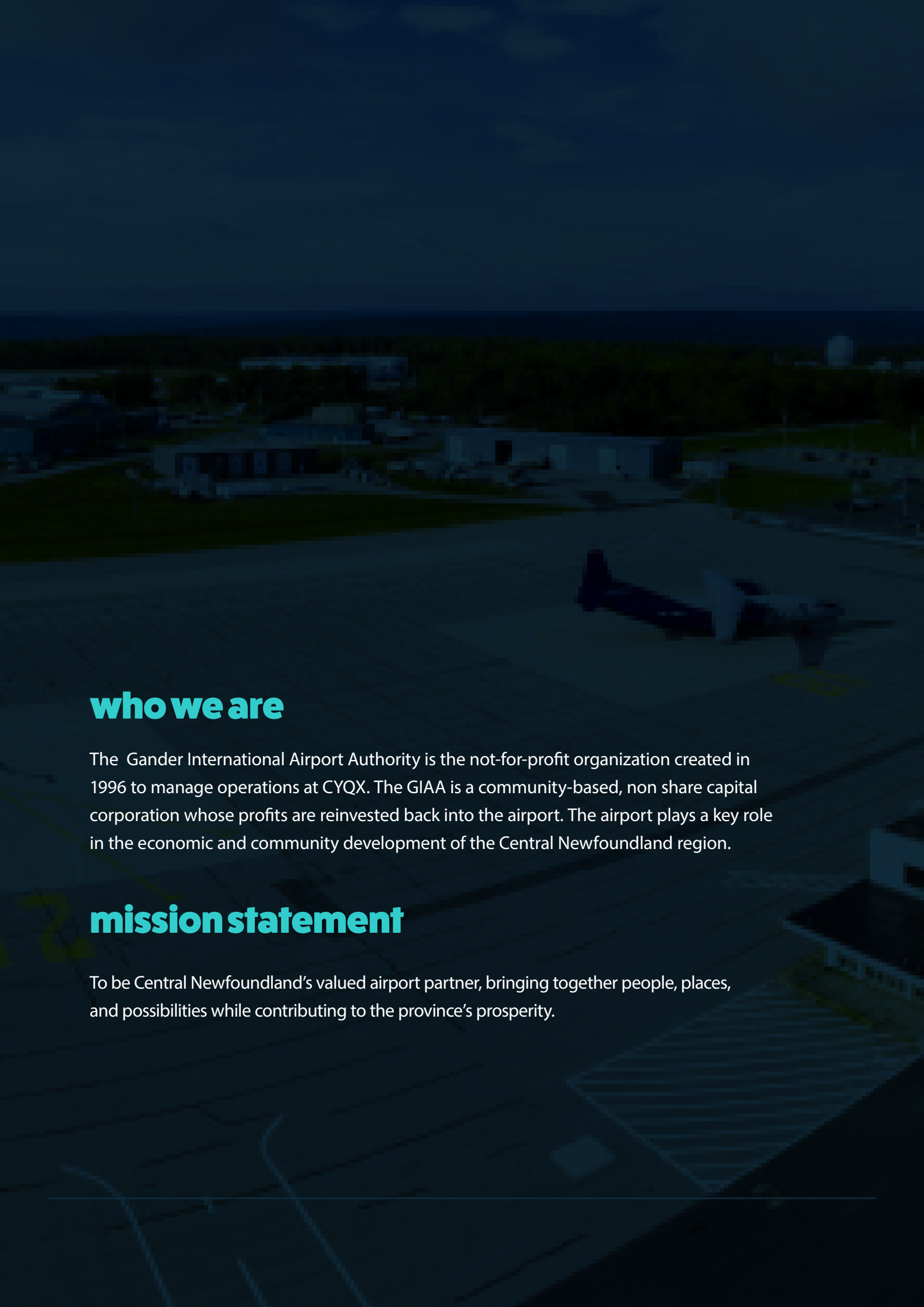




Gander Int'l Gander International
Airport Authority

2024 ANNUAL REPORT

An aerial photograph of the Gander International Airport tarmac. A small, light-colored aircraft is parked on the right side of the frame. In the background, there are several airport buildings and a line of trees under a clear sky. The image is used as a background for the text.

who we are

The Gander International Airport Authority is the not-for-profit organization created in 1996 to manage operations at CYQX. The GIAA is a community-based, non share capital corporation whose profits are reinvested back into the airport. The airport plays a key role in the economic and community development of the Central Newfoundland region.

mission statement

To be Central Newfoundland's valued airport partner, bringing together people, places, and possibilities while contributing to the province's prosperity.

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YEAR IN REVIEW

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MESSAGE FROM THE Chairperson of the Board

After eight years of service on the Board, I was pleased to assume the role of Chairperson from my predecessor, Anne Manning-Moffitt, in September of 2024. My term as Chair will be a bridge of two short years, and I am determined to ensure continuity as the airport continues along the road to recovery.

Good governance is the bulwark of any organization. In 2024, the Board undertook internal assessments to ensure we continue to meet the highest oversight standards. We also emphasized enterprise risk management and have made targeted efforts to recruit skilled and engaged new directors who reflect the diversity and expertise required to lead in a changing environment. The GIAA board saw significant arrivals and departures in 2024. Alongside Ms.

Manning-Moffitt's departure, long-serving directors Winston Carter and Bob Daye also concluded their board tenure. The board's Governance Committee has long emphasized recruiting the best talent we can find, based on a matrix of valued board sets and experience. With an emphasis on accounting, legal, engineering and project management, we welcomed Susan Hearn, Stephen Burbridge, Judge David Peddle and Kevin White to our board table.

I am privileged to serve alongside a collaborative and thoughtful Board of Directors, and I sincerely thank our management team and staff for their unwavering commitment and professionalism. Their dedication is what sustains this organization and positions us for future success.

In 2024, the Gander International Airport Authority concluded a comprehensive and collaborative effort to develop a new Strategic Plan. This plan offers a clear and credible path forward, rooted in the lessons of recent years and guided by a renewed focus on resilience, sustainability, and long-term value. With this blueprint in place, we are well-positioned to navigate change and advance the airport's role as a vital connector and economic enabler for Central Newfoundland.

The road to full recovery remains gradual, but our direction is steady. We have prioritized safety and fiscal prudence while ensuring continuity in essential air services. These priorities reflect our enduring responsibility to the people, businesses, and industries that depend on this airport.



Gander International Airport is more than infrastructure. It is a strategic asset that supports economic vitality, quality of life, and regional identity. It connects us—geographically, culturally, and economically—and is essential in attracting residents, workers, tourists, and investment.

It is an honour to chair the Gander International Airport Authority. With a clear plan, a strong team, and a shared commitment to the region, we are prepared for the challenges ahead and confident in the opportunities they will bring.

A handwritten signature in black ink, appearing to read 'Gene Hedges'.

Gene Hedges / Chairperson

**YQX connects us
- geographically,
culturally, and
economically.**

”

Corporate VALUES

Community Focused

Gander International Airport is a vital public trust run for and by the regional community. As a purpose-driven, not-for-profit organization, we understand our responsibility to be airport stewards and operate the airport in the shared interests of passengers and stakeholders.

Trusted and Reliable

We aim to bring our best to every passenger and aircraft we serve, every day. better. We understand that while success varies, integrity is foundational, which means striving to do the right thing, even when no one is watching.

Efficient

We strive to minimize waste, reduce energy consumption, and improve services. We strive to provide a safe, seamless, enjoyable customer experience from curb to gate.

Progressive

We are committed to adaptability, innovation, and a forward-thinking approach to managing and developing the airport.



MESSAGE FROM THE President and CEO

One of my earliest memories is of early mornings with my grandfather, a commercial salmon fisherman, when there was a commercial salmon fishery. We'd steam out when the sun was barely a sliver on the horizon.

My job, with hands numb, lily white and wrinkled in the cold, was to pick kelp and debris from the net while he harvested the salmon. My grandfather was a man for whom the details very much mattered. Stubborn, demanding, resilient – he embodied that generation of hardworking Newfoundlanders' values, where every drop of sweat was a trophy. I learned at a very young age that the net must be protected. That meant cutting an entangled live, thrashing shark out of the net to salvage the enterprise, while I, already ruined by the release of the film *Jaws* some years earlier, clung terrified to the gunwale.

Even then, I understood that the net wasn't just equipment but a livelihood. Without it, there was no catch, no living, no future.

The COVID-19 crisis, now a half-decade in the rearview mirror, frayed the intricate net that airports like ours rely on — the delicate system of airlines, schedules, staff, cargo, and passengers. In 2024, our

work continued like mending a damaged fishing net: slow, deliberate, and essential.

The connections we sustain — flights, services, and infrastructure — are the net that supports a region's economic vitality, social mobility, and opportunity. When the net is damaged, everything tied to it suffers. And mending that net, thread by thread, has proved painstaking work.

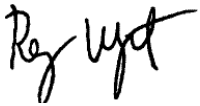
In 2024, we saw modest improvements in passenger numbers and strengthened operational resilience. Still, the broader environment for regional aviation remained difficult.

The recovery is slow, and each advance is hard-won. But it matters. Every new flight, every efficiency gained, every dollar preserved helps tighten the weave that holds our airport — and by extension, our region — together.

Gander International Airport is not just a physical gateway but a connection to opportunity, community, and growth. It remains a critical asset for Central Newfoundland's future.

The work ahead remains demanding. But the lessons of those early mornings remain just as clear now: the net is the future, and its care requires constant attention. We continue progressing thanks to the effort and dedication of our team, our Board of Directors, our campus partners, and our community. We are patient, determined, and steady.

The work of mending continues. Carefully, deliberately, and with an unwavering eye on what the net makes possible.



Reg Wright / President and CEO



OUR 2024 TEAM (as of Dec. 31, 2024)

Airfield Maintenance Specialists

Mike Foley	Steve Holden
Joey Hunt	Scott Penney
Colin Pope	Adam Roberts
Jason Timmons	Barry Torraville
Travis Bauld	Jody Shea
Jeff King	Jason Sweetapple
Dale Bath	Craig Rogers
Matthew Edison	Thomas Newman

Electrical/Mechanical

Boyde Freake, Supervisor of Mechanical Maintenance
 Stephen Fleming, Lead Electrician
 Jordan Stokes, Electrician
 Craig Howse, Power Engineer

Firefighter

Robert Brown

Carpenter

Shannon Gillingham

Mechanics

Lyndon Lewis, Lead Mechanic
 Kyle Hopkins, Mechanic

Trades Helper

Christopher Fudge

Administration

Tina Slade, Supervisor of Finance and Human Resources
 Janice Bath, Executive Assistant

Management

Reg Wright, President and CEO
 Tony Hiscock, Vice-President and CFO
 Corey Winter, Manager of Safety and Aviation
 Garrett Watton, Manager of Security and Facilities







Business Development

Air service continues to be the airport's core function and most significant challenge. In 2024, Gander International Airport served 115,978 passengers—a 6.5% increase over the previous year, but still 33% below pre-pandemic levels. This lingering gap reflects broader structural challenges in the aviation sector, including pilot shortages, airline consolidation, and cost uncertainty.

The GIAA and its partners continue to work to improve connectivity at YQX, with ongoing exchanges with airlines to provide service proposals, incentives, and data.

The undersupply of net seats, schedules, and competition is a blow that hurts the Central region's competitiveness, sustainability, and prosperity, particularly for our trade-dependent business community. The region's most strategic sectors – agrifoods, aquaculture, aviation, fishing, forestry, mining, professional services, and tourism – depend on flow and mobility.

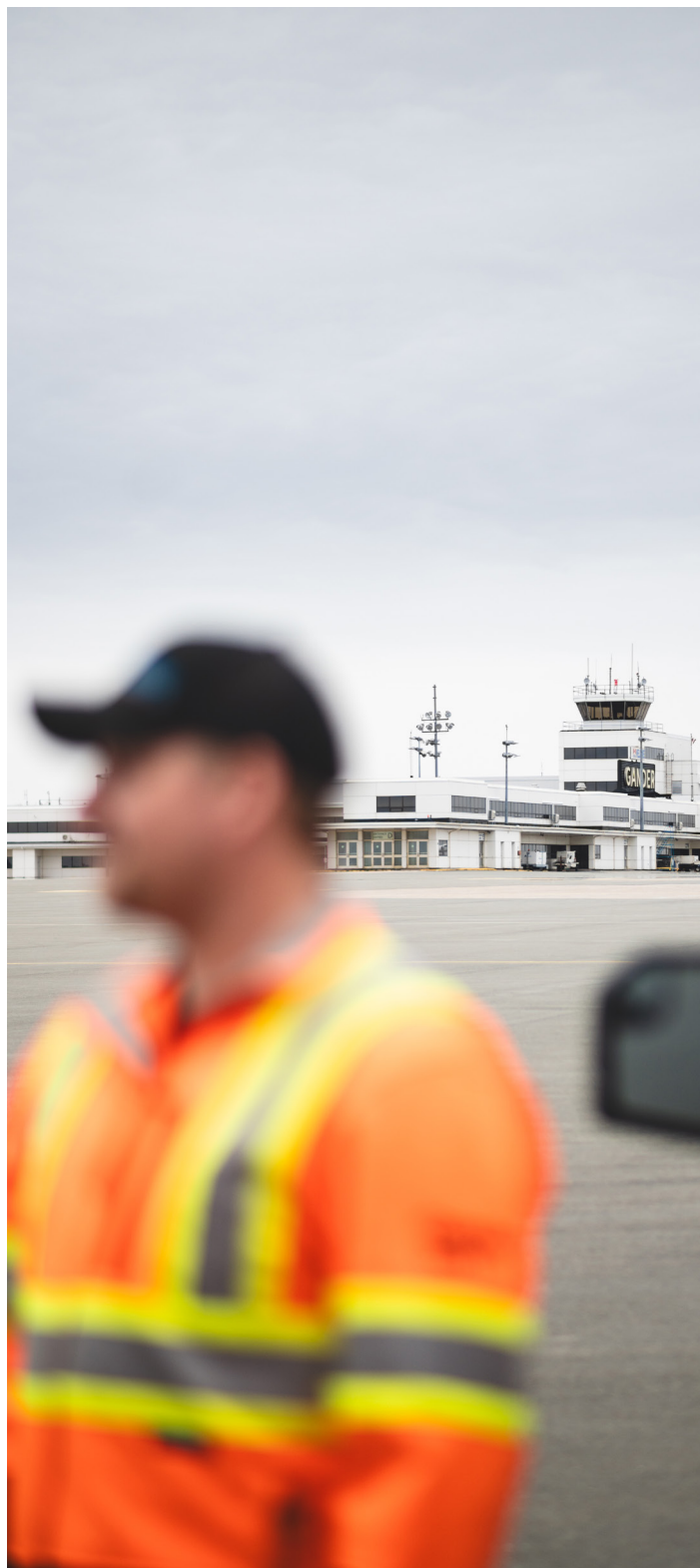
While recovery remains uneven, there have been encouraging signs. PAL Airlines will add four weekly flights to and from Labrador beginning in May, supporting seasonal traffic and interprovincial connectivity. Charter activity continues to trend upward, particularly for contract workers. Air Canada will deploy a full-size A220 aircraft on the Toronto route beginning June 1, preserving capacity and improving passenger experience. Moreover, the Montreal service will return to its original schedule with a morning departure and redeye return, resolving issues from last year's poorly timed afternoon flights. A second evening departure to Halifax has also been added on select days throughout May, increasing inbound connectivity.

International technical stop traffic — a key feature of YQX's historic role — has recovered to between 80% and 90% of pre-pandemic volumes. However, domestic passenger growth remains critical to the airport's long-term viability. The recent announcement of a new intraprovincial route connecting St. John's, Gander, and Deer Lake is a promising step toward strengthening Newfoundland's aviation network.

The GIAA continues to work with airline partners to present clear and defensible business cases for new routes. Seat capacity remains undersupplied, and Gander's economic trajectory — including mining, aquaculture, education, and tourism growth — deserves air service that matches its momentum. As always, it is essential to remember that airports do not control air service decisions; they advocate. GIAA remains committed to doing so forcefully and collaboratively.

Land Development

Alongside its aviation focus, the airport diversifies revenues through strategic land development. GIAA now earns over \$2 million annually from land and building rentals. The airport oversees more than 11,000 acres, which is zoned and positioned for commercial, industrial, agricultural, or recreational use. A new 12-acre leasehold at James and Cooper Boulevard has been secured by a retail tenant, adding to a roster that includes automotive dealers, hospitality services, and recreation facilities. As of the end of 2024, 95% of leasable in-terminal space is now occupied.





Financial Performance

Another step toward recovery

In 2024, the GIAA continued to advance its recovery while demonstrating marked financial discipline and progress in operational resilience. Despite ongoing challenges across the aviation industry, particularly at regional airports, GIAA delivered strong results that exceeded expectations, reflecting prudent management, effective cost control, and sustained revenue diversification.

Revenue

Total revenue for the year reached \$8.64 million, representing a modest increase over 2023. While aeronautical revenues remained steady year-over-year, GIAA experienced notable gains from non-aeronautical sources. Growth in concessions and property rentals provided crucial support, reinforcing the value of GIAA's strategic revenue mix.

Operating Expenses

Total expenses declined to \$9.37 million, down \$708,000 (7%) from the previous year. This reduction was driven by targeted cost-saving initiatives across operations, including fuel use, wages, and materials efficiencies. These savings brought spending below budget and helped cushion the impact of external inflationary pressures.

Capital Investment

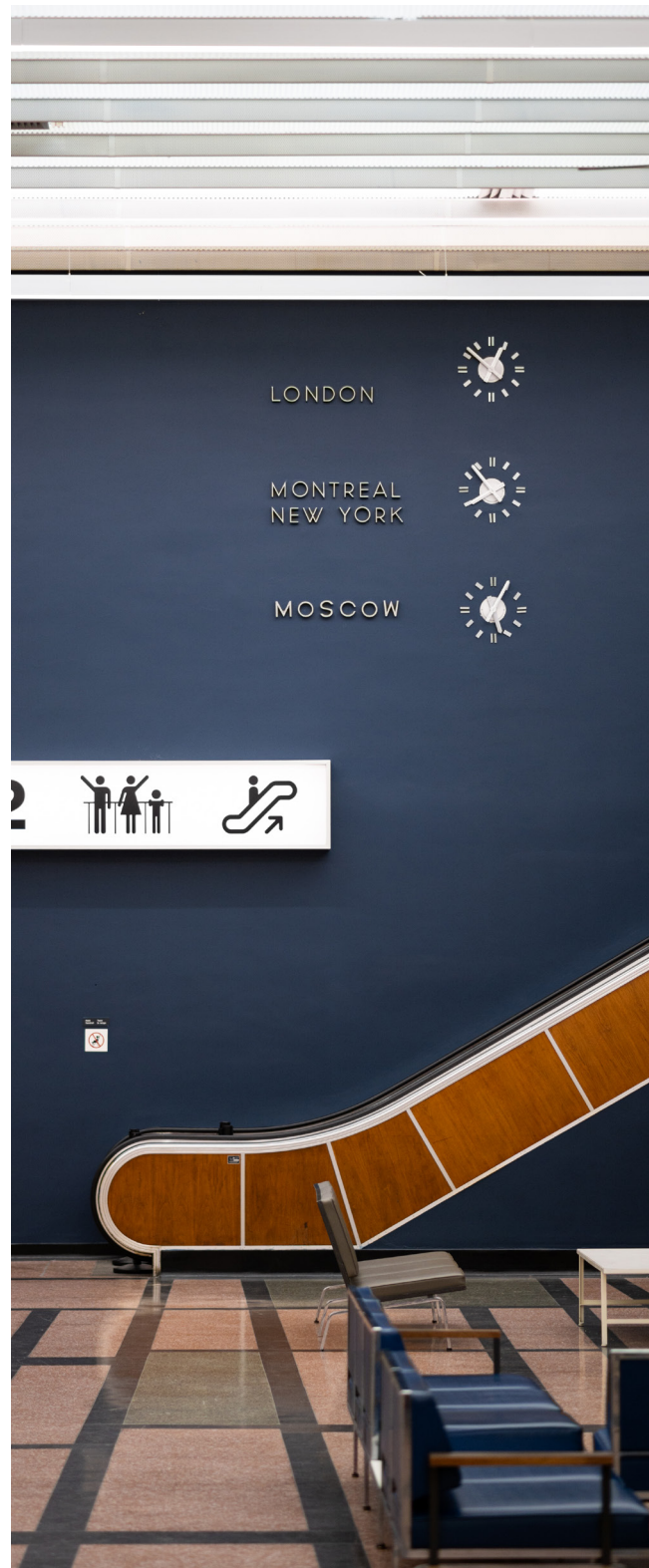
In 2024, GIAA invested \$1.46 million in tangible capital assets focused on facility modernization and strategic infrastructure. Projects included preliminary Cold Storage Facility development, parking system enhancements, and terminal upgrades. Government grants and contribution agreements funded 28% of capital expenditures, allowing GIAA to preserve liquidity while advancing critical development.

Overall Performance

The Authority recorded a year-end deficit of \$727,612, a 57% improvement over the \$1.7 million loss in 2023. This turnaround reflects GIAA's commitment to responsible fiscal management and long-term sustainability. The positive movement in net income and effective control of operational costs indicate a stronger, more agile financial position heading into 2025.

Overall Performance

As GIAA enters 2025, its financial strategy remains focused on reducing the annual deficit to \$600,513, increasing cash income by more than \$700,000, and enhancing the airport's revenue base. Through continued investment discipline and optimization of both aeronautical and non-aeronautical opportunities, the Authority is well-positioned to achieve profitability by 2026, despite a market still shaped by tariff volatility and economic uncertainty.



Community Engagement

Community partnerships and public engagement remained central to GIAA's activities in 2024.

The International Lounge saw substantial traffic throughout the year, with over 300 motorcoach tours booked for the season. This supported growing tourism linkages with Central Newfoundland's heritage attractions.

The airport hosted many public and private events throughout the year. Highlights included the RCAF 100th Anniversary Gala and Elevate Aviation's Cross-Canada Tour. The International Lounge also hosted art exhibits, film premieres, and the lounge's 65th Anniversary Celebration.

Airport Workers Day was formally established as an annual celebration, recognizing the essential contributions of GIAA's workforce across all operational areas

As an integral part of the community fabric, the airport maintains its role as an active philanthropic contributor. Its support extends to local non-profit endeavours, spanning community events, promoting arts and culture, youth sports initiatives, and aid for families facing hardship. Notably, there's a dedicated emphasis on children's charities, aligning with a core mandate to assist underprivileged children in the community.



\$65 Million
in capital works
projects completed over
the last 20 years

24,037
total aircraft
movements

2,242 days
without a lost
time accident

Infrastructure and Operations

Reinvesting in the airport and its people

In 2024, Gander International Airport focused on core operational priorities and strategic facility renewal initiatives to position itself for gradual recovery and future growth. Investments were targeted at sustaining infrastructure, improving resilience, and delivering value to airport users and the broader community.

Capital

The GIAA invested \$1.5M strategically in capital improvements during 2024, focusing on facility modernization, operational infrastructure, and critical commercial development initiatives.

ATB Energy Retrofit

The GIAA completed a \$5.9M energy retrofit project as part of its long-term commitment to sustainability and operational efficiency. The retrofit focused on modernizing core building systems to reduce emissions, improve energy performance, and lower utility costs.

Key upgrades included replacement of aging HVAC and control systems. These improvements are projected to reduce the airport's energy consumption by over 30%, with corresponding reductions in greenhouse gas emissions and annual operating costs.

Seafood Cargo Centre

The GIAA advanced construction planning for the new \$10 million

Seafood Cargo Centre. The project design, building tender, and specialized live-holding components were finalized. Once complete in 2026, the facility will support rapid storage and movement of up to 75 tonnes of fresh or live seafood, significantly expanding the airport's cargo capabilities.

Sense of Arrival Project

Work progressed on the \$700,000 Sense of Arrival Project to revitalize key arrivals, baggage reclaims, and curb front areas. The project, funded with contributions from ACOA and the provincial government, integrates regional iconography to create a welcoming, distinct Central Newfoundland passenger experience.

Horizontal Infrastructure

Maintenance on airfield surfaces continued, with a second year of repairs on Runway 03/21 and additional crack sealing projects scheduled for summer 2025.

A new parking system was installed, modernizing revenue collection infrastructure and preparing for future curbside improvements.

Fleet Enhancements

The airport continued fleet modernization initiatives, including preparing for upgrades to snow-clearing and airfield support vehicles aligned with upcoming operational requirements.

Safety

Safety remained paramount throughout 2024, as Gander International Airport continued to uphold its strong reputation for operational vigilance and regulatory compliance. The airport consistently met or exceeded standards established by Transport Canada, Nav Canada, and international aviation bodies. Independent assessments from aeronautical, environmental, and safety auditors once again affirmed the airport's effectiveness in managing complex airport operations within a tightly regulated framework.

A number of important safety initiatives were advanced over the past year. The airport successfully completed Phase 1 of the Non-Passenger Screening (NPS) project, enhancing security protocols in alignment with national aviation security standards. Preparations for Phase 2, which will introduce vehicle screening, progressed significantly, with infrastructure upgrades scheduled for the 2025 construction season.

The publication of updated ICAO Type A aerodrome charts ensured full alignment with Canadian Aviation Regulations, while continued success in winter operations demonstrated the airport's ability to adapt to challenging weather conditions without compromising efficiency or safety.

Throughout the year, GIAA also remained focused on the mitigation of runway incursions, proactive wildlife management to reduce the risk of bird strikes, and the systematic removal of foreign object debris (FOD) from operating surfaces.

Emergency response services at Gander International Airport demonstrated agility and professionalism in addressing incidents of varying complexity, ranging from medical and security-related events to accommodating distressed and diverted aircraft. These efforts underscore the airport's unwavering commitment to readiness, resilience, and coordinated response.

The airport team has maintained an ongoing commitment to fostering a culture of safety and security. Core areas of ongoing focus include reducing runway incursions, wildlife control/minimizing the threat of bird strikes, and ensuring operating surfaces are free of foreign object debris (FOD).

As of the end of December 31, 2024, GIAA staff have surpassed 2,000 days without a lost-time accident.

An airport is only as good as its people. Gander International Airport is fortunate to employ skilled, savvy, capable and committed staff. The GIAA team continues to show tremendous resilience under complex and challenging circumstances.

Environmental

Environmental stewardship remains a core principle guiding Gander International Airport's operations. In 2024, the airport continued to advance its Environmental Management Strategy while adhering to evolving federal guidelines and environmental best practices.

Key initiatives included:

- Completion of the first Measurement and Verification phase of the Honeywell Terminal Efficiency Project, which exceeded initial energy savings projections.
- Successful reforestation efforts under the Forestry Management Plan, including planting 2,000 new trees.
- Seasonal glycol monitoring and sampling remained fully compliant with federal environmental regulations.

The GIAA remains committed to minimizing its environmental footprint while safeguarding its airport facilities' operational integrity and long-term sustainability.



Corporate Governance

Managed for the community, by the community

It is the policy of the Gander International Airport Authority Inc. to follow the governance practices of the Toronto Stock Exchange (TSX model). Accordingly, the GIAA has implemented the following guidelines.

The Board:

- 1. Assumes responsibility for stewardship of the Corporation and specifically for:
 - a) Adoption of a Strategic Planning Process for managing principal risks and implementing a Risk Management System
 - b) Succession planning and monitoring senior management
 - c) Communications Policy; and,
 - d) The integrity of internal controls and Management Information Systems
- 2. Ensures that the majority of directors are unrelated including committee members.
- 3. Ensures full disclosure is required to determine whether or not directors are related and how that conclusion was researched.
- 4. Appoints a committee responsible for the assessment of new directors. The committee makes recommendations to the Board of Directors as to suitability according to the by-laws, and ensures that new directors meet the skill sets required by the Authority.
- 5. Implements a process for assessing the effectiveness of the Board, its committee and individual directors.
- 6. Provides an orientation and education program for new directors.

- 7. Reviews, on an annual basis, the compensation of directors in light of risks and responsibilities.
- 8. Ensures all committees are comprised of unrelated non-management directors.
- 9. Has developed limits to management’s responsibilities by developing mandates for the Board and CEO. The Board approves the CEO’s corporate objectives.
- 10. Has established an audit and procedures committee. All voting members are unrelated and non-management.

The GIAA Board is composed of 13 directors, 10 nominated by the respective entities and three appointed by the Board itself. Directors are nominated/appointed by the following entities:

Federal Government	2 (1 vacant)
Provincial Government	1
Town of Gander	3
Gander and Area Chamber of Commerce	1
Lewisporte Area Chamber of Commerce	1
Exploits Regional Chamber of Commerce	1
GIAA Board of Directors	3
Town of New-Wes-Valley	1

A director may serve no more than a total of nine years. Collectively, directors are to possess knowledge relating to the aviation industry, air transportation, business, finance, administration, law, government, engineering, labour organizations and the interest of consumers.

Corporate Governance (cont)

As of December 31, 2024, the GIAA Board of Directors, their nominating entity and the term expiry were as follows:

Susan Sullivan, Exploits Chamber	June 16, 2027
Gary Aucoin, Lewisporte Chamber	Aug. 23, 2027
Rod French, Gander Chamber	Feb. 17, 2027
Gene Hedges, Town of Gander	April 15, 2026
Bruce Terris, Town of Gander	Sept. 21, 2027
Zane Tucker, Town of Gander	June 16, 2027
Rose Bungay, Provincial Government	Feb. 22, 2020
Peggy Bartlett, Federal Government	Aug. 23, 2024
Kevin White, Town of New-Wes-Valley	April 23, 2027
Susan Hearn, GIAA	April 23, 2027
Stephen Burbridge, GIAA	Sept. 16, 2027

Contracts Not Tendered

Pursuant to the public accountability principles for Canadian airport authorities, general by-laws and the Authority's procurement policy for goods and services, all contracts valued at more than \$126,450 (\$75,000 2001 dollars) shall be awarded following a competitive public tendering process unless the Authority, for reasons of efficiency and practicality, decides otherwise.

Reasons for exceptions:

A. Whenever the Authority determines it more efficient to award a contract to an existing supplier, whenever services suppliers are deemed to have developed a specific skillset or knowledge base from a previous contract, or whenever exceptional circumstances of urgency require that work be undertaken immediately to avoid compromising the safety of people or premises.

B. Whenever a supplier is the owner, patentee or licensee of technology being acquired, whenever supplier experience and expertise are deemed to be quasi-exclusive, or whenever the maintenance of a supply source is essential given the extent of investments already made to establish a standard.

Contracts under \$1 million:

Supplier	Service	Contract Value	Code
Canadian Corps of Commissionaires	Security	\$358,025	A
G&M Enterprises	Janitorial	\$391,958	A

Committees

There are four permanent committees of the Board of Directors. Committees are only empowered to make recommendations to the Board unless directed otherwise by the Board. Committees and their chairs include: Executive Committee, chaired by Gene Hedges; Finance and Audit Committee, chaired by Rod French; Infrastructure and Development Committee, chaired by Stephen Burbridge and the Governance Committee, chaired by Susan Sullivan.

Senior Officers and Management

Reg Wright, President and CEO
 Tony Hiscock, Vice-President and CEO
 Garrett Watton, Director of Security & Facilities
 Corey Winter, Director of Safety & Airside Operations

Senior Management Compensation

The remuneration paid to executive officers was \$724,982.

Board Compensation

In establishing appropriate compensation for directors, GIAA's Governance Committee conducted a compensation survey, which is reviewed regularly to ensure it is comparable to similar markets.

Directors total compensation for 2024 was \$61,224.

Code of Conduct for Directors

All directors of the Authority are required to comply with a Code of Conduct and Rules Concerning Conflict of Interest. These require that directors avoid and refrain from involvement in conflict of interest situations. All directors are in compliance with this code.

Highlights and Required Declarations

Capital Initiatives

During the past year, the authority invested \$3.5 Million in capital improvements:

Road and Parking areas	\$	112,803
Runway		222,039
Vehicles		31,320
Leasehold improvements	\$	1,089,499
Total	\$	1,455,861

Community Consultative Committee

The Community Consultative Committee (CCC) is a communication conduit and sounding board on airport matters that affect the region.

The CCC works as an arms-length advisory body for the GIAA President & Chief Executive Officer.

Community Consultative Committee Members

Chris Tuck	Deborah Bourden
Percy Farwell	Rex Avery
Judy Jenkins	Linda White
Denise Cornish	Stan Singh
Genevieve Squire	Debby Yannakidis

Business Plan

	Actual	Budgeted	Difference	Explanation
Revenue	\$ 8,642,679	8,449,288	193,391	Concessions and rental
Expenses, excluding depreciation	\$ 7,632,133	7,730,936	98,803	Cost saving initiatives
Capital Expenditures	\$ 1,455,861	1,917,369	461,508	CapEx deferred

Forecast for next five years

	2025	2026	2027	2028	2029
Revenue	\$ 9,007,499	9,457,874	9,930,768	10,427,306	10,948,671
Expenses, excluding depreciation	\$ 7,677,403	8,061,273	8,464,337	8,887,554	9,331,931
Capital Expenditures	\$ 1,974,987	2,000,000	2,000,000	2,000,000	2,000,000

2024 GIAA Board of Directors

As of Dec. 31, 2024

(Top row, from left)

Gene Hedges, Chairperson

Bruce Terris, Vice-Chairperson

Zane Tucker, Secretary/Treasurer



(Middle, from left)

Susan Sullivan

Gary AuCoin

Peggy Bartlett

Rod French



(Bottom, from left)

Rose Bungay

Stephen Burbridge

Susan Hearn



No Photo

David Peddle

Kevin White

02

FINANCIAL REPORT

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- 32 Statement of Operations
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- 34 Notes to Financial Statements



Blair J. Jewer
Chartered Professional Accountant

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Phone 709-489-7755 Fax 709-489-8646

To the Members
Gander International Airport Authority Inc.

Opinion

I have audited the financial statements of Gander International Airport Authority Inc. (the Organization), which comprise the statement of financial position as at December 31, 2023, and the statement of operations, statement of net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

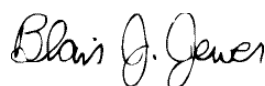
Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Gander International Airport Authority'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 Gander International Airport Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Gander International Airport Authority 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.

I 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 I identify during my audit.



Grand Falls-Windsor, NL
April 25, 2025

Chartered Professional Accountant
Chartered Accountant

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

26.

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 11,882	\$ 3,000
Short term investments	12,039,411	12,083,359
Accounts receivable (Note 3)	985,021	736,610
Advances to International Lounge Foundation	146,341	150,987
Inventory (Note 4)	497,122	554,366
Prepaid expenses	142,017	164,138
	<u>13,821,794</u>	<u>13,692,460</u>
EMPLOYEE FUTURE BENEFITS (Note 10)	738,000	934,000
EMPLOYEE LOANS RECEIVABLE (Note 9)	-	124,250
TANGIBLE CAPITAL ASSETS (Note 5)	30,980,597	32,446,428
	<u>\$ 45,540,391</u>	<u>\$ 47,197,138</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (Note 6)	\$ 1,420,000	\$ 1,173,327
Accounts payable (Note 7)	1,497,994	2,001,500
Customer deposits	355,967	330,784
Deferred revenue	210,052	191,730
Accrued severance pay	-	-
Current maturity on long-term debt	949,376	959,065
	<u>4,433,389</u>	<u>4,656,406</u>
LONG TERM DEBT (Note 8)	15,619,251	15,989,952
ACCRUED SEVERANCE PAY	417,741	649,382
UNAMORTIZED CAPITAL GRANTS (Note 11)	10,545,451	10,476,227
	<u>31,015,832</u>	<u>31,771,967</u>
NET ASSETS		
INVESTED IN TANGIBLE CAPITAL ASSETS	3,866,519	5,021,184
EXTERNALLY RESTRICTED – EMPLOYEE FUTURE BENEFITS	738,000	934,000
UNRESTRICTED	9,920,040	9,469,987
	<u>14,524,559</u>	<u>15,425,171</u>
	<u>\$45,540,391</u>	<u>\$ 47,197,138</u>

CONTRACTUAL OBLIGATIONS (NOTE 15)

Signed on behalf of the Board,

COMMITMENTS (NOTE 17)

, Director



, Director

The accompanying notes form an integral part of this financial statement.

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.**27.****STATEMENT OF OPERATIONS****FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>2024</u>	<u>2023</u>
REVENUE (Note 12)	\$ 8,642,679	\$ 8,379,590
EXPENSES		
Advertising and promotion	119,550	87,564
Bad debt expense	(14,980)	36,415
Board remuneration and travel	75,957	115,182
Communications	70,532	65,138
Equipment and vehicle operating	356,284	359,001
Insurance	300,747	301,042
Interest and bank charges	655,017	727,706
Licences and fees	43,312	51,949
Maintenance contracts	421,235	379,520
Materials and supplies	528,902	751,554
Office and administration	102,066	109,726
Payment in lieu of taxes	144,382	131,702
Professional fees	70,586	133,205
Repairs and maintenance	426,985	444,948
Security contracts	386,776	358,026
Travel and training	84,182	123,125
Utilities	821,843	963,470
Wages and employee benefits	3,007,882	3,113,884
Ground lease	30,875	-
Depreciation, net of grant amortization \$1,183,336 (2023 - \$1,412,884)	1,738,158	1,760,539
Impairment loss on equipment held for resale inventory	-	65,000
	<u>9,370,291</u>	<u>10,078,696</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$(727,612)</u>	<u>\$(1,699,106)</u>

The accompanying notes form an integral part of this financial statement.

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

28.

STATEMENT OF NET ASSETS

AS AT DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
	<i>Externally Invested in</i>	
	<u>Restricted</u> <u>Capital assets</u> <u>Unrestricted</u>	
<i>Balance, beginning of year</i>	\$ 934,000	\$ 9,469,987
<i>Excess of revenue over expenses</i>	(23,000)	1,033,546
<i>Transfers</i>		
- <i>Pension re-measurement items</i>	(173,000)	(173,000)
- <i>Pension plan contributions</i>	-	-
- <i>Contribution agreement funding</i>	(1,252,560)	1,252,560
- <i>Proceeds from long term debt and capital leases</i>	(547,862)	547,862
- <i>Repayment of long-term debt</i>	928,252	(928,252)
- <i>Proceeds from sale of tangible capital assets</i>	(-)	-
- <i>Purchase of tangible capital assets</i>	1,455,663	(1,455,663)
	<u>\$ 738,000</u>	<u>\$ 3,866,519</u>
	<u>\$ 9,920,040</u>	<u>\$ 14,524,559</u>
	<i>Externally Invested in</i>	
	<u>Restricted</u> <u>Capital assets</u> <u>Unrestricted</u>	
<i>Balance, beginning of year</i>	\$ 576,000	\$ 11,227,162
<i>Excess of revenue over expenses</i>	(33,000)	36,594
<i>Transfers</i>		
- <i>Pension re-measurement items</i>	387,000	387,000
- <i>Pension plan contributions</i>	4,000	(4,000)
- <i>Contribution agreement funding</i>	(691,139)	691,139
- <i>Proceeds from long term debt and capital leases</i>	(1,803,712)	1,803,712
- <i>Repayment of long-term debt</i>	855,064	(855,064)
- <i>Proceeds from sale of tangible capital assets</i>	(93,175)	93,175
- <i>Purchase of tangible capital assets</i>	3,522,731	(3,522,731)
	<u>\$ 934,000</u>	<u>\$ 9,469,987</u>
	<u>\$ 5,021,184</u>	<u>\$ 15,425,171</u>

The accompanying notes form an integral part of this financial statement.

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

29.

STATEMENT OF CASH FLOWS**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>2024</u>	<u>2023</u>
CASH WAS PROVIDED BY (USED FOR)		
Operating		
Net excess of revenue over expenses	\$(727,612)	\$(1,699,106)
Non-cash items, depreciation, net of grant amortization	1,738,158	1,760,539
Gain on disposal of property, plant, and equipment	-	(57,839)
Change in fair value of short-term investments	(512,377)	(543,340)
	<u>498,169</u>	<u>(539,746)</u>
Changes in non-cash working capital		
Current assets (Note 13)	(164,399)	89,777
Current liabilities (Note 13)	(460,001)	365,340
Change in fair value recognized as component of cash	512,377	543,340
	<u>386,146</u>	<u>458,711</u>
Investing		
Proceeds from sale of tangible capital assets	-	93,175
Purchase of tangible capital assets	(1,455,664)	(3,522,731)
Employee loans receivable	124,250	(124,250)
Employee future benefit asset, excluding adjustment to net assets	23,000	29,000
	<u>(1,308,414)</u>	<u>(3,524,806)</u>
Financing		
Accrued severance pay	(231,641)	97,436
Repayment of long-term debt	(928,252)	(855,064)
Proceeds from long-term debt	547,862	1,803,712
Contribution agreement funding	1,252,560	691,139
	<u>640,529</u>	<u>1,737,223</u>
(DECREASE) IN CASH	(281,739)	(1,328,872)
CASH, BEGINNING	10,913,032	12,241,904
	<u></u>	<u></u>
CASH, ENDING	<u>\$10,631,293</u>	<u>\$10,913,032</u>
CASH CONSISTS OF:		
Cash on hand	\$ 11,882	\$ 3,000
Current account (overdraft) - operating	(1,420,000)	(1,173,327)
Short term investments	12,039,411	12,083,359
	<u>\$10,631,293</u>	<u>\$10,913,032</u>

The accompanying notes form an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

1. NATURE OF OPERATIONS

The Gander International Airport Authority Inc. (GIAA) was incorporated as a not for profit Corporation without share capital by Letters Patent under the Canada Corporations Act and is Exempt from income tax.

The GIAA is governed by the Board of Directors whose members are nominated by various regional Stakeholders.

The objectives of the GIAA are:

-to manage operate and develop the Gander International Airport in a safe, secure, efficient, cost effective and financially viable manner with reasonable airport user charges and equitable access to all carriers;

-to undertake and promote the development of the Airport lands, for which it is responsible, for uses compatible with air transportation activities;

-to expand transportation facilities and generate economic activity in ways which are compatible with air transportation activities.

In executing its objectives, the Authority shall confer regularly with governments and community entities on matters affecting the operation and development of the Airport and shall engage only in those activities that are consistent with its objectives.

Gander International Airport (CYQX) is a member of the Canadian National Airport System. While a member of this system GIAA is required to operate as a not for profit corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Cash and cash equivalents

The entity's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and short-term investments cashable within three months or less.

(b) Financial instruments

The entity initially measures its financial assets and liabilities at fair value.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

Changes in fair value are recognized in excess of revenue over expenses.

Financial assets measured at amortized cost include cash, term deposits, and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payable and long-term debt.

The entity's financial assets measured at fair value include a number of other investments, i.e. quoted shares.

Financial assets measured at cost are tested for impairment when there are indicators of impairment.

The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of revenue over expenses.

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

NOTES TO FINANCIAL STATEMENTS

31.

AS AT DECEMBER 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Depreciation

Depreciation was provided on tangible capital assets using the straight-line method at the following rates per annum:

<i>Runway</i>	<i>5%</i>	<i>Vehicles</i>	<i>10%</i>	<i>Roads</i>	<i>6.67%</i>
<i>Approach lighting</i>	<i>5%</i>	<i>Software</i>	<i>10%</i>	<i>Equipment</i>	<i>10%, 20%</i>
<i>Leasehold improvements</i>	<i>10%, 20%</i>				

(d) Tangible capital asset additions are recorded at cost.

(e) Inventory

Inventory is recorded at the lower of cost and estimated net realizable value. Inventory cost is calculated on the first in first out basis. Net realizable value of consumable supplies is its replacement cost.

(f) Facilities Lease

The lease of the International Airport Facilities from the Government of Canada (the "Landlord") is accounted for as an operating lease.

(g) Deferred government assistance

Government assistance received for the purpose of acquiring tangible capital assets is accounted for as deferred government assistance and amortized on the same basis as the related tangible capital assets.

(h) Pension Plan

The Authority has entered into a defined benefit pension plan for certain current and former employees and a defined contribution pension plan for most other employees. Retirement benefits for individuals covered by the defined benefit pension plan are based on the average earnings of last five years prior to retirement.

Pension cost is charged to salaries and benefits as employees render services.

The Authority's approach to account for defined benefit pension costs is the going concern funding basis.

The accrued benefit obligation, as presented in Note 9 of the financial statements, is measured using an actuarial valuation prepared for funding purposes. The actuarial costing method used is Projected Unit Credit pro-rated over credited service.

In accordance with Part III, Section 3463 of the Chartered Professional Accountants of Canada Handbook – Accounting, Remeasurement and other items impacting the accrued benefit asset are recognized directly in the Statement of Net Assets rather than in the Statement of Operations.

(i) Revenue Recognition

Revenue is recognized using the deferral basis of accounting.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of activities. Revenue is shown net of value added tax, rebates and discounts.

Airport improvement fee revenue is recognized as income in the periods passengers depart from the airport.

Landing fees, terminal fees, aviation fuel fees and miscellaneous revenue is recognized as airport facilities are utilized.

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

NOTES TO FINANCIAL STATEMENTS

32.

AS AT DECEMBER 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Revenue Recognition (cont'd)

Rental revenue and concession revenue is recognized over the lives of the respective tenant's leases for land, buildings and space.

(j) Foreign currency transactions

The entity uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current year's income statement, except for the cost of inventories and depreciation translated at historic rate, are translated at average year rates. Exchange gains and losses are included in the statement of operations.

(k) Accounting estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

	<u>2024</u>	<u>2023</u>
3. ACCOUNTS RECEIVABLE		
Trade	\$ 655,231	\$ 783,025
Government assistance – capital	361,235	-
	<u>1,016,466</u>	<u>783,025</u>
Allowance for doubtful accounts	31,445	46,415
	<u>\$ 985,021</u>	<u>\$ 736,610</u>
4. INVENTORY		
Consumable supplies	\$ 453,266	\$ 502,872
Concessions inventory	43,856	51,494
	<u>\$ 497,122</u>	<u>\$ 554,366</u>

The carrying amount of inventories carried at other than cost is \$Nil.

The amount of any write-down recognized as an expense in the period is \$23,082.

The amount of reversal of any write-down recognized in the period is \$Nil.

The carrying amount of inventory pledged as security for bank indebtedness is \$ Nil.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

			<u>2024</u>	<u>2023</u>
5. TANGIBLE CAPITAL ASSETS				
	<u>Cost</u>	<u>Accumulated Depreciation</u>		
Runway	\$28,798,078	\$17,659,018	\$11,139,060	\$12,275,102
Approach Lighting	1,976,673	1,675,143	301,530	346,629
Equipment	2,388,244	1,538,487	849,757	848,968
Vehicles	7,765,598	4,225,916	3,539,682	3,996,284
Software	62,560	62,560	-	-
Leasehold improvements	14,217,688	3,213,391	11,004,297	10,852,405
Land development	1,466,616	-	1,466,616	1,466,616
Roads and parking areas	4,665,086	2,891,606	1,773,480	1,993,461
Water and sewer Infrastructure	1,002,321	366,162	636,159	666,963
	<u>62,342,864</u>	<u>31,632,283</u>	<u>30,710,581</u>	<u>32,446,428</u>
Assets under development	270,016	-	270,016	-
	<u>\$62,612,880</u>	<u>\$31,632,283</u>	<u>\$30,980,597</u>	<u>\$32,446,428</u>

6. BANK INDEBTEDNESS

GIAA has an operating line of credit of \$1,500,000 bearing interest at Scotiabank prime less 0.5%. It is secured by a general security agreement over all present and future personal property, letter of undertaking to maintain and use cash reserves to fund any shortfalls in debt servicing capacity. In addition there are collateral security agreements over specific equipment that are used as security for specific equipment finance contracts. (see Note 8).

GIAA also has available a line of credit of \$2,500,000 bearing interest at Scotiabank prime plus A spread percentage set prior to each advancement to finance tangible capital assets.

Components of long term debt totalling \$1,556,947 (2023 - \$1,940,276) is considered by the bank to reduce the amount of credit available, leaving an unused balance of \$943,053.

Operating	<u>\$ 1,420,000</u>	<u>\$ 1,173,327</u>
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7. ACCOUNTS PAYABLE

Trade	\$ 1,297,860	\$ 1,748,921
Accrued wages	(11,516)	112,566
Government remittances	93,798	(676)
Accrued vacation pay	117,852	140,689
	<u>\$ 1,497,994</u>	<u>\$ 2,001,500</u>

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
8. LONG-TERM DEBT		
<i>Bank of Nova Scotia</i>		
<i>1.79% Partial Interest Rate Swap term loan, repayable by monthly installments of \$56,250, secured by Bankers Acceptance Agreement, due September 2027, amortized to 2040</i>	\$11,001,195	\$11,545,918
<i>2.65% equipment finance contract, repayable by 59 blended monthly installments of \$13,668 and one final blended payment of 332,813, due 2026, secured by vehicle with net book value of \$725,195</i>	597,216	743,300
<i>2.55% equipment finance contract, repayable by blended monthly installments of \$1,712 due 2026, secured by vehicles with net book value of \$62,744</i>	36,749	56,082
<i>Base rate plus 1.00% equipment finance contract, repayable by interest only payments to August 2025 at which date blended payments will be negotiated over an amortization period not exceeding 25 years</i>	4,010,485	3,462,622
<i>4.23% equipment finance contract, repayable by 59 blended monthly installments of \$1,438, due 2025, secured by vehicle with net book value of \$40,737</i>	5,703	22,339
<i>4.86% equipment finance contract, repayable by 59 blended monthly installments of \$12,637 and one final blended payment of \$283,053 due 2027, secured by vehicle with net book value of \$768,333</i>	586,634	706,585
<i>6.48% equipment finance contract, repayable by blended monthly installments of \$8,820 due 2028, secured by vehicle with net book value of \$368,317</i>	330,645	412,171
	16,568,627	16,949,017
<i>Current maturity</i>	949,376	959,065
	\$15,619,251	\$15,989,952

Future payments on long term debt for the next five years are as follows:

<i>2025 - \$ 949,376</i>	<i>2027 - \$1,031,619</i>	<i>2029 - \$624,841</i>
<i>2026 - \$1,272,333</i>	<i>2028 - \$676,776</i>	

The Authority has an authorized loan in the amount of \$4,100,000 to finance retrofit of the air terminal building heating system project and other facility renewal projects. As of December 31, 2024, \$4,010,485 has been drawn against this credit facility. The remaining authorized amount is expected to be drawn down in 2025.

The Bank of Nova Scotia bank indebtedness and long-term debt is secured by additional security of a general security agreement over present and future personal property.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

8. LONG-TERM DEBT

Until all debts with Bank of Nova Scotia have been extinguished, the following covenants apply:

- 1. Liquidity (consisting of cash, unrestricted investments, and undrawn availability of the operating line of credit) of at least \$3,000,000 must be maintained.*
- 2. The EBITDA (as defined by the Bank) must be at least:*

<i>For the twelve months ended</i>	<i>Amount</i>
<i>March 2024</i>	<i>(\$ 150,000)</i>
<i>June 2024</i>	<i>(\$ 125,000)</i>
<i>September 2024</i>	<i>\$ 750,000</i>
<i>December 2024</i>	<i>\$ 1,000,000</i>

Thereafter to December 31, 2025 is yet to be determined.
This covenant expires December 31, 2025.
- 3. For quarters subsequent to December 31, 2025, the ratio of EBITDA to interest on long term debt plus current maturities on long term debt and capital leases is to be maintained at all times at 1.25:1 or greater, calculated quarterly on a rolling four quarter basis.*
- 4. Maximum annual capital expenditures shall be \$2,000,000.*

The Authority was compliant with all relevant covenants to December 31, 2024.

9. EMPLOYEE LOANS RECEIVABLE

The Authority has authorized investment in an employee loan receivable. The terms of the loan are 4% interest payable annually, with no set terms of repayment of outstanding principal.

The loan was fully repaid in 2024.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

20242023**10. EMPLOYEE FUTURE BENEFITS**

The Authority has a defined benefit and a defined contribution group registered retirement savings plan providing retirement benefits to most of its employees. The defined benefit pension plan is based on years of service and final average salary. Pension benefits will increase annually by 50% of the rate of inflation. The authority measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at January 1 of each year. The most recent actuarial valuation of the pension plans for funding purposes was January 1, 2024 and the next required valuation will be as of January 1, 2024. The reported amounts are based on the January 1, 2024 valuation as extrapolated to December 31, 2024, after adjusting for changes in assumptions.

(a) The net expense for the Authority's defined benefit Pension plan is as follows:

Current service cost	\$ 26,000	\$ 26,000
Provision for non-investment expenses	39,000	32,000
Finance costs (return on plan assets in excess of interest incurred on plan obligations)	(42,000)	(26,000)
Net plan expenses	<u>\$ 23,000</u>	<u>\$ 32,000</u>

(b) Information about the Authority's defined benefit Pension plan at December 31 is as follows:

Plan assets		
Fair market value beginning	\$ 8,798,000	\$ 8,238,000
Return on plan assets	94,000	888,000
Administrative expenses	(23,000)	(39,000)
Employer contributions	5,000	4,000
Employee contributions	-	-
Benefits paid	(304,000)	(293,000)
Market value ending	<u>8,570,000</u>	<u>8,798,000</u>
Plan obligations		
Benefit obligation, beginning	5,847,000	5,542,000
Current service cost	26,000	26,000
Employee contributions	5,000	-
Interest cost	256,000	243,000
Benefits paid	(304,000)	(293,000)
Actuarial (gains) losses	447,000	329,000
Benefit obligation, ending	<u>6,277,000</u>	<u>5,847,000</u>
Surplus	2,293,000	2,951,000
Valuation allowance adjustment	(1,555,000)	(2,017,000)
Accrued benefit asset (liability)	<u>\$ 738,000</u>	<u>\$ 934,000</u>

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
10. EMPLOYEE FUTURE BENEFITS (CONT'D)		
(c) Reconciliation of the funded status of the benefit plan to the amounts recorded in the financial statements		
Fair value of plan assets	\$ 8,570,000	\$ 8,798,000
Accrued benefit obligation	(<u>6,277,000</u>)	(<u>5,847,000</u>)
Funded status of plan	2,293,000	2,951,000
Valuation adjustment allowance	(<u>1,555,000</u>)	(<u>2,017,000</u>)
	<u>\$ 738,000</u>	<u>\$ 934,000</u>
Accrued benefit asset, beginning	\$ 934,000	\$ 576,000
Prior period adjustment (change in accounting policy)	<u>-</u>	<u>-</u>
Accrued benefit asset, beginning as restated	934,000	576,000
Pension cost for the period	(23,000)	(32,000)
Contributions by the Authority	-	4,000
Valuation allowance adjustment	462,000	103,000
Other remeasurement items charged to net assets	(<u>635,000</u>)	<u>283,000</u>
Accrued benefit asset, ending	<u>\$ 738,000</u>	<u>\$ 934,000</u>
(d) Remeasurement and other items		
Actuarial gain/ (loss)	\$(447,000)	\$(329,000)
Interest less net return on assets	(295,000)	525,000
Gain/ (loss) on non-investment expenses	16,000	(7,000)
Change in valuation allowance	462,000	103,000
Effect of valuation allowance on finance cost	<u>91,000</u>	<u>95,000</u>
Total	<u>\$(173,000)</u>	<u>\$ 387,000</u>
(e) Accumulated Remeasurement Gain (Loss)		
Balance, beginning of year	\$(2,017,000)	\$(2,120,000)
Remeasurement Gain (Loss) for current period	<u>462,000</u>	<u>103,000</u>
Balance, end of year	<u>\$(1,555,000)</u>	<u>\$(2,017,000)</u>
(f) The weighted average actuarial assumptions are as follows:		
Discount rate	4.00%	4.50%
Rate of compensation increase	2.50%	3.50%
YMPE Escalation rate	2.50%	3.50%
Indexation rate	2%	3%
Mortality table used for 2024 and 2023 was the CPM2014 (Combined), projection scale CPM-B		
(g) The assets of the plan are invested by a third party administrator and have the following asset mix		
Equity Securities	0.0%	0.0%
Fixed Income Securities	100.0%	100.0%
Other	0.0%	0.0%
	<u>100.0%</u>	<u>100.0%</u>

Measured as of the measurement date of December 31 of each year

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

38.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

2024

2023

10. EMPLOYEE FUTURE BENEFITS (CONT'D)

The net expense for the Authority's group registered retirement savings plan is \$177,882 (2023 - \$149,848).

The expenses for defined benefit pension cost and group registered retirement savings plan contributions are included in wages and employee benefits on the statement of operations.

11. UNAMORTIZED CAPITAL GRANTS, NET BOOK VALUE

<i>Balance beginning of year</i>	\$10,476,227	\$11,197,972
<i>Add: Contribution funding received</i>	1,252,560	691,139
<i>Less: Amortization</i>	1,183,336	1,412,884
	\$10,545,451	\$10,476,227

12. REVENUE

<i>Landing fees</i>	\$ 896,773	\$ 906,188
<i>Terminal fees</i>	354,652	390,956
<i>Aviation fuel fees</i>	1,063,697	829,113
<i>Concessions</i>	768,201	738,638
<i>Rentals</i>	2,244,058	2,164,675
<i>Sale of quarry material</i>	12,375	14,084
<i>Miscellaneous</i>	498,673	474,498
<i>Forest harvesting</i>	11,165	-
<i>Investment income</i>	443,675	441,208
<i>Gain on disposal of property, plant, and equipment</i>	-	57,839
<i>Change in fair value of short term investments</i>	512,377	543,340
<i>Foreign exchange gain (loss)</i>	(422)	(272)
	6,805,224	6,560,267
<i>Airport improvement fees</i>	1,837,455	1,819,323
	\$ 8,642,679	\$ 8,379,590

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>
13. CHANGES IN NON-CASH WORKING CAPITAL		
<i>The effect on cash of changes in non-cash working capital is as follows:</i>		
<i>Current assets</i>		
Accounts receivable, trade	\$ 112,824	\$(148,716)
Government assistance – capital	(361,235)	268,630
Advances to International Lounge Foundation	4,646	(150,987)
Inventory	57,244	148,084
Prepaid expenses	22,122	(27,234)
	<u>(164,399)</u>	<u>89,777</u>
<i>Current liabilities</i>		
Accounts payable	(468,256)	579,374
Customer deposits	25,183	4,015
Deferred revenue	18,322	6,951
Accrued severance liability	-	(225,000)
	<u>(424,751)</u>	<u>365,340</u>
 Net effect on cash	 <u>\$(589,150)</u>	 <u>\$ 455,117</u>

14. FINANCIAL RISK MANAGEMENT**(a) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity's main credit risks relate to its accounts receivables and concentration of cash and short-term investments.

The Authority provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The Authority does not normally require a guarantor.

Concentration of credit risk arises when a group of clients having a similar characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions. The Authority is exposed to credit risk on accounts receivable.

The Authority maintains cash with Canadian chartered banks in excess of federally insured limits and is exposed to credit risk from this concentration of cash.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024

2024

2023

14. FINANCIAL RISK MANAGEMENT (CONT'D)

The Authority has placed material amounts of cash with the Investment Account Manager, Scotiabank. The investment account manager has funds invested in accordance with risks and policies approved by the Board. At December 31, 2024 the investment mix was cash and equivalents 1.8% (2023 – 2.2%), fixed income, 57.0% (2023 – 48.0%), and other equities 41.2% (2023 – 49.8%). During 2024 the investment mix changed. The change in investment mix represents a change in credit risk during 2024.

(b) Currency risk

The Authority realizes a minimal amount of its revenue in foreign currency. Consequently, some assets and revenues are exposed to foreign exchange fluctuations.

(c) Interest rate risk

Certain components of long term debt bear interest at rates tied to a prime rate as established by its creditor. Consequently, the Authority is exposed to interest rate risk as prime rate varies.

The Authority minimizes its exposure to credit risk by entering into Interest Rate Swap agreements with its creditor, the Bank of Nova Scotia.

15. CONTRACTUAL OBLIGATIONS

The Authority operates under the terms of a Ground Lease with Transport Canada. The Ground Lease provides for lease of the Airport real estate. The Ground Lease and Canadian Airports Act impose restrictions on the authority's activities and provide the framework under which the Authority must operate. Lease amounts are calculated as a 1% of revenue (as defined) in the Range \$5,000,001 to \$10,000,000 and 5% of revenue (as defined) in excess of \$10,000,000. The exact amount of future payments under the terms of the lease are not determinable.

16. HEDGE ACCOUNTING

The Authority has borrowed funds under an Interest Rate Swap hedge transaction from the Bank of Nova Scotia (see Note 8). The contract expires on July 31, 2029. The Authority has chosen not to apply the optional Hedge Accounting standards found in the Chartered Professional Accountants of Canada Handbook – Accounting.

17. COMMITMENTS

The organization is committed to the following items:

- A capital project for construction of a cold storage facility. At December 31, 2024, the estimated cost of this project is \$9.7million. Only predesign costs of \$270,000 have been incurred as of December 31, 2024. Government assistance of \$7,358,000 was committed to the project. Gander International Airport Authority intends to borrow \$1.8million for its share of the cost. The Authority is responsible for the cost overruns. Completion of this project is anticipated for 2026.*