



Northern
New Brunswick's
vital link

ANNUAL REPORT 2011-2012



L' Autorité aéroportuaire
du nord du **Nouveau-Brunswick** inc.

Northern **New Brunswick**
Airport Authority Inc.



Greetings from the President and the Executive Director

The Bathurst Regional Airport – Northern New Brunswick’s vital link

Our tag line continues to factor prominently in our philosophy, our communications and our drive to achieve our expansion goals. We truly believe and hold to the importance that the Airport plays in stimulating the economy of northern New Brunswick by providing important trade links for our businesses within and outside our region; by providing accessibility to labour markets for our increasingly mobile workforce; by attracting tourism and investment to our region; and by providing nearly 40 direct and indirect FTE jobs.

We enjoyed many successes over the past year. Passenger traffic at the Airport grew 8% compared to last year, and 46% over the past 10 years. These numbers speak volumes to the region’s reliance on reliable scheduled passenger air service. One of our challenges will be to introduce more seating capacity to accommodate the growing number of travellers using our Airport. We also completed the necessary steps to incorporate a GPS-based navigational aid system that allows properly equipped aircraft to safely take-off and land with lowered ceiling minima. This new system brings our ceiling minimum down to 250 feet, a difference of 100 feet with the existing navigational aids at the Airport. Additionally, we invested close to \$500,000

to improve the parking lot by doubling the number of parking stalls and installing a gated system that allows for better control of parking fee revenues. These revenues play an important role in helping the Airport reach its future infrastructure objectives.

The Board members continue to be vigilant as financial stewards of the Airport Authority. Over the past 5 years, the Airport Authority has invested \$500,000 into its reserve fund. These funds will be used as leverage with financial institutions and other partners to finance our expansion plans. We remain hopeful that these plans will come to fruition in the next few years.

We are very grateful to our board members. Their expertise and enthusiasm for the success of the Airport and the region have provided the fodder to continue moving toward our long term objectives. A special thanks goes to Stephen Brunet, who served many years on the Board, five of those years as President. His dedication and passion for the region have been tremendous assets these past years. We would also like to thank the staff at the Airport for the work they do every day in ensuring the safety, security and financial viability of our Airport.



The future looks bright for the Airport. We will continue to solicit financial support from our provincial and federal government partners in helping us make our expansion plans a reality. And we will work towards increasing capacity and accessibility to labour markets closer to home. Creating more air service links within Atlantic Canada will certainly go a long way in improving our quality of life and economic viability.

Sincerely,

Stephen Brunet,
President

Jennifer Henry,
Executive Director



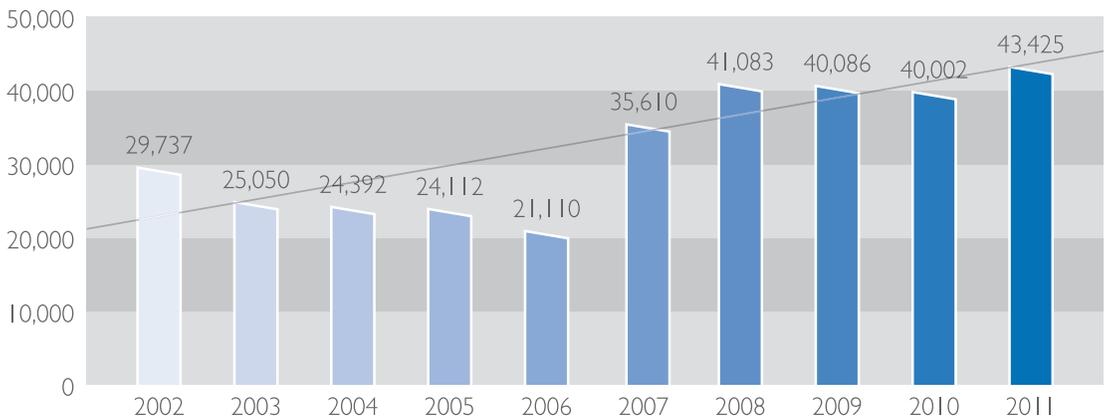
MISSION AND VISION

Mission – To offer a range of airport services that are accessible, safe, reliable and profitable.

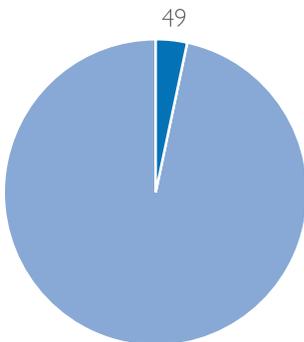
Vision – To become the foremost airport authority in northern New Brunswick.

2 flights daily to Montreal with Air Canada Jazz for the past 24 years!

Passengers Per Year – Bathurst Regional Airport

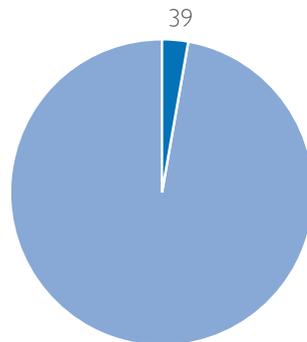


Cancelled Flights in 2010 – 4%



Total Flights in 2010
Cancelled in 2010

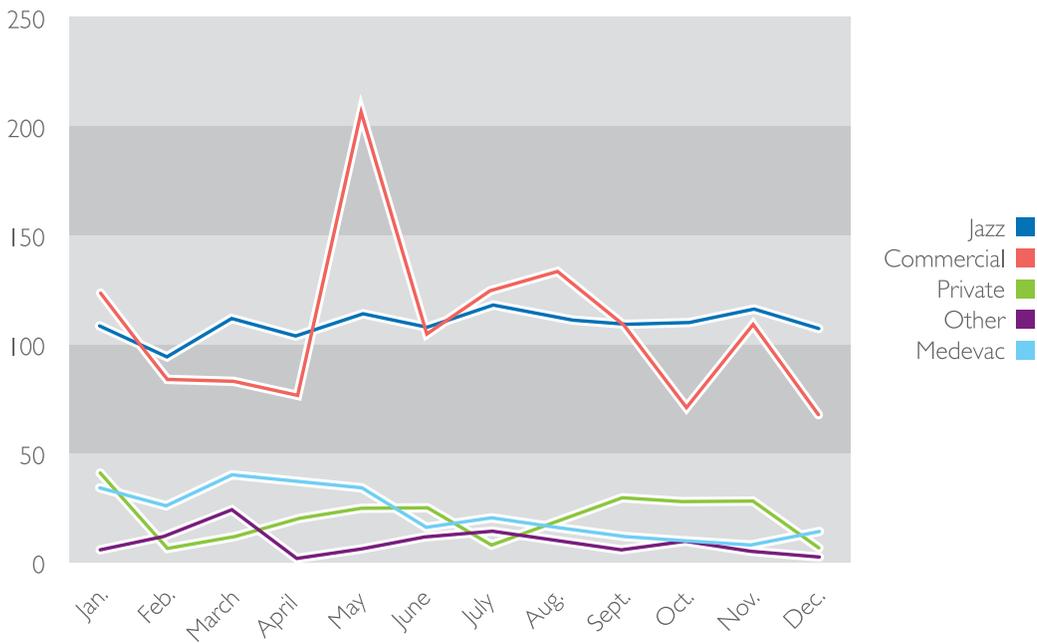
Cancelled Flights in 2011 – 3%



Total Flights in 2011
Cancelled in 2011



Aircraft Movements in 2011



Operational Review

Parking lot expansion, EIA, navigation system

The Airport Authority undertook 3 major projects in 2011-2012: the parking lot expansion, the Environmental Impact Assessment (EIA) as well as the design and implementation of RNAV (GPS) LPV Instrument Approach Procedures at the Airport.

The design phase of the parking lot project was awarded to Roy Consultants, who were

also awarded the EIA study. The parking lot construction project was awarded to Kenny's Trucking. The RNAV (GPS) LPV Instrument Approach Procedures were initiated by Pryde Shropp McComb Inc., on behalf of the Airport Authority. The design and implementation were conducted by NAV CANADA.

Capital Expenditures

Environmental Impact Assessment	\$43,378.69
Parking lot expansion	\$433,431.35
Miscellaneous small projects and equipment	\$32,699.99



Governance

The Board of Directors meets five times a year with committee meetings taking place on an ongoing basis. The current board committees are: Human Resources, Governance, Executive, Business Development, and Finance and Audit.

All committees take an active role in airport activities; however, the Executive Committee is convened only when decisions are required on an urgent basis between regularly scheduled board meetings.

Human Resources Committee

The members of the Human Resources Committee were extremely busy this year re-examining the employee Human Resources Policies and Procedures manual. The main objectives for undertaking this activity were to ensure that the manual conformed to existing federal labour standards and laws, as well as provide the

Airport's employees a sound resource manual for their HR needs. The HR Policies and Procedures Manual will be reviewed at least every 5 years and when changes in legislation impact current policies. The Committee's next endeavour will be to create job evaluation tools for the various positions at the airport.

Governance Committee

The Governance Committee did not meet in the 2011-2012 year.

Executive Committee

The Executive met a total of four times in 2011-2012 to conduct urgent business that needed to be addressed in between scheduled board meetings.

Business Development Committee

The Business Development Committee met over several meetings to provide direction and recommendations to the Board of Directors on the following projects: Parking Lot Expansion and Environmental Impact Assessment. Since these projects were

closely tied to financial resources at the Airport, a representative from the Finance and Audit Committee was appointed to the Business Development Committee to provide information and guidance on the Airport's financial priorities and direction.

Finance and Audit Committee

The Finance and Audit Committee undertook a review of the Airport Authority's investment strategy for its reserve fund. It recommended that the Airport Authority move away from GIC-type of investments that locked capital

for 6 to 36 months, and move to a high yield savings account that would permit more fluidity of funds should the Airport Authority need to access capital for its expansion projects in a timely manner.

Board Governance

The NNBA's General Operating Bylaw outlines the nomination process for the appointment of its Board of Directors. The majority of the directors are to be nominated by the local regional governments, the federal and provincial governments; other directors are to be nominated by business or socio-economic organizations such as the Chamber of Commerce. The Board of Directors must be representative of the community and is to consist of individuals who have experience in different areas. The NNBA Inc. meets this requirement as evidenced by the list of nominating identities set out in this report.

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. There were three instances of conflict of interest brought before the Board of Directors in 2011-2012. Two of the instances involved a director who is employed by Roy Consultants. This firm provided engineering and project management services for the Parking Lot project and the EIA study. The affected director abstained from voting and commenting on these projects. The third instance involved a director who is

employed by Dundee Financial. The Board voted to retain the services of this company for its reserve fund investment strategy. The affected director abstained from voting and commenting on these projects.

Nominators

The Board of Directors is nominated by various entities to represent the community at large and provides governance:

- Federal Government
One representative
- Provincial Government
One representative
- Municipalities of the Chaleur Region
Three representatives
- Municipalities of the Acadian Peninsula Region
One representative
- Greater Bathurst Chamber of Commerce
One representative
- Tourism-e Chaleur
One representative
- Northern NB Airport Authority Inc.
Three representatives

Representatives from each group are nominated for 3-year terms and may serve a maximum of 9 years on the Board. In addition to the regular meetings, Board members actively serve on the following committees:



- Executive Committee
- Business Development Committee
- Human Resources Committee
- Governance Committee
- Finance and Audit Committee
- Nomination Committee

Executive Committee

Stephen Brunet, President

Raoul Charest, Vice President

André Gozzo, Secretary

Colin Brewster, Treasurer

Senior management officers and board of directors 2011-2012 salaries and remunerations

The combined salaries of the senior management team composed of the Executive Director, Director of Operations, and Operations Supervisor were \$201,645.

The Board of Directors remuneration consisting of per diems was \$2,850.

The Authority is required to report on all contracts in excess of \$75,000 which were not awarded on the basis of a public competitive tendering process. No such contracts were awarded in this manner during the report period.

Corporate Offices

Northern New Brunswick Airport Authority
2929 Route 180
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Legal Counsel

RTRA

Suite 300 – 270 Douglas Ave.
Bathurst, NB E2A 1M9

Auditors

Allen, Paquet & Arseneau LLP
270 Douglas Ave.
Bathurst, NB E2A 1M9

Financial Services & Investments

Caisse populaire Chaleur
1215 St. Peter Ave.
Bathurst, NB E2A 3A2

Nominators' representatives

As at June 22, 2011

Government of Canada (1)
Carole Caron

Government of New Brunswick (1)
Yvon P. Arseneau

Municipalities of the Chaleur Region (3)
Stephen Brunet
Raoul Charest
Francis Frenette

Municipalities of the
Acadian Peninsula Region (1)
André Gozzo

Greater Bathurst Chamber of Commerce (1)
Yvon Arseneau

Tourism-e Chaleur (1)
Marc-André Godin

Northern NB Airport Authority Inc. (3)
Colin Brewster
Todd Morrison
Lorio Roy



Financial Review

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Autorité Aéroportuaire du Nord du Nouveau-
Brunswick Inc./Northern New Brunswick
Airport Authority Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Autorité Aéroportuaire du Nord du Nouveau-Brunswick Inc./Northern New Brunswick Airport Authority Inc., which comprise the balance sheets of the administration, capital and trust and reserve funds as at March 31, 2012; the statements of revenue, expenditures and surplus of the administration and trust and reserve funds; as well as the capital fund statement of operation and investment in capital assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

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Le groupe  The AC Group
de firmes comptables indépendantes limitée Of Independent Accounting Firms Limited

INDEPENDENT AUDITORS' REPORT (continued)

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Qualified Opinion

Not having had the mandate to conduct an audit of inventory, we were not present during the ending inventory count and we could not control the inventory quantities by other means. Because inventories are one of the elements used to determine the results of operations and cash flows, we could not determine whether any adjustments in the surplus of revenue over expenditure, assets and cash flows from operations were necessary.

The Authority derives revenue from parking and the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Authority and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenditures, assets and surplus.

Except as noted in the above paragraphs, in our opinion, these financial statements present fairly, in all material respects, the financial position of Autorité Aéroportuaire du Nord du Nouveau-Brunswick Inc./Northern New Brunswick Airport Authority Inc. as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Bathurst, NB

June 8, 2012



Chartered Accountants

AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

ADMINISTRATION FUND

Balance Sheet as at March 31, 2012

<u>Assets</u>	<u>2012</u>	<u>2011</u>
<u>Current Assets</u>		
Cash	\$ 2,619	\$ 600
Accounts Receivable	209,845	304,979
Harmonized Sales Tax Refundable	30,787	-
Inventory, at the lower of cost and net realizable value	74,106	89,386
Prepaid Expenses	<u>14,272</u>	<u>14,454</u>
	331,629	409,419
<u>Investment (Note 4)</u>	4,240	4,240
<u>Due From Capital fund</u>	<u>16,026</u>	<u>16,026</u>
<u>Total Assets</u>	<u>\$ 351,895</u>	<u>\$ 429,685</u>
 <u>Liabilities</u>		
<u>Current Liabilities</u>		
Bank Indebtedness (Note 5)	\$ 25,497	\$ 27,513
Accounts Payable and Accrued Liabilities	133,012	51,711
Harmonized Sales Tax Payable	-	90,087
Deferred Revenue	<u>6,169</u>	<u>8,121</u>
	164,678	177,432
<u>Due to Capital Fund</u>	<u>47,536</u>	<u>12,576</u>
<u>Total Liabilities</u>	212,214	190,008
 <u>Surplus</u>		
<u>Balance, End of Year (Page 4)</u>	<u>139,681</u>	<u>239,677</u>
	<u>\$ 351,895</u>	<u>\$ 429,685</u>

Approved By The Directors

 _____ Director
 _____ Director

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AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

ADMINISTRATION FUND

Statement of Revenue, Expenditures and Surplus

For the Year Ended March 31, 2012

	Page	Budget <u>2012</u>	Actual <u>2012</u>	Actual <u>2011</u>
<u>Revenue</u>				
Rentals	5	\$ 108,160	\$ 100,001	\$ 105,707
User Fees	5	1,051,510	1,824,673	1,168,829
Miscellaneous	5	6,800	7,674	6,940
Grants		-	-	1,991,611
Transfer from Trust and Reserve Fund		-	-	70,000
Surplus - Second Previous Year		<u>164,512</u>	<u>164,512</u>	<u>-</u>
		<u>1,330,982</u>	<u>2,096,860</u>	<u>3,343,087</u>
<u>Expenditures</u>				
Administration	6	492,025	520,364	554,575
Fuel System	6	73,865	601,260	64,861
Hanger	6	26,080	29,532	39,394
Operations	7	178,280	184,317	-
Ramp Service	7	79,468	83,459	114,953
Runway and Grounds	7	34,300	60,510	17,857
Security	7	33,262	34,519	30,844
Snow Removal	7	145,118	155,024	150,127
Terminal Building	7	38,600	65,698	38,928
Other	8	25,040	8,006	32,740
Fiscal Services	8	204,946	289,655	2,209,597
Passenger Shortfall and Other Expenses		<u>-</u>	<u>-</u>	<u>14,046</u>
		<u>1,330,984</u>	<u>2,032,344</u>	<u>3,267,922</u>
<u>Excess of Revenue Over Expenditures</u>				
<u>(Expenditures Over Revenue) for the Year</u>		<u>\$ (2)</u>	<u>\$ 64,516</u>	<u>\$ 75,165</u>
<u>Surplus (Deficit)</u>				
Balance, Beginning of Year			\$ 239,677	\$ 33,186
Transfer Deficit (Surplus) of Second Previous Year			(164,512)	131,326
Excess of Revenue Over Expenditures for the Year			<u>64,516</u>	<u>75,165</u>
<u>Balance, End of Year</u>			\$ 139,681	\$ 239,677

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AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

ADMINISTRATION FUND

Schedule of Revenues

For the Year Ended March 31, 2012

	<u>Budget</u> 2012	<u>Actual</u> 2012	<u>Actual</u> 2011
<u>Rentals</u>			
Advertising Spaces	\$ 3,000	\$ 5,430	\$ 4,224
Land Leases	6,160	6,911	7,809
Terminal Building	<u>99,000</u>	<u>87,660</u>	<u>93,674</u>
	<u>\$ 108,160</u>	<u>\$ 100,001</u>	<u>\$ 105,707</u>
<u>User Fees</u>			
Airport Operations Fees	\$ 800,000	\$ 863,880	\$ 798,360
Car Parking	25,000	50,531	32,690
Fuel Sales	55,000	662,236	116,135
Landing Fees	51,510	56,574	49,801
Terminal Fees	<u>120,000</u>	<u>191,452</u>	<u>171,843</u>
	<u>\$ 1,051,510</u>	<u>\$ 1,824,673</u>	<u>\$ 1,168,829</u>
<u>Miscellaneous</u>			
Other	<u>\$ 6,800</u>	<u>\$ 7,674</u>	<u>\$ 6,940</u>

AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

ADMINISTRATION FUND

Schedule of Expenditures

For the Year Ended March 31, 2012

	<u>Budget</u> 2012	<u>Actual</u> 2012	<u>Actual</u> 2011
<u>Administration</u>			
Advertising	\$ 60,000	\$ 65,719	\$ 59,718
AIF Handling Charges	24,000	25,916	23,951
Bad Debts	-	-	920
Insurance	23,490	18,015	19,070
Miscellaneous	-	3,676	2,284
Office Supplies	8,000	14,864	10,509
Other	18,320	22,132	16,318
Professional Fees	68,092	67,512	26,444
Taxes and Permits	4,000	5,394	5,294
Telecommunications	12,720	15,114	13,398
Wages and Salaries	<u>273,403</u>	<u>282,022</u>	<u>376,669</u>
	<u>\$ 492,025</u>	<u>\$ 520,364</u>	<u>\$ 554,575</u>
<u>Fuel System</u>			
Aviation Bulk Fuel	\$ 60,000	\$ 575,565	\$ 49,955
Insurance	6,665	9,283	9,250
Miscellaneous	3,600	265	-
Repairs and Maintenance	<u>3,600</u>	<u>16,147</u>	<u>5,656</u>
	<u>\$ 73,865</u>	<u>\$ 601,260</u>	<u>\$ 64,861</u>
<u>Hanger</u>			
Fuel	\$ -	\$ 15,539	\$ 10,824
Miscellaneous	1,840	1,710	3,029
Repairs and Maintenance	18,000	7,830	20,921
Utilities	<u>6,240</u>	<u>4,453</u>	<u>4,620</u>
	<u>\$ 26,080</u>	<u>\$ 29,532</u>	<u>\$ 39,394</u>

AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

ADMINISTRATION FUND

Schedule of Expenditures

For the Year Ended March 31, 2012

	<u>Budget</u> <u>2012</u>	<u>Actual</u> <u>2012</u>	<u>Actual</u> <u>2011</u>
<u>Operations</u>			
Salaries and Fringe Benefits	\$ 178,280	\$ 184,317	\$ -
<u>Ramp Service</u>			
Miscellaneous	\$ 5,000	\$ 1,788	\$ 4,612
Salaries and Fringe Benefits	<u>74,468</u>	<u>81,671</u>	<u>110,341</u>
	<u>\$ 79,468</u>	<u>\$ 83,459</u>	<u>\$ 114,953</u>
<u>Runway and Grounds</u>			
Repairs and Maintenance	\$ 23,300	\$ 55,203	\$ 11,860
Vehicle Expenses	<u>11,000</u>	<u>5,307</u>	<u>5,997</u>
	<u>\$ 34,300</u>	<u>\$ 60,510</u>	<u>\$ 17,857</u>
<u>Security</u>			
Salaries and Fringe Benefits	\$ 33,262	\$ 34,519	\$ 30,844
<u>Snow Removal</u>			
Repairs and Maintenance	\$ 50,000	\$ 75,178	\$ 82,043
Runway Anti-Ice	30,000	27,370	13,305
Salaries and Fringe Benefits	<u>65,118</u>	<u>52,476</u>	<u>54,779</u>
	<u>\$ 145,118</u>	<u>\$ 155,024</u>	<u>\$ 150,127</u>
<u>Terminal Building</u>			
Electricity	\$ 17,600	\$ 23,163	\$ 23,189
Janitorial	2,000	2,990	3,062
Repairs and Maintenance	12,000	29,368	5,075
Supplies	<u>7,000</u>	<u>10,177</u>	<u>7,602</u>
	<u>\$ 38,600</u>	<u>\$ 65,698</u>	<u>\$ 38,928</u>

AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

ADMINISTRATION FUND

Schedule of Expenditures

For the Year Ended March 31, 2012

	<u>Budget</u> <u>2012</u>	<u>Actual</u> <u>2012</u>	<u>Actual</u> <u>2011</u>
<u>Other</u>			
Non-Directional Beacon	\$ 5,040	\$ 3,311	\$ -
Special Projects	<u>20,000</u>	<u>4,695</u>	<u>32,740</u>
	<u>\$ 25,040</u>	<u>\$ 8,006</u>	<u>\$ 32,740</u>
 <u>Fiscal Services</u>			
Capital Expenditures	\$ -	\$ 41,743	\$ 2,064,334
Deficit - Second Previous Year	-	-	131,326
Interest and Bank Charges	4,120	6,060	4,284
Interest on Long Term Debt	-	12,042	3,768
Interest on Short Term Debt	826	77	549
Principal Repayment on Long Term Debt	-	29,733	5,336
Transfer to Operating Reserve Fund	<u>200,000</u>	<u>200,000</u>	<u>-</u>
	<u>\$ 204,946</u>	<u>\$ 289,655</u>	<u>\$ 2,209,597</u>

AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

CAPITAL FUND

Balance Sheet as at March 31, 2012

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
<u>Current Assets</u>		
Grant Receivable from Transport Canada	\$ -	\$ 138,000
<u>Due from Administration Fund</u>	47,536	12,576
<u>Property and Equipment (Note 3)</u>	<u>1,396,084</u>	<u>1,044,784</u>
<u>Total Assets</u>	<u>\$ 1,443,620</u>	<u>\$ 1,195,360</u>
<u>Liabilities</u>		
<u>Current Liability</u>		
Current Portion of Long Term Debt	\$ 45,367	\$ 156,863
<u>Long Term Debt (Note 6)</u>	388,724	8,724
<u>Due to Administration Fund</u>	<u>16,026</u>	<u>16,026</u>
<u>Total Liabilities</u>	<u>450,117</u>	<u>181,613</u>
<u>Investments in Capital Assets</u>		
<u>Balance, End of Year (Page 10)</u>	<u>993,503</u>	<u>1,013,747</u>
	<u>\$ 1,443,620</u>	<u>\$ 1,195,360</u>

Approved By The Directors

 _____ Director

 _____ Director

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AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

CAPITAL FUND

Statement of Operations and Investment in Capital Assets

As at March 31, 2012

	<u>Actual</u> 2012	<u>Actual</u> 2011
<u>Expenditures</u>		
Amortization Expense	\$ <u>91,720</u>	\$ <u>73,610</u>
<u>Excess of Expenditures Over Revenues</u>	\$ <u>91,720</u>	\$ <u>73,610</u>
<u>Investment in Capital Assets</u>		
Balance, Beginning of Year	\$ 1,013,747	\$ 989,576
<u>Add:</u> Capital Assets Financed by Operating Fund	41,743	92,445
Principal Payment on Long Term Debt Financed by Operating Fund	<u>29,733</u>	<u>5,336</u>
	1,085,223	1,087,357
<u>Less:</u> Excess of Expenditures Over Revenues	<u>91,720</u>	<u>73,610</u>
<u>Balance, End of Year</u>	\$ <u>993,503</u>	\$ <u>1,013,747</u>

AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

CAPITAL FUND

Statement of Capital Financing

For the Year Ended March 31, 2012

<u>Source</u>	<u>2012</u>	<u>2011</u>
<u>Proceeds from Bank Loan</u>	\$ 448,234	\$ 170,925
<u>Transfer From Operating Fund</u>		
Property and Equipment	41,743	92,445
Long Term Debt Repayment	<u>29,733</u>	<u>5,336</u>
	<u>\$ 519,710</u>	<u>\$ 268,706</u>
 <u>Application</u> 		
<u>Due from Administration Fund</u>	\$ 46,960	\$ 12,576
<u>Purchase of Property and Equipment</u>	443,017	250,794
<u>Long Term Repayment</u>	<u>29,733</u>	<u>5,336</u>
	<u>\$ 519,710</u>	<u>\$ 268,706</u>

AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

TRUST AND RESERVE FUND

Balance Sheet as at March 31, 2012

	<u>Assets</u>	
<u>Current Asset</u>	<u>2012</u>	<u>2011</u>
Cash	\$ <u>496,454</u>	\$ <u>292,976</u>
	<u>Reserve</u>	
Operating Reserve Fund (Page 13)	\$ 28,413	\$ 28,413
Capital Reserve Fund (Page 13)	<u>468,041</u>	<u>264,563</u>
	<u>\$ 496,454</u>	<u>\$ 292,976</u>

Approved By The Directors



Director



Director

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AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

TRUST AND RESERVE FUND

Statement of Revenue and Expenditures

For the Year Ended March 31, 2012

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Total</u>
	<u>Reserve Fund</u>	<u>Reserve Fund</u>	<u>2012</u>	<u>2011</u>
<u>Balance, Beginning of Year</u>	\$ 28,413	\$ 264,563	\$ 292,976	\$ 361,530
<u>Revenue:</u>				
Interest Earned	-	3,478	3,478	1,446
Transfer from the Administration Fund	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
	<u>-</u>	<u>203,478</u>	<u>203,478</u>	<u>1,446</u>
<u>Expenditures:</u>				
Transfer to the Administration Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
<u>Balance, End of Year</u>	<u>\$ 28,413</u>	<u>\$ 468,041</u>	<u>\$ 496,454</u>	<u>\$ 292,976</u>

AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

Combined Balance Sheet as at March 31, 2012

<u>Assets</u>	<u>2012</u>	<u>2011</u>
<u>Current Assets</u>		
Cash	\$ 499,073	\$ 293,576
Accounts Receivable	209,845	442,979
Harmonized Sales Tax Refundable	30,787	-
Inventory, at the lower of cost and net realizable value	74,106	89,386
Prepaid Expenses	<u>14,272</u>	<u>14,454</u>
	828,083	840,395
<u>Property and Equipment</u> (Note 3)	1,396,084	1,044,784
<u>Investment</u> (Note 4)	<u>4,240</u>	<u>4,240</u>
<u>Total Assets</u>	<u>\$ 2,228,407</u>	<u>\$ 1,889,419</u>
 <u>Liabilities</u>		
<u>Current Liabilities</u>		
Bank Indebtedness (Note 5)	\$ 25,497	\$ 27,513
Accounts Payable and Accrued Liabilities	133,012	51,711
Harmonized Sales Tax Payable	-	90,087
Deferred Revenue	6,169	8,121
Current Portion of Long Term Debt	<u>45,367</u>	<u>156,863</u>
	210,045	334,295
<u>Long Term Debt</u> (Note 6)	<u>388,724</u>	<u>8,724</u>
<u>Total Liabilities</u>	<u>598,769</u>	<u>343,019</u>
 <u>Surplus</u>		
<u>Surplus</u>		
Investment in Capital Assets (Page 10)	993,503	1,013,747
Surplus (Page 4)	139,681	239,677
Trust and Reserve (Page 13)	<u>496,454</u>	<u>292,976</u>
	1,629,638	1,546,400
	<u>\$ 2,228,407</u>	<u>\$ 1,889,419</u>

Approved By The Directors

 _____ Director
 _____ Director

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AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

Notes to the Financial Statements

For the Year Ended March 31, 2012

1. Nature of Operations

The authority co-ordinates operations of an airport in Bathurst, NB. The Authority is a not for profit and, therefore, is exempt from tax.

2. Significant Accounting Policies

The Autorité Aéroportuaire du Nord du Nouveau-Brunswick Inc./Northern New Brunswick Airport Authority Inc. follows the deferral method of accounting for contributions.

a. Revenue Recognition

Operating revenues are recorded based on the accrual method of accounting and are recognized when they are earned, specifically when:

- Services are provided or products are delivered to customers.
- There is a clear proof that an arrangement exists.
- Amounts are fixed or can be determined.
- Our ability to collect is reasonably assured.

b. Property and Equipment

Purchased of property and equipment are recorded in the capital fund at cost. Amortization is calculated using methods which will reduce the original cost of property and equipment to estimated residual values over the useful life of each asset using the following rates:

Buildings	4 - 10%	Diminishing Balance
Equipment and Machinery	10 - 20%	Diminishing Balance
Motor Vehicle	30%	Diminishing Balance
Parking Lot	8%	Diminishing Balance
Runway Improvements	8%	Diminishing Balance
Runway Navigation Equipment	20%	Diminishing Balance
Snow Removal Equipment	20 - 30%	Diminishing Balance

Amortization expense is reported in the Capital Asset Fund. Grants received are amortized at the same rate as the asset they relate to.

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AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

Notes to the Financial Statements

For the Year Ended March 31, 2012

2. Significant Accounting Policies (continued)

c. Surplus/Deficit

The Authority has adopted the policy of budgeting in the current year operations any surplus or deficit of the second preceding year.

d. Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

e. Pension Plan

The employees are members of a Defined Contributions plan for which the Authority contribution to this plan are limited to 4% of the members' pensionable earnings.

f. Financial Instruments

Financial Instruments are comprised of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued liabilities. Due to their short-term nature, all financial instruments are carried at amounts which are considered to approximate their fair value.

g. Financial Risk Management Objectives and Policies

Consistent with similar not-for-profit organizations, risk management policies are part of the overall management of the entity's operations. The Authority's direct involvement in day-to-day operations identifies risks and variations from expectations leading to changes in risk management activities, requirements and actions. The Authority has not entered into hedging transactions to manage risk. As a part of the overall management of the Authority's operations, management considers avoidance of undue concentrations of risk, and employs appropriate investment and credit management policies to manage the organization's exposure.

AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

Notes to the Financial Statements

For the Year Ended March 31, 2012

3. Property and Equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2012</u>	<u>2011</u>
Land	\$ 263,262	\$ -	\$ 263,262	\$ 263,262
Building - Administration	135,458	21,735	113,723	118,461
- Air Transport	661,998	306,411	355,587	370,403
- Snow Maintenance	228,862	128,417	100,445	103,443
Equipment and Machinery	403,312	333,912	69,400	81,464
Motor Vehicle	24,253	12,080	12,173	17,390
Parking Lot	526,364	74,937	451,427	40,883
Runway Improvement	1,662,589	194,190	1,468,399	1,596,085
Runway Navigation Equipment	2,402,155	2,206,622	195,533	244,416
Snow Removal Equipment	<u>1,098,845</u>	<u>937,538</u>	<u>161,307</u>	<u>194,659</u>
	<u>7,407,098</u>	<u>4,215,842</u>	<u>3,191,256</u>	<u>3,030,466</u>
<u>Less Grants:</u>				
Building - Administration	66,035	11,070	54,965	57,255
- Air Transport	43,723	7,330	36,393	37,910
Equipment and Machinery	38,994	26,275	12,719	16,062
Runway Improvement	1,662,589	194,190	1,468,399	1,596,085
Runway Navigation Equipment	171,300	47,964	123,336	154,170
Snow Removal Equipment	<u>138,000</u>	<u>38,640</u>	<u>99,360</u>	<u>124,200</u>
	<u>2,120,641</u>	<u>325,469</u>	<u>1,795,172</u>	<u>1,985,682</u>
	<u>\$ 5,286,457</u>	<u>\$ 3,890,373</u>	<u>\$ 1,396,084</u>	<u>\$ 1,044,784</u>

4. Investment

Ace Aviation Holdings Inc., at cost \$ 4,240 \$ 4,240

The estimated market value at March 31, 2012 was \$2,285.

AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

Notes to Financial Statements

For the Year Ended March 31, 2012

5. <u>Bank Indebtedness</u>	<u>2012</u>	<u>2011</u>
Bank Overdraft	\$ -	\$ 27,513
Line of Credit	<u>25,497</u>	<u>-</u>
	<u>\$ 25,497</u>	<u>\$ 27,513</u>

The Authority has an operating line of credit of \$150,000 with an interest rate of prime plus 0.75%. As security, the Authority has provided a general security agreement against the assets of the airport.

6. Long Term Debt

Caisse Populaire loan, 8.49%, payable in monthly instalments of \$661 including interest, secured by a vehicle with a net book value of \$12,108, due in 2013

	\$ 8,724	\$ 15,587
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Caisse Populaire Term loan, 5%, payable in May, 2011, secured by a term deposit in the amount of \$150,000, repaid during the year

	-	150,000
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Caisse Populaire Term loan, 6.75%, payable in monthly instalments of \$5,454, including interest, secured by a blanket collateral mortgage on buildings with a net book value of \$569,756 and a transfer of comprehensive insurance policy on the buildings with the Caisse Populaire Chaleur showing as first mortgage on the building, due in 2021

	<u>425,367</u>	<u>-</u>
	434,091	165,587

Less: Amount Due Within One Year

	<u>45,367</u>	<u>156,863</u>
	<u>\$ 388,724</u>	<u>\$ 8,724</u>

AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

Notes to Financial Statements

For the Year Ended March 31, 2012

6. Long Term Debt (cont'd)

The principal payments within the next five years are due as follows:

2013	\$	45,367
2014		41,787
2015		43,357
2016		46,375
2017		<u>49,604</u>
	\$	<u>226,490</u>

7. Commitment

As at March 31, 2012, the Authority has an outstanding commitment over the next five years of \$12,292 with respect to the lease of equipment.

8. Economic Dependence

The majority of the revenue earned by the Authority is from Air Canada and the continued operation of the airport by the Authority at its present capacity is dependent on these revenues continuing.

9. Management of Net Assets

The objective of Autorité Aéroportuaire du Nord du Nouveau-Brunswick Inc./Northern New Brunswick Airport Authority Inc. in managing its net assets is to remain a sustainable operation while fulfilling its overall mandate. It achieves its objective by strong day to day management of its cash flows and by regularly monitoring revenues and expenditures against its annual operating and capital budgets. When necessary, Autorité Aéroportuaire du Nord du Nouveau-Brunswick Inc./Northern New Brunswick Airport Authority Inc., takes prompt action to raise additional revenues when actual revenues do not meet its budget and to reduce expenditures or curtail programs when alternate sources of revenue can not be found.

AUTORITÉ AÉROPORTUAIRE DU NORD DU NOUVEAU-BRUNSWICK INC.
NORTHERN NEW BRUNSWICK AIRPORT AUTHORITY INC.

Notes to Financial Statements

For the Year Ended March 31, 2012

10. Comparative Figures

Some of the comparative figures have been restated to conform with the presentation adopted for the current year.



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