

# Meet your YFC Team

FREDERICTON INTERNATIONAL  
AIRPORT AUTHORITY  
ANNUAL REPORT 2022







# Table of Contents

|   |           |
|---|-----------|
| Amenities: Pre-Flight's a Little Sweeter            | <b>1</b>  |
| Routes & Airlines: Flying is Friendly               | <b>6</b>  |
| Health & Safety: On the Cutting Edge                | <b>11</b> |
| Letter From Our CEO & Chair                         | <b>15</b> |
| Meet the Team                                       | <b>19</b> |
| Meet Our New Chairman                               | <b>19</b> |
| Meet Our Board of Directors                         | <b>20</b> |
| FIAA's Mission, Vision and Values                   | <b>23</b> |
| Management's Responsibility for Financial Reporting | <b>25</b> |
| Financials  | <b>26</b> |

# Amenities

## Pre-Flight's a Little Sweeter

Warm Maritime hospitality and top-quality food and drink with a local touch are always on the menu at Chess Piece, YFC's in-house café.

The airport often provides visitors' first and last impression of the region. For Chess Piece founder Patti Hollenberg, her YFC location is a unique opportunity to serve up a great experience embodying the best of Fredericton.

"We are representing the region," she says. "To me, that is a big deal. I'm proud of my community."

### NOTHING BUT THE BEST

Patti's recipe for success starts with an unwavering commitment to quality.

"If you want a good product, you have to start with good ingredients," she says. "If you want good service, you have to start with good people."

Her "awesome" YFC team serves up desserts and pastries, soups and sandwiches, and delicious coffee and drinks at two locations in the airport: inside the departures lounge and in the arrivals area.

The Chess Piece at YFC is part of the upgraded terminal, which opened in 2021. It offers major-airport amenities with a local touch, including the café, which opened its first location in downtown Fredericton in 2014.

Patti loves being part of the larger YFC team.

"Everybody takes their job extremely seriously, but we also have a lot of fun," she says. "It's a pleasure and a joy to spend time there."





**Patti Hollenberg**

OWNER, CHESS PIECE PÂTISSERIE & CAFÉ





**“We are representing the region. To me, that is a big deal. I’m proud of my community.”**

### **CHEERS TO LOCAL**

Patti says the evening shift at YFC is one of her favourites for the chance to serve and meet people coming and going from Fredericton.

“It’s engaging and fulfilling because our goal is to make their experience better,” she says. “If they’re having a good time, then we’ve done our job.”

People will pull up a chair, relax and chat while enjoying Patti’s delicious food and fresh local drinks, including a wide assortment of craft beers from Fredericton’s extensive pool of producers.

“I don’t get the chance to play bartender very often,” she says. “It’s a lot of fun.”

### **YFC AMENITIES**

Connection points: Charging stations, power plugs, USB inputs at every seat, free WiFi.

Family features: Private nursing room, spacious family washroom, play area in the departures lounge.

Extra touches: Hands-free water bottle filling stations, upgraded washrooms, comfortable seating areas.



**Steve Pelletier**

SECURITY DETAIL SUPERVISOR



# Routes & Airlines

## Flying is Friendly

YFC has a stunning new terminal, and Steve Pelletier, Security Detail Supervisor at Fredericton International Airport, aims to bring an exceptional level of customer service to match, creating a stand-out experience for visitors and travellers.

He leads an “amazing detail” of approximately 15 commissionaires contracted by the FIAA to secure the entire airport grounds, indoors and out.

“I tell my officers that this is their house, so treat it accordingly, with love and respect,” he says. “And protect it.”

### POSITIVE AND PROACTIVE

As air service increased in 2022, YFC worked closely with our airline partners to increase operations, including direct daily service to the Canadian hubs of Toronto, Montreal and Ottawa.

As the fastest growing airport in the Maritimes pre-pandemic, we were keen to rebuild our routes and airlines.

Travel is exciting. It can also be stressful, and Steve and his team are on the front lines making it as pleasant and easy as possible.

“It could be something as simple as how you greet people,” he says.

A kind word and helping hand are all part of that outstanding experience. From buying someone a coffee as they wait for a flight to helping a harried parent travelling with young children or assisting someone with mobility challenges into the terminal, he takes great pride in those positive interactions.

“Seeing those smiles is what drives me.”

## INSPIRED BY TEAMWORK

Steve says that it's the people who make YFC special, and that starts with the culture and leadership set by the airport authority.

"We have something incredible here, and the FIAA is not just aware of that but appreciative, too. It's fantastic to work for a client that values you."

He takes his role as an ambassador for the FIAA very seriously.

"We need to embody their values and mission in every interaction," he says. "It's paramount that we don't just meet but exceed expectations every day."

That above-and-beyond service mentality is simply business-as-usual for Steve and his team.

"When you commit to exceptional customer service, it just becomes part of you."

**"When you commit to exceptional customer service, it just becomes part of you."**



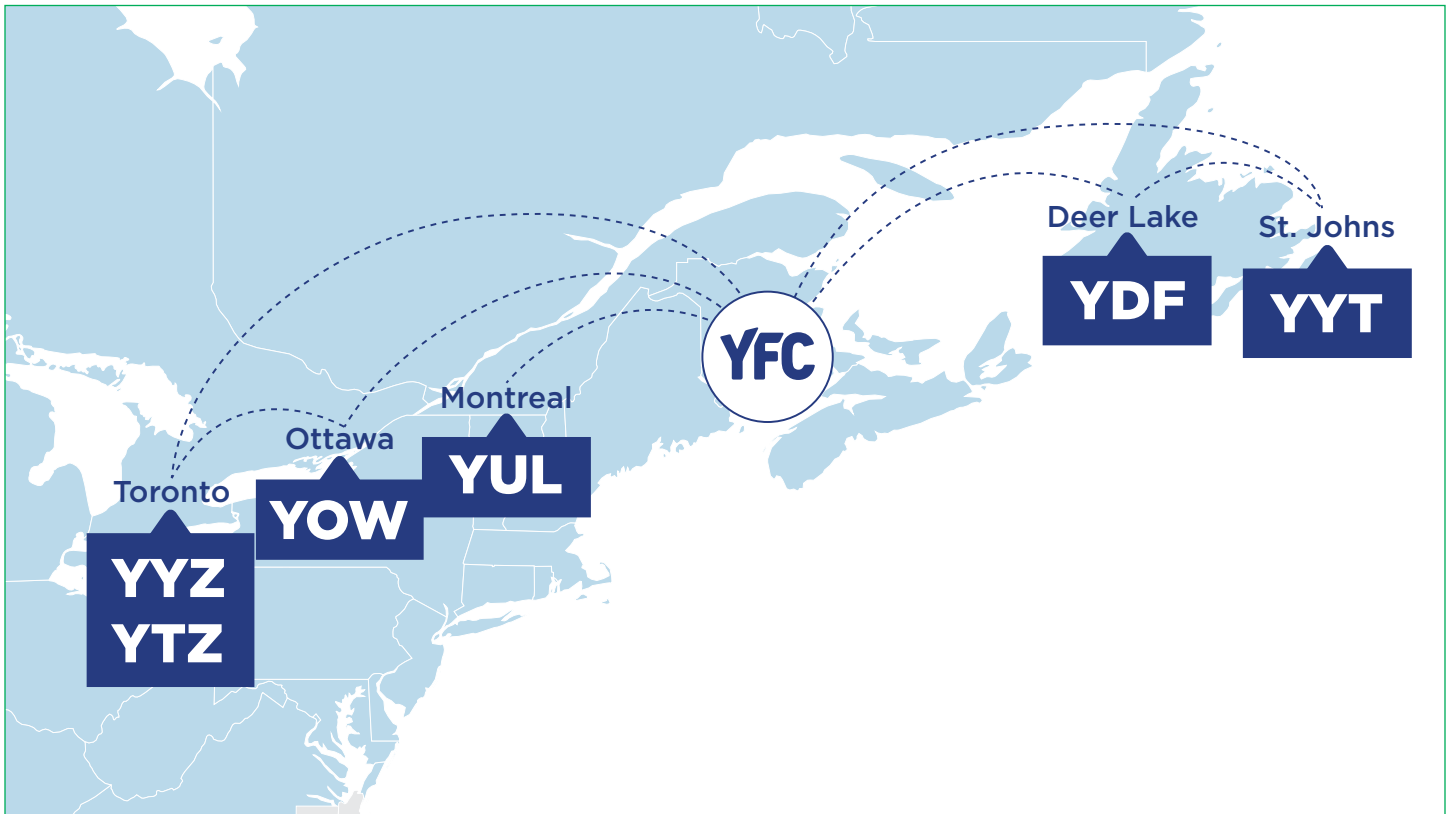








## 2022 YFC ROUTES



## AIRLINES

AIR CANADA 

porter

WESTJET 

 PALairlines

# Health & Safety

## On the Cutting Edge

Safety is our top priority at YFC and that takes the best equipment and experienced people like Mike Ripley, FIAA's Safety, Security and Systems Officer, who has worked at YFC for over 30 years.

"Working at the airport kind of gets in your blood. It's difficult to imagine working anywhere else," says Mike, who started at YFC as a firefighter in 1991. "There's a great feeling of community."

Mike relishes his role in keeping the people and property at the airport safe and healthy.

"We want our passengers to feel safe from the moment they arrive," he says. "Ultimately, our goal is ensuring the safety of the travelling public, and making sure people have confidence in the system when they fly in or out of Fredericton."

### READY FOR ANYTHING

Leading-edge equipment is a key factor in safety success.

In 2022, FIAA acquired two new Aircraft Rescue Fire Fighting Rapid Intervention Vehicles thanks to funding through the Government of Canada's Airport Capital Assistance Program. These state-of-the-art vehicles will help keep YFC's emergency response efficient and up-to-date.

Along with the latest technology, training is also crucial to maintaining leading safety practices. On Oct. 19, we hosted an emergency preparedness exercise, part of a planned and controlled exercise mandated by Transport Canada that takes place every two years.

While these exercises are simulations, Mike and his team remember the real people an actual emergency would impact.

"We all have friends and family that fly out of here every day," he says. "This is a relatively small community, and we all have connections to somebody on board an aircraft. It's important to keep that in mind."



**Mike Ripley**

**SAFETY, SECURITY, AND SYSTEMS OFFICER**





**“Working at the airport  
kind of gets in your blood.  
It’s difficult to imagine  
working anywhere else.”**

### **COVID RESTRICTIONS LIFTED**

On Oct. 1, 2022, the Government of Canada removed COVID-19-related travel measures. This meant that:

- masks became optional
- proof of vaccination was not required
- there was no requirement for COVID-19 testing
- travellers were no longer required to quarantine or submit public health information through the ArriveCAN app or website

Even as we responded to these loosening restrictions, we continued to follow rigorous protective and preventative measures, including ongoing deep cleaning and sanitizing protocols within the terminal.

Mike says YFC’s strong health and safety culture relies on teamwork and collaboration, and a shared drive toward continuous improvement.

“We always strive to be better,” he says. “We’ve got quality people working together to achieve the same goals.”



# Letter From Our CEO and Chair

## Heading in the Right Direction



After two years of pandemic-related challenges, 2022 marked a slow yet steady return to more normal operations. There was still some turbulence, but there was sustained momentum as restrictions eased, and our airport and airline partners could resume service and begin to meet the pent-up demand for travel.

It was a joy to see our airport bustling with people coming and going from the Fredericton region for work, school, leisure travel, and reconnecting with loved ones. At our peak in 2022, our passenger loads were between 70-80 per cent of pre-pandemic levels, which is very encouraging. This return to activity reminded us of the vital role YFC plays in our community. And it made us prouder than ever of the dedicated, dynamic team that makes our airport work. We are thrilled to introduce some of them in this year's annual report.

We received glowing feedback from local travellers and visitors alike on our beautiful terminal, which officially opened in 2021. A point of pride for our community, it gives visitors an inspiring first impression of Fredericton. Modern facilities are essential for a thriving airport that can contribute fully to our community's social and economic success, supporting business development, export, investment, tourism, and immigration.

Along with our role in empowering the local economy, our direct contributions are significant. Our local investments extend to community sponsorships, including Harvest Music Festival, the East Coast Music Association (ECMA) Awards and the Fredericton Marathon.

This was a year of positive change and growth. Porter added a new direct flight to downtown Toronto, which was encouraging, even as the airline industry is still recovering, rebuilding its workforce and overcome other challenges. This was reflected in WestJet suspending its service to Fredericton as part of its strategy to focus on western Canada. We were disappointed but understood the hurdles our airline partners face on the runway to recovery.

As we emerged from the crisis mode of the pandemic, we were thrilled to be able to return to global industry events and conferences to learn from international colleagues, share successes, and build back our business. And we created a new role, Director of Commercial Development, to focus on opportunities for adding new routes and carriers.

We also continued to focus on sustainability. As a transportation hub, we take our responsibility to create a greener future very seriously. We are proud to have renewed our Level 1 accreditation in Airport Council International's Airport Carbon Accreditation program. This global certification provides a framework for managing emissions and a roadmap for continuous improvement. We also hosted a staff session with a sustainability consultant to learn how to mitigate climate change as an airport and through personal actions.

Thanks to funding support from the Government of Canada's Airport Capital Assistance Program we made critical safety investments in two new state-of-the-art Aircraft Rescue Fire Fighting Rapid Intervention Vehicles as well as electrical work on our airfield.

As we build on the momentum of 2022, we look ahead with optimism and pride in our airport and community. YFC will be a key pillar in our region's economic recovery, providing links for people and organizations that rely on air access to thrive. The incredible YFC team, including staff, board members, and airport partners, remains committed to contributing to a strong community.



**Johanne Gallant**  
President and CEO



**Richard Isabelle**  
Chair



# Achievements to Celebrate

- Our CEO and Director of Commercial Development attended the World Routes conference in Las Vegas in October along with the Atlantic Canada Airports Association, connecting with airlines and exploring new route opportunities.
- YFC shared the stage with airports from across North America at the 2022 Airports Council International-North America MarCom Conference. CEO Johanne Gallant shared insights on how a marketing background prepared her for the c-suite, and Kate O'Rourke, our Manager of Public Relations and Marketing, shared some of the innovative ways the FIAA has used to generate excitement for new facilities and air services.
- Johanne Gallant is a member of the Airports Council International-North America Board of Directors and was named Chair of the Small Airports Caucus of the Canadian Policy Council.
- Kate O'Rourke was named Vice Chair of the Marketing, Communications and Customer Experience Steering Group for the Airports Council International-North America.
- Congratulations to Johanne Gallant for receiving the Career Achievement Award at the Fredericton Chamber of Commerce Business Excellence Awards.





# Meet Our Team

## The FIAA Crew

Every member of the FIAA staff takes great pride in helping Fredericton and our region thrive. Through our culture of service, collaboration with airport colleagues, and strong community connections, our team works hard every day to ensure YFC is a vital contributor to our local economy and society.

Thank you to the FIAA team for your dedication, commitment and professionalism.

### MANAGEMENT

**Johanne Gallant**

President and CEO

**Meredith Boyle**

Director of Finance

**Jacques Fournier**

Director of Commercial  
Development

**Andrew Isbill**

Director of Regulatory Affairs

**Alvin Nason**

Director of Operations

**Randall Chessie**

Operations Manager

**Perry Dyke**

Manager of Human Resources  
and Administration

**Kate O'Rourke**

Manager of Public Relations  
and Marketing

### STAFF

**Lorne Anderson**

Airport Operations Specialist

**Heidi Boulter**

Corporate Administrative  
Assistant

**Travis Briggs**

Airfield Safety Maintenance

**Dan Clark**

Airport Operations Specialist

**Tim Cook**

Airport Building Maintenance

**Tom Dalton**

Mechanic (Seasonal)

**Faye Downing**

Operations Assistant

**Jeffrey Edwards**

Airfield Safety Maintenance  
(Seasonal)

**Joshua English**

Airport Operations Specialist

**Steven Goodspeed**

Airfield Safety Maintenance  
(Seasonal)

**Phillip Hoyt**

Mechanic

**Billy Lee**

Airport Electrical Maintenance

**Derek Libby**

Airport Operations Specialist

**Terry Luke**

Airport Operations Specialist

**Lester Mitchell**

Airfield Safety Maintenance

**Sam Moffitt**

Airport Electrical Maintenance

**Kyle Price**

Airport Operations Specialist

**Michael Ripley**

Safety, Security and Systems  
Officer

**Michael Thomas**

Airport Operations Specialist

**Rick Tompkins**

Operations Supervisor

**Scott Webb**

Airport Operations Specialist

# Meet Our New Chairman



**Richard Isabelle** was a long-time supporter of the FIAA, even before joining the board of directors in 2019.

He first worked with the airport leadership nearly 20 years ago while Base Commander of CFB Gagetown. Along with supporting a campaign promoting the expansion of the airport, he joined a task force exploring business development opportunities in the aerospace and defence industries.

Subsequent roles as VP Operations at Learnstream, an Assistant Deputy Minister of Police, Fire and Emergency Services in the provincial government, and, more recently, as Chief Administrative Officer for the Town of Oromocto, a position from which he retired in 2018, deepened his understanding of the importance of a thriving airport.

Complementing his military, multi-level government, and private-sector roles, he brings strong community ties, including having served on the board of Ignite Fredericton.

“That led me to clearly understand the importance of a good, strong airport to regional economic development,” Richard says.

Richard assumed the role of chairman of the FIAA board in 2022. He was impressed by the quality of individuals around the board table and encouraged by the region’s population growth, increasing multiculturalism, thriving universities, and booming IT sector. He is optimistic about YFC’s opportunities to support the region’s upward trajectory by adding routes and service.

“The airport is essential to growth in the Fredericton region.”



# Board of Directors



**Richard Isabelle**  
Board Chair



**Cathy Pugh**  
Vice Chair



**Michael Connors**



**Lily Fraser**



**Johanne Gallant**  
President and CEO



**Mary Goggin**  
Past Chair



**Kenny Kyle**



**Darren Lawrence**  
Chair of Audit Committee



**Karina LeBlanc**  
Chair of Finance &  
HR Committee



**Lisa LePage**



**Laura O'Brien**  
Chair of Governance  
Committee



**Tony Whalen**



**Aaron Savage**

# Q&A



## **WHAT IS YOUR FAVOURITE THING ABOUT FREDERICTON?**

My favourite things about Fredericton are its beauty, trails, and living just seven minutes from the airport.

- Laura O'Blenis



## **WHAT IS YOUR FAVOURITE THING ABOUT FREDERICTON?**

Our city is vibrant and supportive of its young entrepreneurs, business owners and professionals. You do not have to move away to achieve success and enjoy a great life. It's all available for you right here in Fredericton.

- Aaron Savage



## **WHAT IS YOUR FAVOURITE TRIP YOU'VE EVER TAKEN?**

My favourite trip ever was taking the family to Africa. We spent two amazing weeks in Ethiopia and Tanzania. It was life-changing visiting both rural Ethiopian villages and coming face to face with lions and other wildlife in the Serengeti. We all developed a new level of gratitude for what we have and responsibility for serving others as a result.

- Karina LeBlanc



## **WHAT IS YOUR TOP BUCKET-LIST VACATION DESTINATION?**

My next big trip will likely be to Australia. I think of it as a cousin to Canada so I'd like to visit there. Also, several friends and colleagues have immigrated there over the years - I'd like to see them in person and catch up.

- Mary Goggin



# Mission, Vision, Values

## OUR MISSION

Contribute to the community's vitality and economic prosperity by providing a gateway to the world.

## OUR VISION

We are a dynamic, progressive, and growing airport.

## OUR VALUES

Safety is central in everything we do. We lead by example and that starts with an unwavering commitment to the safety of our employees and travellers.

People are the heart of our organization. We strive to be empathetic, respectful, and inclusive in our relationships as we support travellers, vendors, partners, airlines, and our community.

Sustainability is fundamental in what we do and how we do it. We believe a thriving airport ecosystem begins with a foundation of sustainable principles and practices. We will be stewards of the environment, curators of a solid financial future, and ensure inclusivity and diversity of our workplace.





# Financials

## BOARD AND MANAGEMENT COMPENSATION

### Per Annum

Board Chair **\$12,972.00**

Vice Chair **\$5,190.00**

Committee Chair **\$5,190.00**

Director **\$3,894.00**

### Per Board Meeting

Board Chair **\$199.00**

Vice Chair **\$199.00**

Director **\$199.00**

### Per Committee Meeting

Committee Chair **\$199.00**

Director **\$199.00**

The total compensation paid to Board of Directors was \$85,000.  
Total compensation paid to Management was \$897,000.

The Fredericton International Airport Authority Inc. established and maintains a comprehensive Code of Conduct for Directors, Officers and Employees. All Directors and Officers have completed Conflict of Interest Statements and no conflicts were brought forward during 2022.

**2022 BUSINESS PLAN VS. ACTUALS (IN THOUSANDS)**

|                        | PLAN   | ACTUAL | DIFFERENCE | NOTES              |
|------------------------|--------|--------|------------|--------------------|
| Revenue                | 10,010 | 10,702 | 692        | On budget          |
| Expenses               | 10,498 | 9,328  | -1,170     | Delay on new hires |
| Capital                | 2,640  | 2,498  | -142       | On budget          |
| Covid Funding Programs | 4,783  | 4,540  | -          | RATI, ACAP         |

All contracts for goods, services and construction services with a value in excess of \$75,000.00 (1994 dollars subject to annual adjustment for inflation) require a public tender or request for proposals unless the FIAA, for reasons of efficiency and practicality, decides otherwise.

All contracts complied with this requirement for 2022.

**BUSINESS PLAN FORECAST 2023 – 2027 (IN THOUSANDS)**

|          | 2023   | 2024   | 2025   | 2026   | 2027   |
|----------|--------|--------|--------|--------|--------|
| Revenue  | 9,415  | 10,142 | 11,030 | 11,752 | 11,971 |
| Expenses | 10,590 | 10,926 | 11,665 | 12,190 | 12,519 |
| Capital  | 513    | 775    | 17,715 | 0      | 50     |
| ACAP     | 171    | -      | -      | -      | -      |



Financial Statements of  
In thousands of dollars

**FREDERICTON  
INTERNATIONAL  
AIRPORT AUTHORITY  
INC.**

And Independent Auditor's Report thereon  
Year ended December 31, 2022



KPMG LLP  
 Frederick Square  
 77 Westmorland Street, Suite 700  
 Fredericton NB E3B 6Z3  
 Canada  
 Tel 506-452-8000  
 Fax 506-450-0072

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Fredericton International Airport Authority Inc.

### **Opinion**

We have audited the financial statements of Fredericton International Airport Authority Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022 and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Other Matter - Comparative Information**

The financial statements as at and for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 25, 2022.





### ***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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Page 3

- 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Fredericton, Canada

April 24, 2023

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Fredericton International Airport Authority Inc. have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Fredericton International Airport Authority Inc.'s reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board and meets periodically with management and the Authority's auditors to review significant accounting, reporting and internal control matters. Following the review of the financial statements and discussions with the auditors, the Audit Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review by the Board and approval by the directors, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the directors by KPMG LLP Chartered Professional Accountants, an independent firm of Chartered Professional Accountants, in accordance with generally accepted auditing standards.



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Johanne Gallant  
President and CEO



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Meredith Boyle  
Director of Finance

**Fredericton International Airport Authority Inc.**

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# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Statement of Financial Position  
In thousands of dollars

December 31, 2022, with comparative information for 2021

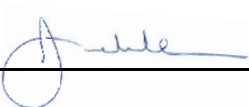
|                                     | 2022      | 2021      |
|-------------------------------------|-----------|-----------|
| <b>Assets</b>                       |           |           |
| Current assets:                     |           |           |
| Cash and cash equivalents           | \$ 4,517  | \$ 3,828  |
| Short-term deposits (note 2)        | 6,964     | 5,742     |
| Receivables (note 3)                | 950       | 513       |
| Inventory                           | 65        | 115       |
| HST recoverable                     | 4         | 1         |
|                                     | 12,500    | 10,199    |
| Tangible capital assets (note 4)    | 40,403    | 41,092    |
| Financial instrument asset (note 9) | 656       | -         |
| Pension surplus (note 5)            | 771       | 1,126     |
|                                     | \$ 54,330 | \$ 52,417 |

## Liabilities and Net Assets

|   |           |           |
|---|-----------|-----------|
| Current liabilities:                                  |           |           |
| Accounts payable and accrued liabilities (note 6)     | \$ 669    | \$ 886    |
| Current portion of long-term debt (note 7)            | 415       | 400       |
|   | 1,084     | 1,286     |
| Long-term debt (note 7)                               | 7,022     | 7,439     |
| Deferred capital contributions (note 8)               | 21,287    | 20,572    |
| Severance liabilities (note 5)                        | 400       | 365       |
| Financial instrument liability (note 9)               | -         | 139       |
|   | 29,793    | 29,801    |
| Net assets:   |           |           |
| Investment in tangible capital assets (note 12)       | 12,343    | 12,550    |
| Internally restricted for specific purposes (note 12) | 10,194    | 8,155     |
| Unrestricted net assets                               | 2,000     | 1,911     |
|   | 24,537    | 22,616    |
| Commitments and contingencies (note 13)               |           |           |
|   | \$ 54,330 | \$ 52,417 |

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Statement of Operations  
In thousands of dollars

Year ended December 31, 2022, with comparative information for 2021

|   | 2022     | 2021     |
|---|----------|----------|
| Revenues:   |          |          |
| Government assistance (note 15)                             | \$ 1,900 | \$ 3,422 |
| Amortization of deferred contributions (note 8)             | 1,448    | 1,314    |
| Passenger facility fees                                     | 3,328    | 1,241    |
| Rentals   | 674      | 551      |
| Landing fees  | 964      | 474      |
| Terminal fees   | 690      | 312      |
| Parking   | 829      | 211      |
| Concessions   | 657      | 180      |
| Other revenue   | 212      | 79       |
|   | 10,702   | 7,784    |
| Expenses:   |          |          |
| Administration  | 818      | 386      |
| Amortization of tangible capital assets                     | 3,187    | 2,748    |
| Bad debts   | -        | 5        |
| Insurance   | 176      | 158      |
| Interest on long-term debt                                  | 266      | 219      |
| Operating materials and supplies                            | 1,835    | 1,330    |
| Professional fees   | 107      | 84       |
| Property taxes  | 120      | 31       |
| Salaries, wages and benefits (note 17)                      | 2,819    | 1,688    |
|   | 9,328    | 6,649    |
| Excess of revenues over expenses before the undernoted item | 1,374    | 1,135    |
| Other income:   |          |          |
| Change in fair value of financial instruments (note 9)      | 795      | 427      |
| Excess of revenues over expenses                            | \$ 2,169 | \$ 1,562 |

See accompanying notes to financial statements.

# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Statement of Changes in Net Assets  
In thousands of dollars

Year ended December 31, 2022, with comparative information for 2021

|   | Investment in<br>tangible<br>capital assets<br>(note 12) | Internally<br>restricted for<br>specific<br>purposes<br>(note 12) | Unrestricted | 2022<br>Total | 2021<br>Total |
|---|--|---|--------------|---------------|---------------|
| Net assets,<br>beginning of year \$                     | 12,550 \$  | 8,155 \$  | 1,911 \$     | 22,616 \$     | 20,741        |
| Excess of<br>revenues over<br>expenses                  | (944)  | -   | 3,113        | 2,169         | 1,562         |
| Remeasurement in<br>actuarial gains<br>(losses)         | -  | -   | (442)        | (442)         | 313           |
| Capital<br>contributions<br>recognized in<br>net assets | 194  | -   | -            | 194           | -             |
| Net change in<br>investment in<br>capital assets        | 543  | -   | (543)        | -             | -             |
| Transfer to<br>restricted<br>funds (note 12)            | -  | 2,039   | (2,039)      | -             | -             |
| Net assets, end of<br>year                              | \$ 12,343 \$   | 10,194 \$   | 2,000 \$     | 24,537 \$     | 22,616        |

See accompanying notes to financial statements.



# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Statement of Cash Flows  
In thousands of dollars

Year ended December 31, 2022, with comparative information for 2021

|  | 2022     | 2021     |
|--|----------|----------|
| Cash provided by (used in):                    |          |          |
| Operations:                                    |          |          |
| Excess of revenues over expenses               | \$ 2,169 | \$ 1,562 |
| Items not involving cash:                      |          |          |
| Amortization of tangible capital assets        | 3,187    | 2,748    |
| Pension expense                                | 15       | 32       |
| Amortization of deferred contributions         | (1,448)  | (1,314)  |
| Change in fair value of financial instrument   | (795)    | (427)    |
|  | 3,128    | 2,601    |
| Changes in non-cash operating working capital: |          |          |
| Short-term deposits                            | (1,222)  | (1,532)  |
| Receivables                                    | (437)    | 602      |
| Inventory                                      | 50       | (41)     |
| HST recoverable                                | (3)      | 124      |
| Accounts payable and accrued liabilities       | (217)    | (1,608)  |
| Severance liabilities                          | 35       | (48)     |
| Pension contributions                          | (102)    | (88)     |
|  | 1,232    | 10       |
| Financing:                                     |          |          |
| Repayment of long-term debt                    | (402)    | (3,771)  |
| Proceeds of long-term debt                     | -        | 7,441    |
| Deferred capital contributions received        | 2,357    | 3,926    |
| Holdback payable                               | -        | (3,777)  |
|  | 1,955    | 3,819    |
| Investing:                                     |          |          |
| Purchase of tangible capital assets            | (2,498)  | (3,747)  |
| Increase in cash and cash equivalents          | 689      | 82       |
| Cash and cash equivalents, beginning of year   | 3,828    | 3,746    |
| Cash and cash equivalents, end of year         | \$ 4,517 | \$ 3,828 |

See accompanying notes to financial statements.

# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements  
In thousands of dollars

Year ended December 31, 2022

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Fredericton International Airport Authority Inc. (the "Authority") was incorporated, without share capital, on November 21, 1996 under Part II of the Canadian Corporations Act. On April 28, 2009, the Authority incurred an approved name change to Fredericton International Airport Authority Inc. The Authority is exempt from income tax according to the Airport Transfer (Miscellaneous Matters) Act. The excess of revenues over expenses is retained and reinvested in airport operations and development.

The Authority is governed by a Board of Directors consisting of 11 members from the Greater Fredericton Area whose objective is to be a key driver of our community's vitality and economic prosperity by providing a gateway to the world.

On February 26, 2001, the Authority entered into a sixty year ground lease agreement with Transport Canada and assumed responsibility for management, operations and development of the Fredericton Airport on May 1, 2001.

## 1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and are presented in thousands (000s) of Canadian dollars unless otherwise stated.

### (a) Revenue recognition:

Landing fees, terminal fees and parking fees revenue are recognized as the airport facilities are utilized and collection is reasonably assured. Passenger facility fee revenue is recognized when departing passengers board the aircraft as reported by the airlines. All other revenue items are recognized as services or facilities are provided, revenue is earned, and collection is reasonably assured.

The Authority follows the deferral method of accounting for contributions. Restricted contributions and related investment income are recognized as revenue in the year in which related expenditures are incurred. Restricted contributions for the purchase of tangible capital assets that will be amortized are deferred and recognized as revenue at the same rate of amortization as the related tangible capital assets. Restricted contributions for the purchase of tangible capital assets that will not be amortized are recognized in net assets upon receipt. Unrestricted contributions and related investment income are recognized as revenue when received or receivable.

# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (b) Government assistance:

The Authority recognizes government assistance toward current expenses in the Statement of Operations. When government assistance is specified to relate to future expenses, the Authority 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 tangible capital assets, the Authority deducts the assistance from the cost of the related tangible capital asset.

### (c) Expense recognition:

Expenses are recognized on an accrual basis as costs are incurred.

### (d) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and balances with banks, net of overdrafts. Bank borrowings are considered to be financing activities. Cash equivalents includes highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. An investment normally qualifies as a cash equivalent when it has a short maturity of approximately three months or less from the date of acquisition.

### (e) Inventories:

Inventories consist of petroleum products and maintenance parts and supplies and are stated at the lower of cost and net realizable value. The cost is determined on a first in, first out basis. During the year \$386 (2021 - \$157) of inventories were recognized as an expense.



# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

## 1. Significant accounting policies (continued):

### (f) Tangible capital assets:

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and method:

| Asset                             | Basis         | Rate         |
|-----------------------------------|---------------|--------------|
| Buildings                         | Straight-line | 4 and 5%     |
| Mobile equipment                  | Straight-line | 6 and 8%     |
| Terminal expansion and renovation | Straight-line | 5%           |
| Other equipment                   | Straight-line | 6, 8 and 10% |
| Runways and hard surfaces         | Straight-line | 6%           |
| Water well                        | Straight-line | 4%           |

The Authority regularly reviews its tangible capital assets to eliminate obsolete items and to ensure that the useful lives of the remaining assets are appropriate. Tangible capital assets acquired during the year but not placed into use are not amortized until such time as they are placed into use.

### (g) Deferred capital contributions:

Government grants for the purchase of tangible capital assets are recorded as deferred contributions when received. When these funds are expended the purchase is capitalized as tangible capital assets of the Authority at cost. Deferred capital contributions are amortized at the rate for the related asset acquisition at the corresponding rates noted above for tangible capital assets.

### (h) Employee future benefits:

The Authority sponsors two pension plans for its employees: a defined benefit plan and a defined contribution plan.

#### (a) Defined benefit plan

For the Authority's defined benefit pension plan, the defined benefit obligation is determined using the most recent actuarial valuation report prepared for funding purposes.

# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (h) Employee future benefits (continued):

#### (a) Defined benefit plan (continued):

Plan assets are measured at fair value.

The Authority recognizes the plan's funded surplus, which is the net amount of the defined benefit obligation and the fair value of plan assets, on the balance sheet.

Actuarial gains and losses and past service costs are included in the cost of the plan for the year in the statement of changes in net assets.

The Authority only recognizes a plan funded surplus on the balance sheet to the extent it is expected to be realized. A valuation allowance is recognized for any excess of the plan surplus over the expected future benefit.

#### (b) Defined contribution plan:

Amounts paid by the Authority under the defined contribution plan are expensed as incurred.

### (i) Severance pay:

A liability for severance pay is recorded in the accounts for all employees who have a right to receive such payment at the estimated future expected cash flows.

### (j) Use of estimates and judgments:

The preparation of financial statements in conformity 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Areas of estimation where complex or subjective judgments were made include the appropriateness of the going concern assumption, useful lives and recoverability of tangible capital assets and related amortization of deferred contributions, the future collectability of receivables, as well as employee future benefits liability. Significant changes in the assumptions could change the recorded amounts in the financial statements and actual results may differ from these estimates.

# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (k) Financial instruments:

The Authority considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in limited circumstances. The Authority accounts for the following as financial instruments:

- Cash and cash equivalents
- Short-term deposits
- Receivables
- Payables and accruals
- Long-term debt
- Severance liability
- Financial instrument liability

A financial asset or liability is recognized when the Authority becomes party to contractual provisions of the instrument.

Initial recognition:

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value.

Subsequent measurement:

The Authority subsequently measures all of its financial assets and financial liabilities at cost or amortized cost less any reduction for impairment. Financial assets measured at cost or amortized cost less any reduction for impairment include cash and cash equivalents, and receivables. Financial liabilities measured at amortized cost include payables and accruals, holdback payable long-term debt and severance liability.

Financial instrument liabilities are measured at fair value with the gain or loss reporting in the statement of operations.

The Authority removes financial liabilities, or a portion thereof, when the obligation is discharged, cancelled or expires.



# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (k) Financial instruments (continued):

A financial asset (or group of similar financial assets) measured at cost or amortized cost are tested for impairment when there are indicators of impairment. Impairment losses are recognized in the statements of operations and changes in net assets. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write downs or reversals are recognized in net loss.

Derivative financial instruments are utilized by the Authority in the management of its interest rate exposure. The Authority's policy is not to utilize derivative financial instruments for trading or speculative purposes. Derivative instruments are recorded on the statement of financial position as financial instrument assets and liabilities and are measured at fair value. Changes in the derivative instruments' fair value are recognized in the statement of operations unless specific hedge accounting criteria are met. Changes in the fair value of effective cash flow hedges are included directly in the fund balances.

The Authority entered into an interest rate swap in order to reduce the impact of fluctuating interest rates on its long-term debt. The swap agreement requires the periodic exchange of payments without the exchange of the notional principal amount on which the payment is based. The Authority designated its interest rate hedge agreement as the hedge of the underlying debt. Interest expense on the debt is adjusted to include the payment made under the interest rate swap.

## 2. Short-term deposits:

Short term deposits consist of GICs with term lengths of one year and maturing later than three months subsequent to year end. These deposits are internally restricted and are to be used to maintain and replace the capital infrastructure required for operation or as contingencies for areas of operation risks.

# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

## 3. Receivables:

|                                 | 2022 |     | 2021 |     |
|---------------------------------|------|-----|------|-----|
| Accounts receivable             | \$   | 952 | \$   | 515 |
| Allowance for doubtful accounts |      | (2) |      | (2) |
|                                 | \$   | 950 | \$   | 513 |

## 4. Tangible capital assets:

|                                   | 2022      |                          | 2021           |                |
|-----------------------------------|-----------|--------------------------|----------------|----------------|
|                                   | Cost      | Accumulated amortization | Net book value | Net book value |
| Land                              | \$ 1,345  | \$ -                     | \$ 1,345       | \$ 1,345       |
| Buildings                         | 7,597     | 4,974                    | 2,623          | 2,996          |
| Mobile equipment                  | 5,933     | 3,540                    | 2,393          | 619            |
| Terminal expansion and renovation | 31,006    | 2,725                    | 28,281         | 29,783         |
| Other equipment                   | 1,505     | 1,410                    | 95             | 92             |
| Land development                  | 411       | -                        | 411            | 411            |
| Runways and hard surfaces         | 24,140    | 19,319                   | 4,821          | 5,388          |
| Water well                        | 604       | 170                      | 434            | 458            |
|                                   | \$ 72,541 | \$ 32,138                | \$ 40,403      | \$ 41,092      |

# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

## 5. Employee future benefits:

### Defined benefit pension plan

The Authority is a participating employer in the Canadian Airport Authorities and Canadian Port Authorities Pension Plan, a multiple employer pension plan. The Plan provides pension benefits for those individuals who transferred employment from the federal public service at the time operation of the airport was transferred to the Authority in 2001. The federal government remains responsible for all pension benefits accrued in respect of those individuals up to that time.

The most recent actuarial valuation of the Plan is at January 1, 2022. The next required valuation will be as at January 1, 2023. The following information concerning the Plan is from an extrapolation of the January 1, 2022 valuation to December 31, 2022.

|                            | 2022     | 2021     |
|----------------------------|----------|----------|
| Fair value of plan assets  | \$ 3,210 | \$ 3,452 |
| Defined benefit obligation | (2,439)  | (2,326)  |
| Pension surplus            | \$ 771   | \$ 1,126 |

The amount of remeasurement and other items for the period was \$442 (2021 - \$313).

### Defined contribution pension plan

The defined contribution plan is for full-time employees who began employment after transfer of the airport to the Authority in 2001. The Authority's contributions during the year under the defined contribution plan were \$104 (2021 - \$84).

### Severance liabilities

Under the terms of its collective agreement with certain employees, the Authority is required to pay retiring, terminated or resigning employees severance pay provided the conditions set out in the agreement are met. The Authority records a liability for the severance earned by the employees each year determined on the assumption that the qualifying conditions will be met. The accrued severance liabilities for the Authority at the end of the year amounts to \$400 (2021 - \$365).



# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

## 6. Accounts payable and accrued liabilities:

|                         | 2022          | 2021          |
|-------------------------|---------------|---------------|
| Account payable - trade | \$ 482        | \$ 692        |
| Accrued liabilities     | 62            | 70            |
| Refundable deposits     | 48            | 48            |
| Deferred revenue        | 77            | 76            |
|                         | <b>\$ 669</b> | <b>\$ 886</b> |

## 7. Long-term debt:

|   | 2022     | 2021     |
|---|----------|----------|
| TD term loan bearing interest at 3.42% per annum, repayable in monthly blended payments of \$43. The loan matures in June 2041 and is secured by a general security agreement supported by a first charge on all assets of the Authority, general assignment of rents and leases. The carrying value of the security is \$53,674. | \$ 7,003 | \$ 7,270 |
| TD term loan bearing interest at 5.94% per annum, repayable in monthly blended payments of \$5. The loan matures in October 2026 and is secured by equipment owned by the Authority with a carrying value of \$230.   | 251      | 302      |
| TD term loan bearing interest at 5.95% per annum, repayable in monthly blended payments of \$2. The loan matures in October 2025 and is secured by equipment owned by the Authority with a carrying value of \$71.  | 69       | 91       |
| TD term loan bearing interest at 5.95% per annum, repayable in monthly blended payments of \$2. The loan matures in October 2025 and is secured by equipment owned by the Authority with a carrying value of \$71.  | 69       | 91       |
| Carried forward   | 7,392    | 7,754    |

# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

## 7. Long-term debt (continued):

|  | 2022     | 2021     |
|--|----------|----------|
| Carried forward  | 7,392    | 7,754    |
| Bank of Nova Scotia term loan bearing interest at 4.65%<br>per annum, repayable in monthly blended payments of<br>\$4. The loan matures in November 2023 and is<br>secured by equipment owned by the Authority with a<br>carrying value of \$79. | 45       | 85       |
|  | 7,437    | 7,839    |
| Less current portion of long-term debt   | 415      | 400      |
|  | \$ 7,022 | \$ 7,439 |

Principal repayments are due as follows:

|            |          |
|------------|----------|
| 2023       | \$ 415   |
| 2024       | 389      |
| 2025       | 402      |
| 2026       | 355      |
| 2027       | 317      |
| Thereafter | 5,559    |
|            | \$ 7,437 |

# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

## 8. Deferred capital contributions:

Deferred capital contributions consist of the unamortized balance of contributions received by the Authority which have been expended on capital assets as approved by the donors.

|  | 2022      | 2021      |
|--|-----------|-----------|
| Balance, beginning of year             | \$ 20,572 | \$ 17,960 |
| Contributions received in the year     | 2,357     | 3,926     |
| Contributions recognized in net assets | (194)     | -         |
| Amortization                           | (1,448)   | (1,314)   |
| Balance, end of year                   | \$ 21,287 | \$ 20,572 |

During the year, the Authority received capital contributions from the Federal Government under the Airport Capital Assistance Program.

## 9. Financial instrument liability:

The Authority has entered into a forward interest rate swap with an effective date of June 30, 2021 with a total notional amount of \$7,025 (2021 - \$7,270). At December 31, 2022 the forward interest rate swap had a positive fair value of \$656 (2021 - negative fair value of \$138). The change in fair value is recorded in other income "change in fair value of financial instruments", in the statement of operations, which was \$795 (2021 - \$427).

## 10. Operating line of credit:

The Authority has an authorized bank operating credit facility in the amount of \$650 which bears interest at the bank's prime lending rate less 0.25% and is secured by a general security agreement supported by a first charge on all assets of the Authority and a general assignment of rents and leases. There were no advances outstanding on the operating credit facility at December 31, 2022.



# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

## 11. Capital management:

The Authority's objective when managing capital is to continue as a going concern to protect its ability to meet its on-going liabilities. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels and maintaining current financial strength rating requirements.

The conditions of the credit agreements with TD Bank require that the company maintain certain financial covenants and ratios including a debt service coverage ratio of 1.25 to 1 and a current ratio of 1.2 to 1. The Authority was in compliance with debt covenants for the year ended December 31, 2022.

Capital is comprised of the Authority's net assets and long-term debt and in 2022 the balances outstanding were net assets \$24,537 (2021 - \$22,616) and financed debt \$7,437 (2021 - \$7,839).

## 12. Net assets:

Change in net assets invested in tangible capital assets:

|   | 2022      | 2021      |
|---|-----------|-----------|
| Invested in tangible capital assets, beginning of year  | \$ 12,550 | \$ 17,406 |
| Net tangible capital asset purchases  | 2,498     | 3,747     |
| Repayment of (increase in) debt regarding tangible capital asset purchases funded by operations | 402       | (3,670)   |
| Amortization of tangible capital assets   | (3,187)   | (2,748)   |
| Amortization of deferred capital contributions  | 1,448     | 1,314     |
| Deferred capital contributions received   | (2,357)   | (3,926)   |
| Capital contributions recognized in net assets  | 194       | -         |
| Change in fair value of financial instrument (note 9)   | 795       | 427       |
| Invested in tangible capital assets, ending of year   | \$ 12,343 | \$ 12,550 |

# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

## 12. Net assets (continued):

Net assets invested in tangible capital assets:

|   | 2022      | 2021      |
|---|-----------|-----------|
| Tangible capital assets                         | \$ 40,403 | \$ 41,092 |
| Long-term debt                                  | (7,437)   | (7,839)   |
| Deferred capital contributions                  | (21,287)  | (20,572)  |
| Financial instrument asset (liability) (note 9) | 656       | (139)     |
| Other   | 8         | 8         |
|   | \$ 12,343 | \$ 12,550 |

### Internally restricted for specific purposes

The Authority has established an internally restricted fund to achieve its objective to operate a self-sustained aviation complex, which includes the ability to maintain and replace the capital infrastructure required for operation. In addition to capital, other allocations that could be considered include specific contingencies for areas of operation risks. Use of internally restricted funds are subject to Board authorization. The Board has authorized a transfer to restrict \$2,039 from the unrestricted fund.

# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

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## 13. Commitments:

### (a) Commitments

#### *Transfer agreement*

On February 26, 2001, the Authority entered into a sixty year ground lease agreement, effective May 1, 2001, with Transport Canada which provides for the Authority to lease the Fredericton Airport. The lease agreement contains a twenty year renewal option which is exercisable by the Authority if they maintain the terms and conditions of the agreement, otherwise the Authority is obligated to return control of the airport to Transport Canada at the end of the 60 year term. Rent is calculated annually based on terms of the lease.

On March 31, 2020, the Government of Canada announced a rent waiver for March 2020 to December 2020 as a part of the Government of Canada's COVID-19 Economic Response Plan. On December 30, 2020, the Government of Canada confirmed an additional rent waiver for the 2021, 2022 and 2023 lease years as a COVID-19 Pandemic Relief.

#### *Waste Water Treatment Plant Project*

In February 2019, the Authority undertook a project in partnership with the Province of New Brunswick to establish a waste water treatment plant that would be used to provide service to the Gillies subdivision and the FIAA Aerospace Defense Park. The Authority has committed \$125 for infrastructure costs, \$10 per year for annual maintenance and operating costs and \$150 for end of life refurbishment in 25 years.

### (b) Contingencies:

The Authority entered into an agreement which stipulates that consideration be paid in the event that the ground lease is broken prior to the end of the agreement. As of December 31, 2022, the consideration required would be \$370.

## 14. Directors compensation:

Total compensation paid to Directors of the Authority in 2022 was \$85 (2021 - \$80). This amount is included in the determination of the current year's excess of revenues over expenses.



# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

## 15. Government assistance:

|  | 2022     | 2021     |
|--|----------|----------|
| Regional Air Transportation Initiative | \$ 1,900 | \$ 1,900 |
| Airport Relief Fund                    | -        | 1,522    |
|  | \$ 1,900 | \$ 3,422 |

## 16. Financial instruments:

The Authority is exposed to various risks through its financial instruments. The following analysis provides a measure of the Authority's risk exposures and concentrations at December 31, 2022.

### (a) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices which includes fair value risk, interest rate risk and foreign exchange risk.

### (b) Interest rate risk:

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Given the current composition of debt, fixed rate instruments subject the Authority to a fair value risk while floating rate instruments when outstanding subject the Authority to a cash flow risk.

### (c) Credit risk:

Credit risk is the risk that the Authority will incur a loss because a customer fails to meet an obligation. The Authority is subject to credit risk through receivables. The Authority mitigates credit risk associated with its receivables by establishing credit approval policies and monitoring accounts regularly. The Authority maintains provisions for potential credit losses and any such losses to date have been within management's expectations.

# FREDERICTON INTERNATIONAL AIRPORT AUTHORITY INC.

Notes to Financial Statements (continued)  
In thousands of dollars

Year ended December 31, 2022

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## **16. Financial instruments (continued):**

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

Liquidity risk is the risk that the Authority will encounter difficulty in raising funds to meet its obligations to suppliers and lenders. The Authority is exposed to this risk mainly in respect of its long-term debt, contributions to the pension plan, holdbacks payable and accounts payable. To manage liquidity risk, the Authority has sufficient credit facilities in place should cash requirements exceed cash generated from operating activities.

## **17. COVID-19 impacts:**

The Authority received \$1,900 from the Government as COVID-19 economic support through direct, non-refundable support to airports (note 15). In addition, the Authority received funding from the Government of Canada under the Canada Emergency Wage Subsidy program of \$nil (2021 - \$522) as well as rent waiver received from the Government of Canada (note 13(a)). The Authority is closely monitoring its costs, capital projects and expenditures to reduce the impact of lost revenues. The impact on operating cash flows, working capital levels and debt balances, which may also have a direct impact on the Authority's operating results and financial position in the future, will depend on when operations can resume to pre-pandemic levels. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Authority is not known at this time.

## **18. Comparative information:**

Certain comparative information have been reclassified from that previously presented to conform to the presentation of the 2022 financial statements.

