on December 31, 2021)</small>	Secretary	\$ 7,000

DIRECTORS:

Andrew MacGillivray	Chair - Air Services	\$ 5,500
Kevin Scott	Chair - HR	\$ 7,300
John Wheatley	Director	\$ 5,100
Paulette Hicks <small>(Ms Hicks’ term with the Board ended effective November 30, 2021)</small>	Director	\$ 7,350
Karen Chantler	Director	\$ 4,200
Peter Gaulton	Director	\$ 5,850
Nancy Creamer-Ervin	Director	\$ 5,850
Dwayne Stoddart	Director	\$ 4,200
Charles Hickey	Director	\$ 3,750

Executive Compensation

The salary range for the President & CEO during 2021 was between \$150,000 to \$200,000.

The total compensation paid to the Management team during 2021 was \$677,000

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.

EXECUTIVE MANAGEMENT:

PRESIDENT & CEO

Alexander (Sandy) Ross
aross@sjairport.ca

DIRECTOR OF FINANCE AND ADMINISTRATION

Greg Hierlihy
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DIRECTOR OF ENGINEERING, FACILITIES AND CAPITAL PROJECTS

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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.

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

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 traveling 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.



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