



Aéroport de
SAINT JOHN
Airport

YSJ 2019

SAINT JOHN AIRPORT 2019 ANNUAL REPORT





ABOUT THE AIRPORT

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

In 2019, the Airport (YSJ) was a key element in the economic and social development of Greater Saint John, with an economic impact estimated at more than \$90 million and more than 650 jobs created directly and indirectly.

The Saint John Airport reinvests all profits back into the Airport and local communities.



OUR VISION

To be the preferred airport 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.

OUR VALUES

Our core values act as guideposts for everything we do.



SAFETY

Safety and security is our first priority.



STANDARDS

We meet or exceed all environmental and regulatory standards.



SERVICE

We strive to exceed passenger expectations.



NEW BRUNSWICK

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

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 2025

2

DIVERSIFY OUR REVENUE STREAM

- Develop our land
- Expand our tenant base
- Optimize concessions

3

DRIVE COMMUNITY OWNERSHIP

- Enhance stakeholder engagement
- Enhance social, environmental, and economic impacts on the region
- Enhance community engagement

4

ENHANCE FACILITIES, INFRASTRUCTURE, PROCESSES, AND PASSENGER EXPERIENCE

- Invest in ourselves: modernize and beautify
- Enhance business planning, processes, and procedures
- Enhance employee engagement
- Measure passenger experience
- Enhance safety, cybersecurity, and compliance

MESSAGE FROM THE CEO

Your Airport is relentlessly committed to enhancing our passenger experience.

This year we demonstrated our commitment with capital investments; increased safety, security, and climate change measures; and improved community engagement. Combined, these steps allowed YSJ to maintain its annual passenger base in the face of a tumultuous year for the aviation industry which saw a slowdown related to global economic conditions and changing aircraft capacity, with Air Canada's grounding of its fleet of Boeing 737 Max planes.

The Saint John Airport was under construction through much of 2019. We made significant investments—\$20.4 million—to completely transform and modernize the Airport's two runways, taxiways, and tarmac. Additionally, YSJ became the first Canadian airport in our size category to have RESAs (Runway End Safety Areas), reducing the risk of damage to airplanes in the event of an undershoot, overshoot, or excursion from the runway. **YSJ also became the third airport in Atlantic Canada to have centreline lighting on the primary runway, improving accessibility for aircraft.** As a result of this major capital project, YSJ now meets the latest safety and technology standards, resulting in improved navigation for pilots and fewer flight cancellations and delays. **The Saint John Airport now has one of the safest airfields in Canada.** I'd like to thank our local community and all passengers for their patience during the construction.

Safety and security is our first priority, so it was gratifying to have our efforts acknowledged when the **Saint John Airport's Biometric Digital ID project to enhance airport security was presented at the third annual Global Aviation Security Symposium** held in Montreal. It's exciting when a small Canadian airport and an even smaller startup tech company, both from Atlantic Canada, can be the first to build a leading-edge security solution that surpasses world-class standards found at the largest airports in the world.

Our commitment to responsible and environmental business practices was also acknowledged when the **Saint John Airport received an investment of \$205,000 made through Transport Canada's Transportation Asset Risks**



Assessment Program. This federal investment recognizes the risk of climate change and will allow YSJ to conduct an impact assessment of extreme climate change in 2020, preventing possible future tolls on our infrastructure, productivity, and economy. Saint John Airport was the first airport in Canada to benefit from this newly created fund.

We continually strive to improve passenger experience. In 2019, in addition to the complete modernization of our airfield, we made other improvements, like releasing a new version of our **FlySJ mobile app** with added features like the ability to easily schedule a taxi to and from YSJ. Improving communication with our passengers and the local community is important to us, so we launched the new **YSJ Dispatches quarterly email newsletter**, a great way to stay informed about our plans, priorities, and progress.

Soliciting customer feedback is essential to improving passenger experience. In 2019, we installed **FEEDBACK NOW Kiosks** in the terminal that allow us to receive feedback in real time. The kiosks notify airport staff of customer dissatisfaction, so that we can investigate and resolve the issue promptly. We also launched our inaugural stakeholder survey to measure feedback from local community members and travellers. Of the 375 responses received, the vast majority described YSJ as "convenient", "competitive", and a "reliable" airport that meets their travel needs.

I thank our board, management team, staff, and community for their continued support as we strive to create an even better airport in the year ahead.

Derrick Stanford
President & CEO
Saint John Airport Inc.

MESSAGE FROM THE CHAIR

The airfield modernization project is the largest capital project in YSJ's history.

It was a major undertaking for our management team and partners, taking 18 months to complete. We now have one of the most modern and safest airfields in the country. This project would not have been possible without a \$10 million investment from Transport Canada and \$4 million from the Government of New Brunswick, combined with more than \$6 million contributed by the Saint John Airport, for a total project cost of \$20.4 million.

These vital improvements have allowed us to enhance navigation, visibility, and landing capability for pilots. There are costs associated with diverting an aircraft, so arriving and departing from Saint John is now more attractive to our current and future airline partners.

The growth of our Airport is good for Saint John and all of Southern New Brunswick. When and wherever possible, we hired local companies and are happy to report **the airfield modernization project alone has had an additional \$21 million in economic impact for the Saint John region.** On behalf of our Board, I would like to thank everyone involved for their incredibly hard work and completing this major capital project both **on time and on budget.** I would also like to thank our passengers for their patience and their support.

The Saint John Airport is committed to helping our local and global environment. In 2019, we officially began our journey to reduce YSJ's carbon footprint. **We received level one certification from the Airport Carbon Accreditation (ACA),** a voluntary global carbon management program for airports that independently assesses and recognizes airports' efforts to manage and reduce their CO2 emissions.

This past year will go down in history as a particularly difficult one for the airline industry, but we are glad



to report that we maintained a stable business. Our management team continued to work diligently on broadening air service and routes. Attracting new carriers to any airport is a long-term process, but YSJ has already made one announcement in 2020 and we look forward to making even more.

This year we welcomed Nancy Creamer Ervin to our hard-working and versatile board of directors. I've had the honour of working with this tremendous group as a board member for six years, and as chair for the last two. I'd like to take this opportunity to acknowledge that I'll be stepping down as Chair of the Board on June 30, 2020. It has been rewarding to see the transformational growth and improvement our Airport has experienced over these years. I want to thank the YSJ board and management for all their support. With the airfield modernization project now completed, the Airport is set for the next 20 years of continued growth: diversifying our airline carriers, expanding our routes, improving passenger experience, and increasing passenger traffic.

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

Larry Hachey
Chair of the Board of Directors

CORPORATE GOVERNANCE

YOUR BOARD OF DIRECTORS (AS OF DECEMBER 2019)

Chair: Larry Hachey

Nominated by: Saint John Airport Inc.

Vice Chair: Mark Bettle

Nominated by: Saint John Region Chamber

Treasurer: Susan Harley

Nominated by: Transport Canada

Secretary: Susan Layton

Nominated by: Saint John Airport Inc.

Andrew MacGillivray

Nominated by: Saint John Airport Inc.

Kevin Scott

Nominated by: City of Saint John

Dwayne Stoddart

Nominated by: Saint John Airport Inc.

Charles Hickey

Nominated by: Saint John and District Labour Council

Paulette Hicks

Nominated by: City of Saint John

Karen Chantler

Nominated by: Regional Service Commission Region 8

John Wheatley

Nominated by: Economic Development Greater Saint John

Shilo Boucher, CPA, CA, ICD.D

Nominated by: Fundy Regional Services Commission

Andrew Green, CPA (Vt.)

Nominated by: Province of NB—Department of Transportation

Nancy Creamer Ervin

Nominated by: Transport Canada

MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT TEAM:

From left to right: Paulette Hicks, Susan Harley, Derrick Stanford, Brian Wiggins, Jacques Fournier, Andrew MacGillivray, Mark Bettle, Shilo Boucher, Charles Hickey, John Wheatley, Nancy Creamer Ervin, Kevin Scott, Greg Hierlihy, Cindy Thorn, Dwayne Stoddart, Larry Hachey

Missing from photo: Susan Layton, Andrew Green, Karen Chantler



COMMITTEES OF THE BOARD

FINANCE, AUDIT & INVESTMENT COMMITTEE

CHAIR-SUSAN HARLEY

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 make 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-LARRY HACHEY

A committee of six directors 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—allowing 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.

We currently have 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.

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 (e.g. pyrotechnics, sirens, and trapping) to scare and disperse hazardous wildlife. It uses proactive tools (e.g. bird deterrent kite) and incorporates game cameras to help identify wildlife sightings in wooded areas. These methods increase wildlife management effectiveness. In 2019, wildlife reports remained the same from the previous year.

WATER

Saint John Airport continuously monitors the quality of potable water, wastewater, and stormwater 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 2019, 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 and 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.

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. In 2019, we had remained at no lost-time 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. Every year we conduct small- to medium-scale exercises developed to assess the Airport's emergency plan and our ability to quickly coordinate with external emergency response teams. Annually, we conduct tabletop exercises in these categories: security, safety, and environmental. We conduct a full-scale security live exercise every two years and a full-scale safety live exercise every four years. The exercises provide valuable emergency response training and allow YSJ and our first responding agencies to test interoperability. All exercises highlight procedures that are working well, as well as areas that require improvement.

In 2019, we conducted both the security and safety tabletop exercises with our responder and partner agencies. The exercises provided valuable training and helped YSJ and our partners identify areas to improve.



COMMUNITY IMPACT & ENGAGEMENT

PROUD SPONSOR OF THE COMMUNITY

We were proud to sponsor several major community organizations, events, and activities in 2019, including:

- Junior Achievement of New Brunswick
- Hospice Greater Saint John
- Boy and Girls Club of Saint John
- Kiwanis Charities of Saint John
- Imperial Theatre
- Port Days
- Saint John Region Chamber
- Amazeatorium Interactive Learning Festival
- Economic Development Greater Saint John
- Rotary Club of Saint John
- Saint John Riptide
- Saint John Sea Dogs
- Opportunities New Brunswick Export Awards
- Marathon by the Sea
- Atlantic Provinces Economic Council



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 Airport's annual ACCC public consultation was held in May 2019. 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.

Future meetings will be held bi-annually and be representative of the community, particularly the travelling public and organized labour groups.

ART AT THE AIRPORT

We were proud to once again highlight local art through our 'Art at the Airport' series in 2019. The work of well-known local artists is showcased to enhance the welcoming atmosphere for our passengers. Located throughout the first floor of the terminal building, the exhibits include paintings, displays of jewelry, pottery and mixed media pieces, and a welcome wall of local photography. Exhibits are changed regularly, offering passengers and visitors a continually rotating display of artwork to enjoy. Since its inception the Airport has hosted the works of more than 90 artists.

2019 FEATURED ARTISTS:

Dale Cook

Margaret Obermeier

Darlene Keffer

Melanie Craig Hansford

Elena Zamyatina

Phil Savage

Fabiola Martinez

Ralph Simpson

Izabell Fagan

Rob Roy

Larry Fagan

Brian Comeau

Larry Stewart

Wendy Johnston

Liane Thibodeau



2019 HIGHLIGHTS

SAINT JOHN NOW HAS ONE OF THE MOST MODERN AND SAFE AIRFIELDS IN ALL OF CANADA.

THE AIRFIELD MODERNIZATION PROJECT



The complete rehabilitation and modernization of YSJ's airfield



Took 18 months from start to finish



A major capital investment with a total project cost of \$20.4 million



Completed on time and on budget

WE UPGRADED EVERYTHING

- All runways milled and repaved
- All edge lighting replaced with high-intensity and energy efficient LED lighting
- Centreline LED lighting installed on primary runway
- Narrowing of runways from 200' to industry standard of 150'
- Primary runway extended by an additional 200'
- All lines repainted
- Installation of RESAs (Runway End Safety Areas)
- New and improved drainage
- New NAV Canada equipment and instrumentation
- Removal of rock near airfield to comply with the latest standards for new construction
- **YSJ is the first Canadian airport in our size category to have RESAs (Runway End Safety Areas) reducing the risk of damage to airplanes in the event of an undershoot, overshoot, or excursion from the runway**
- **YSJ is the third airport in Atlantic Canada to have centreline lighting on the primary runway to improve accessibility for arriving and departing aircraft**
- **Now arriving and departing from Saint John is more attractive to our current airline partners and it will help us to attract new airlines in the future**

THESE CRITICAL INFRASTRUCTURE IMPROVEMENTS ALLOW US TO:

- Enhance overall safety
- Comply with the latest airport design standards
- Improve navigation for pilots
- Improve operational efficiency
- Lessen the cost of annual routine maintenance
- Minimize flight cancellations and delays for our passengers
- Help us realize our passenger growth goals
- Remain a key economic driver for the region

The airfield modernization project has translated into an **additional \$21 million** in economic impact for the Saint John region.

This project was made possible thanks to:



Government of Canada

Gouvernement du Canada





PASSENGER TRAFFIC REMAINS STRONG

Passenger traffic remained solid, with 281,069 passengers travelling through YSJ in 2019, essentially maintaining the record-breaking growth achieved in the two consecutive years prior. Despite a very challenging year in the industry overall, with most airports in Canada experiencing declines, YSJ experienced flat growth, a slight 0.4% decrease in passenger traffic from 2018.

CELEBRATING OUR AVIATION HISTORY

We encourage you to view Saint John's proud aviation history, now on permanent display in the Airport terminal. The new installation highlights local, national, and international events of significance with historical photographs and timeline. Showcasing our history at YSJ informs travellers of the role the city of Saint John has played in advancing aviation in Canada. For example, Amelia Earhart landed in the Airport's previous Millidgeville location in 1932 to refuel her Lockheed Vega before beginning her famous overseas flight.

DEMONSTRATING LEADERSHIP IN RESPONSIBLE AND ENVIRONMENTAL BUSINESS PRACTICES

The Saint John Airport is committed to helping our local and global environment.

- **Climate change study:** The Saint John Airport received an investment of \$205,000, made through Transport Canada's Transportation Asset Risks Assessment (TARA) Program. The Government of Canada's investment recognizes the risk of climate change and will allow YSJ to conduct an impact assessment of extreme climate change in 2020, preventing possible future tolls on our infrastructure, productivity, and economy.
- **Carbon footprint reduction:** YSJ received level one certification from the Airport Carbon Accreditation (ACA) program, a voluntary global carbon management program for airports that independently assesses and recognizes airports' efforts to manage and reduce their

CO2 emissions. The Saint John Airport is committed to helping our local and global environment and we're proud to have officially begun our journey to reduce YSJ's carbon footprint.

OTHER HIGHLIGHTS

- Released the **FlySJ mobile app Version 2.0** with several new features, like the ability to easily schedule a taxi ride to and from YSJ.
- Launched the new **YSJ Dispatches Quarterly email newsletter**, a great way to keep abreast of what's happening at YSJ and learn more about our plans, priorities, and progress.
- Unveiled the new **First Flight LEGO Mosaic** depicting the first hot air balloon ascending over the city of Saint John circa 1840; an event widely recognized as the birth of aviation in Canada.
- Completely renovated the interior of the Airport's **International Customs Hall** and brought it up to the latest Canada Border Services Agency (CBSA) standards.
- The Saint John Airport's Biometric Digital ID project to enhance airport security was presented at the ICAO's third annual Global Aviation Security Symposium in Montreal to over 400 airport security directors from around the world. **YSJ's leading-edge security solution** was developed in partnership with OARO, an Atlantic Canadian tech start-up.



2019 BUSINESS PLAN VS ACTUAL (IN THOUSANDS)

	PLAN	ACTUAL	DIFFERENCE
Revenue	7,158	7,192	34
Expenses	5,915	5,990	(74)
Capital Expenditures	23,013	18,642	4,371

Revenue: Actual is consistent with Plan. Positive variance in revenue from in-terminal Concessions.

Expenses: Variance to Plan of 1.2%. Increased costs due to winter conditions (snow and ice removal costs, heating) and marketing costs in support of air service development efforts.

Capital Expenditures: Airfield modernization costs were brought in under Plan. Fire truck ordered in 2019 for 2020 delivery and deferred costs related to waste water treatment to 2020.

SUMMARY OF CAPITAL EXPENDITURES IN 2019 (IN THOUSANDS)

Roads and Grounds	646
Airfield Modernization	17,039
HVAC Systems and Controls	225
Heavy Equipment and Vehicles	59
Parking Revenue and Control System	164
Air Terminal Building Improvements	256
Combined Service Building Improvements	100
Computer Software, Systems, and Hardware	84
Equipment	39
Other Items (<\$10,000 each)	31
	18,642

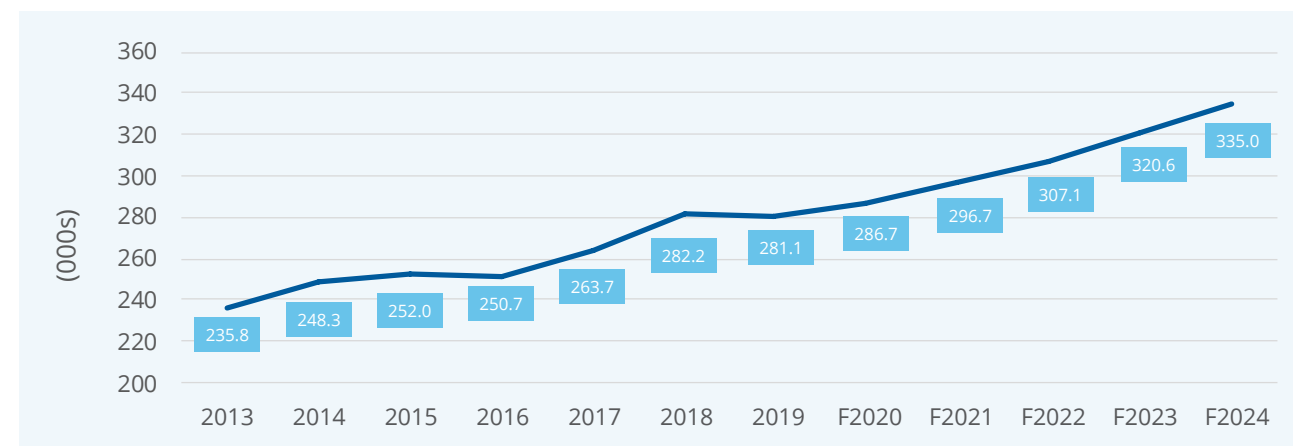
All contracts awarded in 2019 exceeding \$120,000 (**\$75,000 in 1994 dollars adjusted by the Consumer Price Index**) were awarded on the basis of a public tendering process.

BUSINESS PLAN FORECAST 2020-2024 (IN THOUSANDS)

	2020	2021	2022	2023	2024
Revenue (Note 1)	7,581	7,846	8,121	8,478	8,860
Expenses (Note 2)	6,072	5,903	6,001	6,254	6,511
Capital Expenditures (Note 3)	6,635	2,405	1,680	2,105	1,565

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 exterior beautification efforts, fleet equipment, water and wastewater treatment centre upgrades, and new emergency response vehicle.

PASSENGER STATISTICS



Air traffic growth is a function of population, economic growth, tourism and air service stimulation.

FINANCIAL REVIEW

The Saint John Airport Inc. (SJA) was incorporated as a corporation without share capital on February 19, 1997, under Part I of the New Brunswick Companies Act. 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. The SJA is exempt from income tax according to the Airport Transfer (Miscellaneous Matters) Act. All earnings are retained and reinvested in airport operations and development.

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, 2019, 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, 2019, 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.



CHARTERED PROFESSIONAL ACCOUNTANTS
Saint John, New Brunswick
February 27, 2020

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

ASSETS

CURRENT	2019	2018
Cash	\$3,205,117	\$1,649,145
Accounts receivable (Note 6)	510,218	355,996
Government funding receivable	3,111,144	698,870
Harmonized sales tax recoverable	584,651	133,112
Parts inventory (Note 6)	111,330	129,668
Prepaid expenses	418,641	483,090
	<u>7,941,101</u>	<u>3,449,881</u>
ACCRUED DEFINED BENEFIT PENSION ASSET (Note 8)	1,638,000	1,195,000
RESTRICTED INVESTMENTS FOR CAPITAL ASSET REPLACEMENT	1,531,166	3,170,772
CAPITAL ASSETS (Notes 4, 6)	26,659,316	9,477,611
	<u>\$37,769,583</u>	<u>\$17,293,264</u>

LIABILITIES

CURRENT	2019	2018
Accounts payable and accrued liabilities	1,358,050	1,623,983
Deferred revenue	10,351	75,037
Current portion of long term debt (Note 6)	264,000	-
	<u>1,632,401</u>	<u>1,699,020</u>
PROVISION FOR RETIREMENT ALLOWANCE (Note 8)	79,255	79,264
DEFERRED CONTRIBUTIONS FOR AIRPORT CAPITAL IMPROVEMENTS (Note 5)	12,646,542	1,418,837
LONG TERM DEBT (Note 6)	<u>8,684,720</u>	-

NET ASSETS

NET ASSETS	2019	2018
Unrestricted	13,195,499	10,925,371
Internally restricted - Replacement Reserve Fund	1,531,166	3,170,772
	<u>14,726,665</u>	<u>14,096,143</u>
	<u>\$37,769,583</u>	<u>\$17,293,264</u>

COMMITMENTS AND CONTINGENCIES (NOTE 9)

APPROVED ON BEHALF OF THE BOARD:



Director

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2019

	UNRESTRICTED	REPLACEMENT RESERVE FUND	TOTAL 2019	TOTAL 2018
BALANCE AT BEGINNING OF YEAR	\$10,925,371	\$3,170,772	\$14,096,143	\$13,954,344
EXCESS OF REVENUE OVER EXPENDITURE	223,128	45,394	268,522	385,799
TRANSFER (Note 2)	1,685,000	(1,685,000)	-	-
EMPLOYEE FUTURE BENEFITS OTHER REMEASUREMENT ITEMS (Note 8)	362,000	-	362,000	(244,000)
BALANCE AT END OF YEAR	\$13,195,499	\$1,531,166	\$1,531,166	\$14,096,143

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUE (NOTE 12)

	2019	2018
Aircraft landing and terminal fees	\$1,666,832	\$1,613,768
Vehicle parking	955,516	862,190
Concessions	651,023	639,899
Land and office rentals	319,069	275,903
Airport services	78,799	113,843
Interest income	21,801	13,553
Other	4,300	3,300
Gain on disposal of capital asset	-	16,899
	3,697,340	3,539,355
Passenger facility fee (Note 10)	3,279,944	3,256,061
	6,977,284	6,795,416

EXPENDITURE

Wages and benefits	2,632,872	2,642,186
Building and grounds	959,021	901,914
General and administrative (Note 9)	863,704	777,442
Marketing	763,602	907,876
Emergency response services	471,055	462,832
Consulting	63,653	53,891
Net amortization expense (Note 11)	1,081,249	831,502
	6,835,156	6,577,643
EXCESS OF REVENUE OVER EXPENDITURE FROM OPERATIONS	142,128	217,773
DEFINED BENEFIT PENSION INCOME (Note 8)	81,000	117,000
EXCESS OF REVENUE OVER EXPENDITURE	<u>\$223,128</u>	<u>\$334,773</u>

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess of revenue over expenditure	\$ 223,128	\$ 334,773
Items not involving cash		
Amortization of capital assets	1,460,693	1,028,882
Amortization of deferred contributions	(379,444)	(197,380)
Gain on disposal of capital assets	-	(16,899)
Defined benefit pension income	(81,000)	(117,000)
Increase (decrease) in provision for retirement allowance	(9)	5,866
	1,223,368	1,038,242
Changes in non-cash working capital balances		
Accounts receivable	(154,222)	219,090
Government funding receivable	(2,412,274)	(698,870)
Harmonized sales tax recoverable	(451,539)	(145,286)
Parts inventory	18,338	(15,621)
Prepaid expenses	64,449	146,597
Accounts payable and accrued liabilities	(265,933)	522,698
Deferred revenue	(64,686)	73,160
	(2,042,499)	1,140,010
Investing activities		
Purchase of capital assets	(18,642,398)	(3,922,663)
Proceeds on disposal of capital assets	-	21,000
Contributions received for airport capital improvements	11,607,149	698,870
Restricted funds utilized for the purchase of capital assets	1,685,000	2,274,912
	(5,350,249)	(927,881)
Financing activity		
Net proceeds of long term debt	8,948,720	-
INCREASE IN CASH	1,555,972	212,129
CASH AT BEGINNING OF YEAR	1,649,145	1,437,016
CASH AT END OF YEAR	3,205,117	1,649,145
SUPPLEMENTARY CASH FLOW INFORMATION		
Interest received	67,195	64,579
Interest paid	\$61,241	-

NOTES TO FINANCIAL STATEMENTS

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, 2019, the market value was \$1,531,166 (2018 - \$3,170,772). During the year, there was \$1,685,000 (2018 - \$2,274,912) 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 - Defined Benefit Pension Plan

The Corporation reports its employee future benefits 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.

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 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 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 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, 2019.

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, 2019, 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

	2019		2018	
	COST	ACCUMULATED AMORTIZATION	NET	NET
Leasehold improvements				
Buildings	\$ 8,163,534	\$5,444,961	\$2,718,573	\$2,772,191
Runways, roads and grounds	29,067,383	6,757,642	22,309,741	5,383,826
Vehicles	3,121,233	2,495,663	625,570	678,280
Machinery and equipment	2,060,785	1,157,289	903,496	589,852
Systems and software	240,301	168,448	71,853	21,246
Furniture and fixtures	106,705	76,622	30,083	32,216
	\$ 42,759,941	\$16,100,625	\$26,659,316	\$9,477,611

5. DEFERRED CONTRIBUTIONS FOR AIRPORT CAPITAL IMPROVEMENTS

	2019	2018
Balance at beginning of year	\$ 1,418,837	\$ 917,347
Contributions received during the year	11,607,149	698,870
Amortized during the year	(379,444)	(197,380)
Balance at end of year	\$ 12,646,542	\$ 1,418,837

6. LONG TERM DEBT

	2019	2018
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. The loan is 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.	\$ 9,000,000	\$-
Less financing fees and transaction costs	51,280	-
	8,948,720	-
Less installments included in current liabilities	264,000	-
	\$8,684,720	\$-
Principal due within each of the next five years is as follows:		
2020	\$ 264,000	
2021	327,000	
2022	338,000	
2023	350,000	
2024	363,000	

During the year, there was a total of \$60,051 in interest capitalized related to the long term debt acquired to finance capital assets under development.

7. DERIVATIVE FINANCIAL INSTRUMENTS

The interest rate swap had an effective date of December 31, 2019 with an amortizing notional amount of \$9,000,000 and 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, 2019, the fair value of the interest rate swap was nil.

8. EMPLOYEE FUTURE BENEFITS

	2019	2018
Accrued Defined Benefit Pension Asset	\$ 1,638,000	\$1,195,000
Provision for Retirement Allowance	\$ 79,255	\$79,264

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:

	2019	2018
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, 2019. 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 16.10% (2018 - 23.7%) of the employees' earnings plus an additional special contribution of \$2,268 per month (2018 - \$4,418). These contribution requirements will remain in effect until the next actuarial valuation scheduled for January 1, 2020.

Information about the defined benefit portion of the plan as at December 31 is as follows:

	2019	2018
Fair market value of plan assets	\$ 5,219,000	\$ 4,813,000
Accrued benefit obligation	3,581,000	3,618,000
Accrued benefit asset	\$ 1,638,000	\$ 1,195,000
	2019	2018
Accrued benefit asset - beginning of year	\$ 1,195,000	\$ 1,322,000
Net pension recovery for the year	15,000	3,000
Employer contributions	66,000	114,000
Other remeasurement items	362,000	(244,000)
Accrued benefit asset - end of year	\$ 1,638,000	\$ 1,195,000
Employee contributions	\$ 3,000	\$ 5,000
Pension and termination benefits paid	\$ 205,000	\$ 192,000

The actuarial present value of accumulated benefits for the 2019 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 \$100,757 (2018 - \$95,632) 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 \$9,808 (2018 - \$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, \$22,530 was calculated as the rent charge for 2019 (2018 - \$20,902).

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, 2019, 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, 2019, the Corporation has incurred total expenditures of \$17,926,130 and has contributions receivable of \$3,111,144 related to this project.

10. PASSENGER FACILITY FEE

	2019	2018
Passenger facility fees collected	\$ 3,455,258	\$ 3,429,055
Handling fees	(175,314)	(172,994)
Passenger facility fee	\$ 3,279,944	\$ 3,256,061

11. NET AMORTIZATION EXPENSE

	2019	2018
Amortization of capital assets	\$1,460,693	\$1,028,882
Amortization of deferred contributions (Note 5)	(379,444)	(197,380)
	\$1,081,249	\$831,502

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. COMPARATIVE FIGURES

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.



COMPENSATION DISCLOSURES

Board of Directors Compensation 2019

OFFICERS:	
Chair: Larry Hachey	\$13,250
Vice-Chair: Mark Bettle	\$8,467
Treasurer: Susan Harley	\$6,283
Secretary: Susan Layton	\$6,800
DIRECTORS:	
Shilo Boucher	\$3,950
Karen Chantler	\$3,450
Andrew Green	\$4,600
Dwayne Stoddart	\$3,600
Charles Hickey	\$3,850
Paulette Hicks	\$3,900
Andrew MacGillivray	\$5,900
Kevin Scott	\$5,650
John Wheatley	\$3,450
Nancy Creamer Ervin (joined the Board on April 17, 2019)	\$1,200

EXECUTIVE COMPENSATION

The salary range for the president and CEO during 2019 was between \$200,000 to \$250,000.

The total compensation paid to the management team during 2019 was \$738,400.

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.



YSJ EXECUTIVE MANAGEMENT TEAM

From left to right: Brian Wiggins, Jacques Fournier, Derrick Stanford, Cindy Thorn, Greg Hierlihy



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

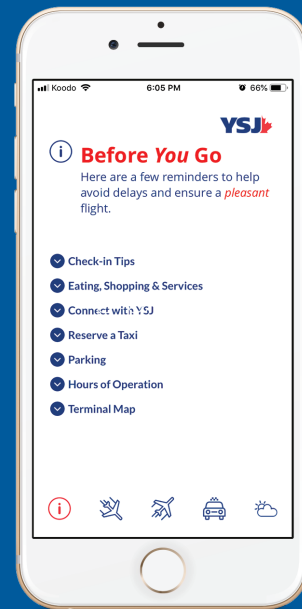
FLYSJ MOBILE APP MAKES PLANNING YOUR NEXT TRIP A LITTLE EASIER!

Our new & improved 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.

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SAINT JOHN AIRPORT INC.

4180 Loch Lomond Road Saint John, NB, Canada E2N 1L7
T (506) 638-5555 | F (506) 638-5550 | fly@sjairport.ca
www.saintjohnairport.com