



DEER LAKE REGIONAL AIRPORT

2021-2022

ANNUAL REPORT

BUILDING BACK TOGETHER

PART 1 - ABOUT US

| | |
|--------------|----|
| ABOUT DLRAAI | 03 |
| OUR TEAM | 04 |

PART 2- 2021|2022 IN REVIEW

| | |
|--|----|
| MESSAGE FROM PRESIDENT & CEO AND BOARD CHAIR | 07 |
| YDF OPERATIONS | 09 |
| INFRASTRUCTURE IMPROVEMENTS | 11 |

PART 3 - ACHIEVING OUR STRATEGIC GOALS

| | |
|--|----|
| 2022-2024 STRATEGIC PLAN | 14 |
| STRATEGIC GOAL 1 - MAXIMIZING BUSINESS DEVELOPMENT | |
| MARKETING | 16 |
| REBOUND POST-PANDEMIC | 17 |
| AIR SERVICE DEVELOPMENT | 19 |
| DIVERSIFY BUSINESS REVENUE | 21 |
| STRATEGIC GOAL 2 - DELIVERING AN EXCEPTIONAL EXPERIENCE | |
| SENSE OF ARRIVAL | 24 |
| PASSENGER EXPERIENCE PROGRAM | 26 |
| IMPLEMENTING GUEST SURVEY FINDINGS | 28 |





STRATEGIC GOAL 3 - EXPANDING PARTNERSHIPS

MAXIMIZING PROVINCIAL PARTNERSHIPS 30

GROUND TRANSPORTATION 31

STRATEGIC GOAL 4 - STRENGTHENING OUR ORGANIZATION

EMPLOYEE DEVELOPMENT & ENGAGEMENT 33

TENANT ENGAGEMENT 37

ORGANIZATION REBRAND 39

FOSTERING COMMUNITY PARTNERSHIPS 40

PART 4 - BOARD GOVERNANCE

BOARD OF DIRECTORS 43

BOARD STRUCTURE 44

PART 5 - 2021-2022 FINANCIALS

FINANCIAL OVERVIEW 47

INDEPENDANT AUDITOR FINANCIAL STATEMENTS 48

PART 1

ABOUT US

Deer Lake Regional Airport, located just off the Trans Canada Highway in the heart of Western Newfoundland & Labrador, has been servicing the region for more than 60 years, with regularly scheduled flights to and from destinations in eastern and central Canada, with connections worldwide.

The Airport had humble beginnings, having been established in 1953, and constant improvements and growth have resulted in a modern airport, comfortable for travel and vital to economic activity in our region.

We're one of the few airports in the world where you can access three World UNESCO Heritage Sites in one trip. Each day, we welcome travelers from all corners of the world through our doors. Tourists, business travelers and rotational workers are all greeted with a smile as they connect with adventure, work, family and friends in Western Newfoundland.

Deer Lake Regional Airport Authority Inc. respectfully acknowledges the land on which we occupy as the ancestral homelands of the Beothuk, whose culture has now been erased forever.

We also acknowledge the island of Ktaqmkuk (Newfoundland) as the unceded, traditional territory of the Beothuk and the Mi'kmaq. And we acknowledge Labrador as the traditional and ancestral homeland of the Innu of Nitassinan, the Inuit of Nunatsiavut, and the Inuit of NunatuKavut.

We recognize all First Peoples who were here before us, those who live with us now, and the seven generations to come. As First Peoples have done since time immemorial, we strive to be responsible stewards of the land and to respect the cultures, ceremonies, and traditions of all who call it home. As we open our hearts and minds to the past, we commit ourselves to working in a spirit of truth and reconciliation to make a better future for all.



OUR TEAM MANAGEMENT

Tammy Priddle

President &
Chief Executive Officer



Andrew Rogers

Director, Operations



David Ball

Director, Infrastructure
& Planning



ADMINISTRATION

Debbie Chaulk
Administrative Clerk
Diane Waldron
Administrative Clerk

OPERATIONS

Mark Cooke
Team Lead
Airport Technician
Mark Goosney
Team Lead
Airport Technician
Leslie Humphrey
Team Lead
Airport Technician
Dwayne Langdon
Team Lead
Airport Technician
Alex Barrett
Airport Technician
Cliff Bennett
Airport Technician
Mervin Glode
Airport Technician
Tony Kavanagh
Airport Technician
Charles Kendell
Airport Technician
Electrician
Perry King
Airport Technician
Cory McKenzie
Airport Technician
Electrician
Shannon Murrin
Airport Technician
Justin Noble
Airport Technician
Heavy Duty Mechanic
Graydon Rodgers
Airport Technician
William Samson
Airport Technician
Christopher Short
Airport Technician
William Bradley
Equipment Operator
Bruce Curlew
Equipment Operator
Derek Janes
Equipment Operator

PART 2

2021 | 2022 IN REVIEW





30
Airport
Tenants



~220
Direct Jobs



12,887
2022 Aircraft
Movements



265,167
Passengers
in 2022





MESSAGE

**FROM PRESIDENT & CEO
AND BOARD CHAIR**

Tammy Priddle & Stelman Flynn

Despite the invisible threat of COVID-19, in 2021/2022 we persevered together, moving onward and upward towards our vision. We are proud of what our organization has accomplished over the last year and excited to see what the future has in store.

Regardless of pandemic challenges carrying into last year, YDF delivered essential aviation services to the region, facilitating safe and efficient movement of people and goods around the world. With the spread of Covid-19 variants, travel restrictions continued on for five months of the year and deterred many travelers from taking to the skies. Nevertheless, the management team, with the support of the Board of Directors, moved forward with the implementation of our 2022-2024 Strategic Plan.

As a result, in 2021-2022 we were thrilled to partner with five airlines, including two new ultra-low-cost carriers, with services to three new destinations. The subsequent passenger traffic was 82% of pre-pandemic levels and we exceeded 2019 levels for two of those months. Revenue in 2021-2022 was 62% more than 2021 and we ended the year with a deficit of \$523,101.80, attributable to increased operating costs.

We collaborated with our partners and tenants to welcome over 265,000 people for Come Home Year Celebrations, featuring local music and food sampling while showcasing our people and culture. Among our Strategic Goal accomplishments were a Board Retreat, a new Board Committee Structure and Governance training. We formed partnership with the Provinces' Department of Industry, Energy and Technology with the shared goal of supporting the implementation of the Provincial Air Access Plan.

A new Collective Agreement with our unionized employees was signed and a new leadership model introduced. We invested heavily in our team, providing new training programs which included Emergency Preparedness Training and a Live Simulated Test of our Emergency Response Plan, incorporating many of our community partners.

An Employee Engagement Survey indicated that the majority of our employees enjoy working with the organization. Focus groups have provided us the necessary feedback to continue to improve and we are confident that collectively we can achieve our vision of being a leading regional airport in Canada, maximizing connections, opportunities, and travel journeys for people, businesses, and the communities we serve.

Our Sense of Arrival project forged ahead with the introduction of indigenous art by Marcus Gosse. A new 'WELCOME' sign placed airside greets our guests to traditional territory of the Mi'Kmaq people, and signage groundside highlights the indigenous tourism experiences our region has to offer.

On behalf of the Board of Directors and Airport Authority we thank each and every member of Team YDF for your unwavering commitment, and for providing our travelers with top-tier services.

Without a doubt, 2021-2022 was a year of great accomplishments coupled with many new challenges as our organization worked collaboratively and in partnership with our employees, tenants and partners. We proudly look forward to what our future has in store.



Stelman Flynn
Chair, Board of Directors
Deer Lake Airport Authority



Tammy Priddle
President & CEO
Deer Lake Airport Authority

YDF OPERATIONS

Our operations group are responsible for performing maintenance and inspections required to maintain safe, reliable operations. Duties include snow clearing and ice control on more than 25 hectares of asphalt surfaces, providing runway condition reporting, implementing our wildlife management program, providing general maintenance of the facility and providing Aircraft Rescue Fire Fighting services. The welcome recovery of air traffic resulted in a busy season for our operations staff as our facilities were pushed back to their capacities.

Winters at YDF appear to be changing from the historical normal. One of the more obvious changes is the increase in freeze/thaw cycles and precipitation near 0 degrees. These conditions are more likely to generate ice which creates a significant challenge in the airfield environment. To combat this, we have made investments in our winter maintenance fleet, with additional investment planned in our multi-year capital plan. We have also reassessed our ice control practices and implemented more environmentally sustainable and effective airside ice control treatment techniques consistent with industry best practices.



1,947
hours of winter
precipitation



1,112
winter runway
condition reports



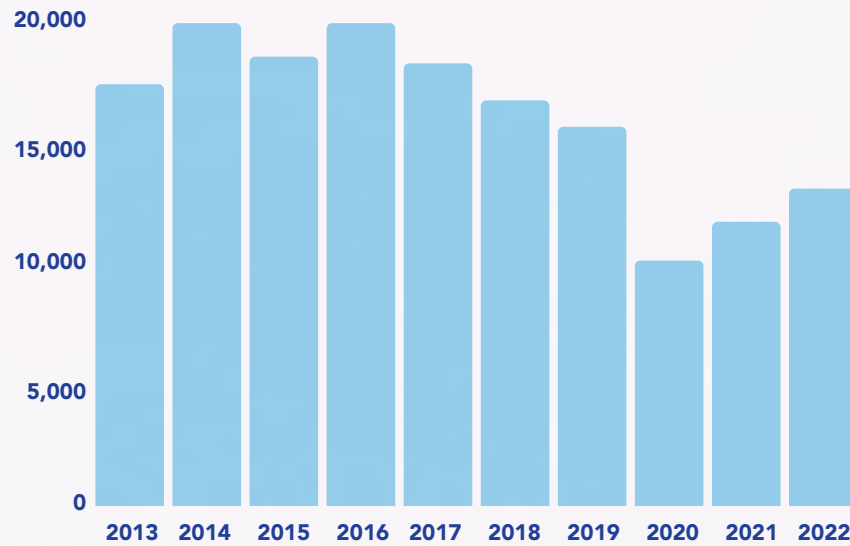
YDF AIRCRAFT STATISTICS



1,681
work orders
completed



1,382
wildlife inspections
completed






12,887
aircraft
movements



INFRASTRUCTURE IMPROVEMENTS

While 2021-2022 was bustling with aviation activity, we were also busy with multiple infrastructure improvements. This year to help guide our future capital investments we completed three significant property assessments:

-  A comprehensive assessment of the condition of our air terminal building as well as the supporting infrastructure. This assessment is integral to effective long term asset management and capital planning processes.
-  An energy triage assessment was completed to identify opportunities to improve energy efficiency throughout our facility. The results led to a number of capital projects being identified and incorporated into subsequent multi-year capital plans.
-  An assessment of the DLRAA's information technology systems was completed. This project identified a number of cybersecurity risks, cost inefficiencies and opportunities for service improvement consistent with a modern enterprise.

DLRAA began implementing highest priority information technology recommendations in 2022 with implementation continuing into 2023. With modest capital investment we substantially reduced our telecom expenses, which translated into savings we used to significantly improve employee and passenger services, all while minimizing operating expenditures.




CYBERSECURITY
Upgraded hardware & software to ensure data integrity & system availability.



COMMUNICATIONS
Improved email & software availability and video conferencing capabilities.



PUBLIC WIFI
Expanded coverage while improving speed & security of public & corporate WIFI.



NETWORK
Optimization of networks to improve services & network speeds at a reduced cost.

In 2022, work started on improvements to the front of our terminal with the goal of improving safety and esthetic for arriving and departing passengers. Storm sewer was extended to the drop-off lane and improvements made to the building downspouts to rectify long standing drainage issues that resulted in ponding water and ice formation. The median between the parking area and the driving lane was widened, providing opportunity to expand greenspace and eliminate a significant traffic hazard. To further reduce traffic congestion, the entrance to our rental parking lot was relocated to eliminate unnecessary traffic travelling in front of the terminal.

We have also increased curbside parking space which will be used to provide safe space for commercial vehicles such as motor coaches, hotel shuttles and pre-arranged transportation. In 2023, the project will continue with implementation of beautification along the median including the addition of benches and trees, asphalt resurfacing and improved signage and line painting.



In 2021-2022 we were able to make a number of improvements to our airport fleet. With the support of the Airport's Capital Assistance Program we replaced our nearly 40-year-old grader with a new, modern grader to be used for snow clearing, ice removal and maintaining various gravel access roads.

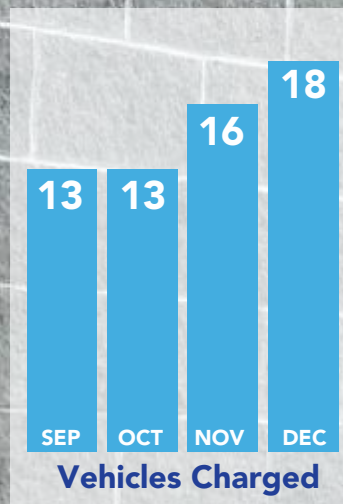
We also purchased a new multipurpose, flat deck, 3-ton truck that is used for salt application in the winter and as a maintenance truck throughout the remainder of the year. This dual-purpose vehicle improves the cost efficiency of our fleet by consolidating the function of two vehicles.

A supply contract was awarded for the purchase of a new runway sweeper to replace a 21-year-old unit. The unit arrived and was put into service early in the winter season of 2023.

Further upgrades to our infrastructure during 2021-2022 included replacing or upgrading various other smaller building components that had reached end of their life.

Electric vehicle adoption continues to grow in the province. With the installation of our first Level 2 EV charger, DLRAA was the first airport in the province to offer charging to staff and travelers. In anticipation of growing EV use and as part of our groundside lane upgrades, additional electrical conduits were installed for future charging in our short term parking.

With every venture we take on as Airport Authority, we endeavor to maintain focus on our core values. We strive to offer innovative services to our guests, all the while keeping their safety at the forefront.



PART 3

ACHIEVING OUR STRATEGIC GOALS





2022-2024 Strategic Plan



MISSION

To deliver exceptional airport services and facilities, enhance all customer and partner experiences, and generate economic activity for our region.

VISION

A leading regional airport in Canada, maximizing connections, opportunities, and travel journeys for people, businesses, and the communities we serve.

CORE VALUES

Safe
Respectful
Collaborative
Inclusive
Innovative
Accountable



Strategic Goal 1

MAXIMIZING BUSINESS DEVELOPMENT

MARKETING

One building block of DLRAAs strategic plan is implementing a robust marketing program. This began in 2021-2022 when management excitedly launched our new and improved social media channels.

Our target audience for marketing are two-fold:

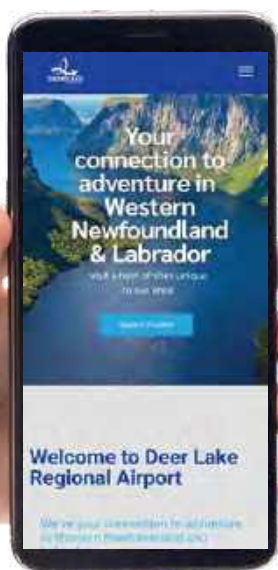
GEOGRAPHIC TARGETS:

2020 Summer Connections VS 2022 Summer Connections



DEMOGRAPHIC TARGETS:

- ✈ Cultural Explorers
- ✈ Authentic Explorers
- ✈ Gentle Explorers
- ✈ Budget Travelers
- ✈ Expat Newfoundlanders & Labradorians



In partnership with J. Osmond Design and Sprout Marketing, a marketing campaign was developed and set into motion in March of 2022. The campaign goals aligned with our organizations vision to be a leading regional airport by:

- ✈ Driving traffic to landing page on deerlakeairport.com;
- ✈ Encouraging flight bookings through DLRAA partner airlines;
- ✈ Creating destination awareness of Western NL; and
- ✈ Generating social media activity.



4,000
Fans



4,600
Likes



2,100
Shares

By targeting our audiences interests like hiking, walking, camping, cultural experiences, Come Home Year 2022, culinary, whale watching, iceberg tours, Gros Morne National Park, UNESCO Sites, adventure travel, bucket list destinations and so much more, we could reach people who are already interested in the services Deer Lake Regional Airport has to offer travelers.

Creatively, we aimed to advertise images that portray Western NL to be a natural gem with wide-open spaces and clean air, with characteristics that create a warm, welcoming feel to our region. Without a doubt, our little place on the globe gave us a lot to work with.



REBOUND POST-PANDEMIC

YDF enthusiastically bid adieu to travel restrictions in spring of 2022, and the initial stress and uncertainty of trying to operate an airport during a global pandemic became a little less overwhelming. Staff and management now set their focus on overcoming what could be a long road to recovery. As a result of the tireless efforts of executive leaders, YDF was able to establish and maintain meaningful relationships with air service providers and we were thrilled to introduce many new routes in 2022.

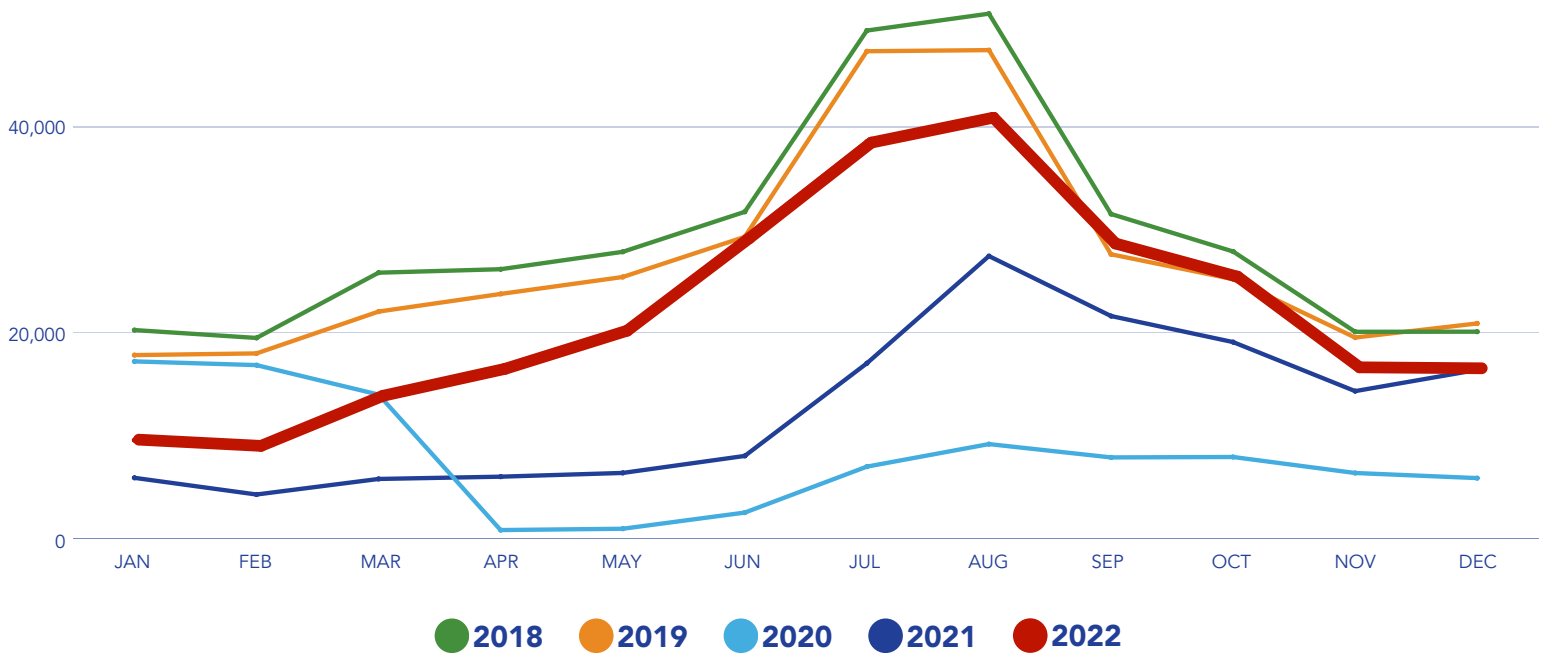
Our long standing airlines held-fast and proud. Air Canada increased flights to Halifax, Montreal and Toronto. PAL Airlines increased frequency to Halifax, Fredericton, Moncton and Ottawa, as well as their interprovincial routes.

At the same time, we excitedly announced partnership with two ultra-low-cost air carriers. Flair Airlines offered access to Kitchener-Waterloo, Ontario, and Swoop delivered services to Alberta via Hamilton, Ontario, as well as Toronto, Ontario. This was warmly received, as these regions have some of the highest population of Newfoundlanders and Labradorians outside of NL. These new routes provided an opportunity for many of them to visit home again and for people locally to visit family and friends or explore new destinations.

Our air carriers facilitated a steady growth in passenger volumes which resulted in 82% of 2019 levels, 7% more than management projected. Even more excitingly, September and October seating capacity and passenger volumes exceeded 2019 levels entirely. The rush of travel activity provided the Airport Authority, our airlines and our tenants with some much needed confidence that the appetite for travel was increasing and that YDF was indeed rebounding.



YDF PASSENGER STATISTICS



AIR SERVICE DEVELOPMENT

Operational success at YDF largely relies on air transportation access for people both within our region and those visiting. Our management team emphasized that need and worked tirelessly to support the implementation of the Provincial Air Service Development Strategy. That hard work paid off in February of 2022 when the Authority received funding from the Provincial Department of Industry, Energy and Technology, supporting YDF's air service development goals.

Air access is a critical lifeline to the regions economy and quality of life. Living in a remote and isolated place of the world, so many depend on air travel to go to work, school, or visit family and friends. The regions significant and growing tourism sector requires easy, accessible travel that is also affordable.

With this additional support, YDF committed to working with our airline partners to rebuild and recover connectivity and capacity that had otherwise been crippled by the pandemic. It also reinforced our efforts to be competitive when working to recover loss connectivity, develop new routes, support our existing airline partners and entice new airlines.

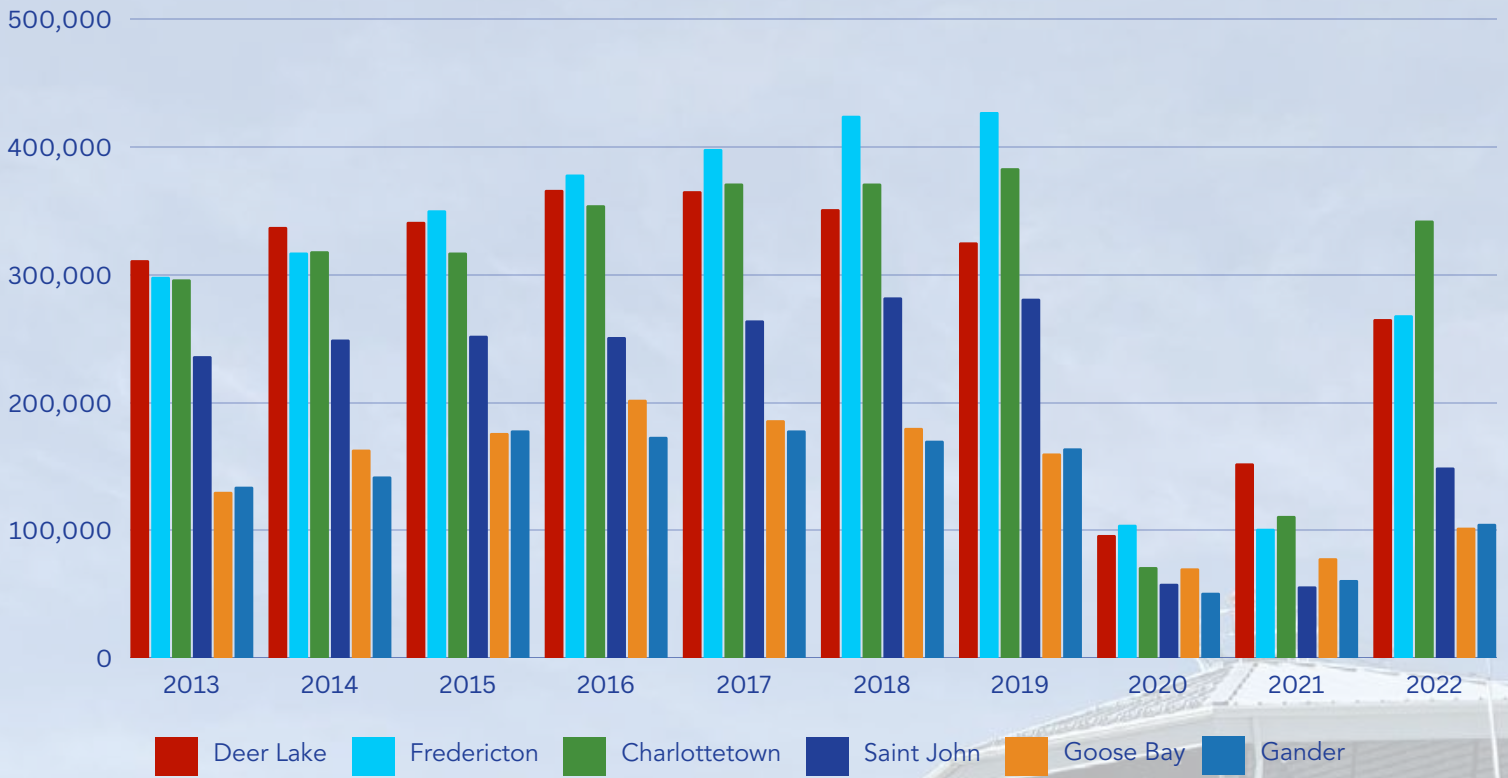
In 2020 we had 30% of 2019 passenger traffic, while 2021 ended the year with just 47%. The support from the Premier and his government couldn't have come at a better time. The funding of \$250,000 allowed us to work with our airline partners to rebuild and recover connectivity and capacity that was crippled by the pandemic.

As a key player in Newfoundland and Labrador's airport system, YDF has provided essential air access with key air routes connecting communities, supporting and building economic activity, facilitating the flow of rotational workers and other business travel, attracting and retaining businesses and talent, ensuring access to medical services and education, and enabling family and leisure travel and the like.

2021-2022's success has reflected our leadership's ability to balance the interests of our passengers, employees, stakeholders and community partners.



PASSENGER TRAFFIC FOR COMPARIBLE AIRPORTS IN THE ATLANTIC REGION



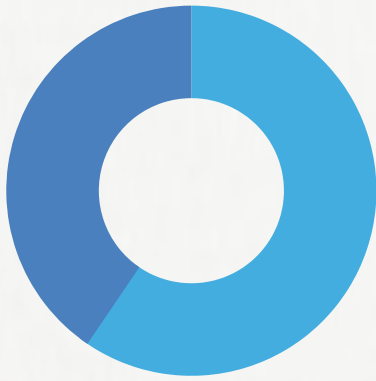
DIVERSIFY BUSINESS REVENUE

Like many small airports across Canada, Deer Lake Regional Airport Authority is a vital piece of the fabric of our region, and we are proud to be an economic spark plug for our area. While the pandemic hit us hard, presenting adversity and challenges, we remained driven to develop a foundation that would support us, not only to recover, but to soar into the future.

DLRAA has a wide range of unique assets throughout the airport campus, both aviation and non-aviation related. By realizing the full potential of our terminal and surrounding campus infrastructure, we can ensure a sustainable future. To further that intent, the DLRAA and its Board of Directors identified opportunities for revenue growth at its Board Retreat in June 2022. The DLRAA and Grenfell Campus of Memorial University also partnered through the Mitacs program to prepare a report that included an environment scan and recommendations for future business opportunities at YDF. The information gathered from both exercises will be used to guide future diversification efforts.

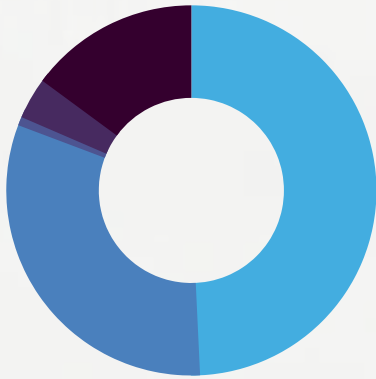
If there is one take away from the Covid-19 pandemic, it is the vital importance of business diversity, leveraging our opportunities and partnerships to identify new ways to remain financially viable.





Revenue by Source

- Aeronautical + Passenger Facilitation Fee
- Non-Aeronautical



Non-Aeronautical Revenue

- Leases & Rent
- Concessions
- Recoverable Services
- Other Income
- Licenses & Fees
- Subsidies



Strategic Goal 2

DELIVERING AN EXCEPTIONAL PASSENGER EXPERIENCE



SENSE OF ARRIVAL



When their plane lands and visitors arrive at Deer Lake Regional Airport, an epic journey is about to begin. Whether it's hiking through Gros Morne National Park - 485 million years in the making, standing where Vikings once settled, or gazing in awe of whales and icebergs, this journey marks a lifetime moment, an unforgettable 'bucket list' experience.

All great adventures have an element of anticipation and when our guests arrive, they are no longer tourists, they become adventurers. From their very first steps off the plane and into the arrivals lounge, visitors are greeted by a collection of visual spaces that set the tone for their individual adventures. Their adventure starts here.

Being a major port of entry into the province of Newfoundland & Labrador, it is important Deer Lake Regional Airport set a welcoming tone from the moment passengers arrive. It is with that in mind that YDF and its partners initiated the YDF Sense of Arrival Program in December of 2021. The purpose of the program was to identify unique, innovative design ideas and elements that could be implemented along any aspect of the visitor journey in our terminal. We wanted to create a powerful sense of arrival, a WOW factor and a strong welcome that reflects the Newfoundland and Labrador tourism brand and creates an emotional connection for our guests.

A positive sense of arrival stimulates a visitor's interest and excites them to want to explore more of our culture, heritage and natural attractions. Every visitor journey is different in Newfoundland and Labrador, from their entry and exit points, to the mode of transportation they use, the services they require, and the attractions and activities they experience along the way. By focusing on efficient wayfinding, friendly service, warm and beautiful surroundings and a strong sense of place, the sense of arrival that visitors feel and their first impressions of the province, communities and operations, will live up to the high emotional expectations that visitors have during their vacations in Newfoundland and Labrador.

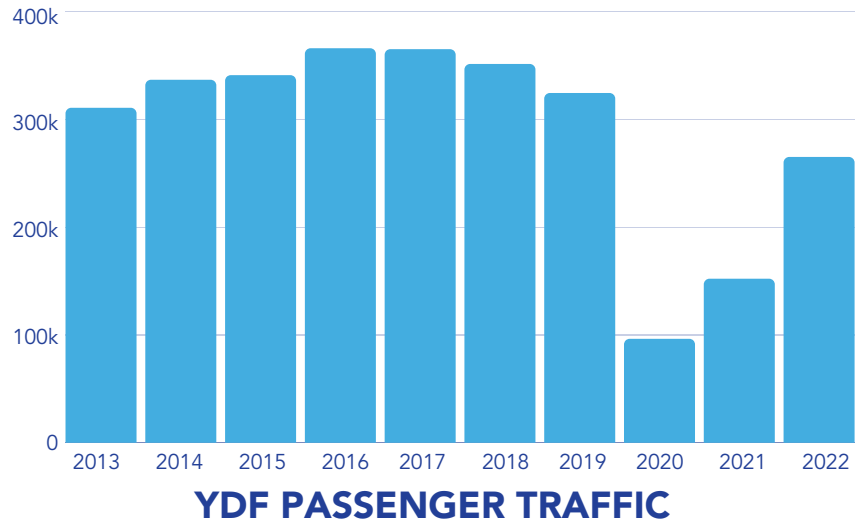
Implementing the SOA design has reflected the NL Tourism Brand and created an emotional connection for the visitor who has been anxiously anticipating their visit post pandemic. So with modern flair, bright colors, unforgettable murals and art unique to our region, the enhanced Sense of Arrival Project really shows travelers that Newfoundland & Labrador's warm welcome starts as soon as you land at YDF.

We want to thank all of the tourism stakeholders who raised the bar when it came to the traveler's Sense of Arrival when entering our province through our airport. Many hours were dedicated to creating the positive feelings we want people to experience as soon as they land in Newfoundland & Labrador, that mystical place they have been dreaming of.



PASSENGER EXPERIENCE PROGRAM

Our organization's values, to be accountable and innovative, to be respectful and safe, to be inclusive and collaborative, are values that guide our decision making, and are incorporated into the heart and soul of our organization. It is in the smiles on the faces of our tenants and employees who lend a helping hand to a traveler, it is in the decision making of our Board of Directors and it's in how we show up in our community. YDF is committed to our pledge to live by these values, providing the best air travel experience possible to our guests.



In 2022, with the pandemic still very much at the forefront of travelers minds, our team worked hard to not only maintain, but enhance our visitors travel experiences. Despite nationwide bumps in services, we strived to ease travelers anxieties through social media, website messaging, terminal communications and fielding passenger questions, alleviating some of the pressures and uncertainties facing our guests. We are thankful to all of our stakeholders for their efforts to make our guests travel experience through YDF as comfortable and seamless as possible. By offering a first-class travel experience, we create customer loyalty and provide travelers with peace of mind.

Deer Lake Regional Airport had the unique opportunity to participate in the provinces "Come Home 2022" initiative, and offered a warm "Newfoundland & Labrador Welcome" to all guests travelling through the terminal. DLRAA was thrilled to host 6 events over the summer, where in true Newfoundland & Labrador fashion we were proud to welcome 232,023 guests with sights, smells and tastes from our beautiful province. We proudly hosted Parka the Beaver, mascot for Parks Canada, and Maggie, the Newfoundland Dog. Tasty, locally made treats were gifted to our guests. From homemade sugar cookies, to Boomstick Brewery and Rough Water Brewery samples, to Purity Syrup tasting guests had the opportunity to sample the tastes of our region and province. Traditional Newfoundland music played live by local musicians greeted our long anticipated guests. Accordion, guitar and Mi'kmaq drumming created the perfect atmosphere for families and friends as they embraced and welcomed each other home. More experiences unique to DLRAA included our very own "Kiss the Cod" photo booth station, and our YDF Flybrary where donated books found new homes and new adventures with guests. Craft Beer was also added to our tenant restaurants' menu.

While all of this led to an exciting passenger experience for our guests, the Authority is working on developing an exciting new Passenger Experience Program for implementation in late 2023.



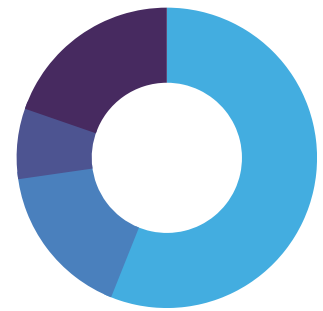


IMPLEMENTING GUEST SURVEY FINDINGS

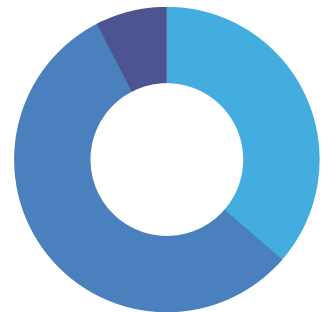
In 2021 we completed our first ever Passenger Experience Survey and received excellent feedback on the services we provide. Additional feedback after the launch of our Sense of Arrival Program indicated YDF guests were thrilled with the intimate, emotional charge they feel when they walk into our terminal. It echoes the experiences they have had with our people, places and culture throughout Newfoundland and Labrador. The enhanced welcome lives up to the high emotional expectations that visitors have when they plan their visits to our region.

While we work on the next phase of the Passenger Experience Program, our organization has remained in tune with the demands of our travelling guests. When travel restrictions were lifted and new challenges arose, our employees worked tirelessly to anticipate our passengers' needs, fielding questions, offering support, and easing travel anxiety for our guests whenever possible. A simple, but invaluable example of this was when passenger traffic peaked and the industry was struggling to keep up, the Authority purchased child car seats for use by the traveling public for free. While we couldn't resolve staffing issues facing the industry nationwide, we could alleviate that worry for guests, insuring safe transportation beyond our own facilities for even our littlest travelers.

As we eagerly anticipate implementing the Passenger Experience Program in late 2023, DLRAA continues to monitor our guests visits and suggestions, realizing their needs and offering the best services possible.



Guest Visit Frequency
in 2021

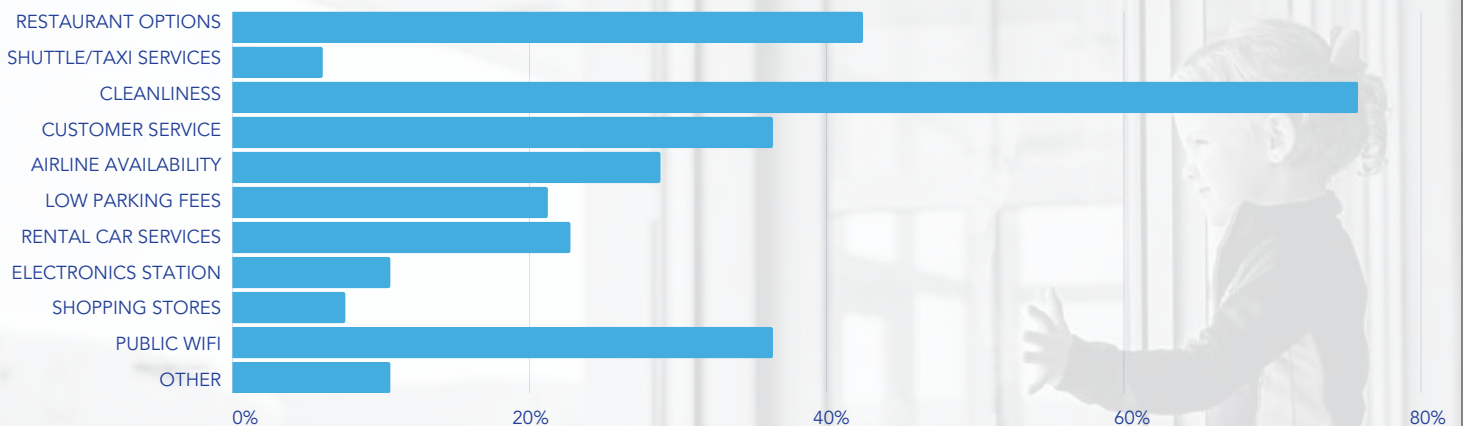


Guest Travel Purpose
in 2021



Important Services for Guests

in 2021



Strategic Goal 3

EXPANDING PARTNERSHIPS



MAXIMIZING PROVINCIAL PARTNERSHIPS

In today's competitive landscape, the importance of partnerships and collaborations is paramount to growth and sustainability. Through our executive leadership team's ability to establish and maintain meaningful relationships with our partners, our organization aims to boost business opportunities, reduce costs and access new markets.

This was the focus of 2021-2022 as we overcame the pandemic recession. To foster these partnerships, YDF held numerous events within the terminal, the Town of Deer Lake and outlying communities in our region. Our leaders also hosted multiple meet-and-greets with key airline partners and those in the tourism industry, promoting our region and new destinations.

DLRAA partnered with 2 new airlines in the summer of 2022, Flair & Swoop, and nurtured partnerships with our existing anchor airlines year round. Taking advantage of the unique, seasonal experiences our province has to offer, we partnered with Marble Mountain, Marble Inn and PAL Airlines, supporting a March Winter Getaway from Halifax to Deer Lake.

Key provincial government partners include the Department of Tourism, Culture, Arts & Recreation and the Department of Industry, Energy & Technology. Our provinces support proved integral to our Air Service Development Strategy, our Sense of Arrival Program, and more importantly, our post-pandemic recovery.



Go Western, Hospitality NL, Experience Qalipu, the Viking Trail Tourism Association, the Department of Tourism, Culture, Arts & Recreation, Tourism Southwest, Atlantic Canada Opportunities Agency, and each and every one of our tourism partners played a fundamental role in DLRAA's success in 2021-2022.

These significant partnerships supported our organizations goals and vision. They enabled DLRAA to refocus available financial resources towards airport operations and offering our passengers a safe travel experience, while also providing the air connectivity that is vital to our region's economic recovery.

In collaboration with Experience Qalipu, DLRAA had the opportunity to showcase indigenous art, titled "The Spirit of the Moose (Tie'm)" by artist Marcus Gosse. Further enhancements include new 'Welcome' signs that greet our guests as they arrive. YDF also showcases local indigenous tour offerings, experiences and indigenous flags along our groundside traffic lanes.



GROUND TRANSPORTATION

Part of offering a first-class travel experience for our guests encompasses the ground transportation service available at our facility. From readily available bookings, to pristine vehicles, to highly professional drivers, we want to preface the hospitality of Newfoundland & Labrador from curb to aircraft. Therefore, we developed a Ground Transportation Strategy to create opportunities for local business, monitor professionalism and promote vehicle accessibility.

DLRAA offered support to our Rental Car Agencies when nationwide fleet shortages made for difficult bookings. And a new partnership with Turo, the world's largest ride-sharing marketplace, helped fill in the gaps that our ground service providers were unable to facilitate.

The Passenger Experience Survey conducted in 2021 revealed that only 36% of those who participated have availed of our ground transportation services in that year. We want to expand that percentage, making ground transportation more accessible to our visitors. So, in 2022, we heavily promoted our primary Taxi company, encouraged shuttle services, and introduced our first licensed, luxury transportation provider. These endeavors sparked the implementation of YDF's new Commercial Ground Transportation Program, making chartered shuttles more easily accessible to our explorers.

An enhanced roadway project in front of our terminal began in late 2022, to be completed in 2023, and promises pleasant, simple and safe access to our terminal.

36%



of surveyed guests reported using a ground transportation service at YDF in 2021.





Strategic Goal 4

STRENGTHENING OUR ORGANIZATION

EMPLOYEE DEVELOPMENT & ENGAGEMENT

At YDF, our people are our greatest asset. That is why we are committed to the development of our team members. By supporting their professional and personal development, we cultivate a healthy team ecosystem that encourages one another to achieve their full potential.

The pandemic presented numerous challenges for our team at YDF. Whether having to do more with less, responding to ever-changing flight schedules, adapting the terminal to ever-changing health restrictions, or caring for infrastructure and equipment that had to be extended beyond a typical lifespan, our staff were able to pull it together, find solutions and overcome each hurdle along the way. Like a well-oiled machine, each team member played an important part in successfully running an airport during an unprecedented time.

Beyond managing the typical challenges that an airport may face in economic uncertainty, staff got extra creative in order to help out and add value to our community. Team YDF pulled together often and did whatever was necessary to keep the airport running safely, securely, and successfully.

Effectual YDF leaders require extensive training, development, and skills to constructively lead their team, and ultimately our organization, to success. To accomplish this and give our leaders the necessary tools they need, we implemented a new leadership model which included four (4) Airport Technician Team Leads.

Our new team leads completed a robust program provided by Avail Training Solutions. The Connections Leadership Program included understanding DiSC behaviors, and focused on 4 cornerstones of effective leadership.

As a result of this valuable training, our team leaders expanded their knowledge and skills conducive to providing guidance to their teams, both productively and respectfully. Through efforts such as these, YDF members are better aligned with our strategic priority to develop high performing employees.

YDF TEAM LEADS



LEADERSHIP CORNERSTONES:

- ▶ Leading Yourself and Others
- ▶ Building Relationships
- ▶ Managing Performance
- ▶ Influencing Organizational Effectiveness



105

certificates of training
awarded to employees



17

individual training
programs provided by
external agencies



98k

cost of training
programs from external
agencies



77%

of training costs
funded by NL
Government LaMPSS



1370

hours spent by staff
completing training

Employee engagement has been a priority for our organization. The foundation of a successful organization is built on good employee relations. This allows us to maintain a healthy work culture, reduce staff turnover and increase productivity.

In order to reach that goal, DLRAA implemented a new Employee Engagement Program. This included focus groups and a survey to fully grasp the needs and concerns of our people. To keep that line of communication open, daily our management team encourages open dialogue and frequent informal discussions around our employees' experiences, suggestions, and concerns.

As part of YDF's continuous learning culture, we offer regular online and/or instructor-led training opportunities to all employees. Our executive leaders created and implemented an Employee Development Plan that included DLRAA first ever Employee Handbook.

Further improvements to employee accountability and growth consisted of a new Training Matrix, Orientation Program, Online Employee Portal, Safe Operating Procedures and an extensive Policy & Procedure Manual.

To keep staff engaged in YDF's safety culture and continual learning, enhancements to our current safety program were introduced in 2021-2022. Our team is more engaged than ever. Frequent discussions and meetings take place to ensure we keep safety top-of-mind, and our employees are knowledgeable of our current safety rules and practices.

The management team continued to strive for an improved operational culture around safety by implementing enhancements to training and assessments, documentation, incident analysis, emergency preparedness, risk management and increased OHS Committee activity.

Our Airport Rescue Firefighters completed their annual recertification in October of 2022. The ARFF Live Fire Recertification Training reinforces our technicians' ability to quickly control aircraft fires, which is essential to maintaining safe services to all incoming/outgoing passengers and aircraft.

In May of 2022, DLRAA promoted activities in support of North America Occupational Safety & Health Week

EMPLOYEE ENGAGEMENT SURVEY FINDINGS



85%

of employees participated in the survey



88%

of employees experience positive morale at YDF





(NAOSH). One of the most important aspects of NAOSH Week is awareness. Every YDF tenant and staff member was encouraged to participate and educate during this week of activity, focusing on the importance of preventing injury and illness in the workplace, at home and in the community. DLRAA hosted an event each day to keep safety at the forefront and awarded multiple safety related prizes throughout. NAOSH week activities included:

Tenant Workspace Cleanup

Good housekeeping is important to maintaining a safe workplace. Tenants were encouraged to inspect their workspace and offices, tidying and removing any hazards.

YDF FOD Walk

Team YDF was invited to participate in our first ever FOD (foreign object debris) walk on our apron and runway, collecting any loose debris that had collected over the winter.

Fire Extinguisher Training

Ground and Refueling service providers had the opportunity to learn and put into practice this valuable skill.

DLRAA Facility Inspection

Our Managers and Maintenance Technicians completed a thorough inspection of our facilities, sharing suggestions and concern with fellow tenants and staff.

With the assistance of the Loomex Group, we completed a week of emergency response training, culminating in a full-scale live emergency response exercise. On-Scene Controller training was provided to eleven participants who may be called up to act as a field incident commander in the event of an emergency at YDF.

In addition, 5 key members who would be responsible for staffing the Emergency Coordination Center (ECC) received training on topics including ECC organization, Emergency management, risk management, communications and logistics. Following the training, we partnered with local emergency response agencies to complete a live emergency exercise to test our coordinated response to a major aviation incident.

While the training and exercise were very successful, consultations were held with all involved resulting in a number of opportunities for improvements being identified. These actions were incorporated into an after action plan and implementation started immediately and will continue through 2023.





TENANT ENGAGEMENT

Our airport campus tenants are important members of Team YDF. During a time of uncertainty, Team YDF consistently demonstrated tenacity, resilience, flexibility and courage. These qualities are not always easy to embody during stressful times, but the staff at YDF were committed to success, and it showed. From operations to the fire hall, administration to maintenance, environment to security, airlines to cleaners, to the trades and many, many more, all members of the airport family worked tirelessly and collaboratively throughout the year.

To establish and maintain our valuable relationships with Team YDF organizations and members, we introduced the High Flyer Award Program. The monthly nominations provided our work community the opportunity to acknowledge and celebrate the hard work of our peers, appreciating those on our team who go the extra mile to provide a first-class service to our travelers. Without a doubt this program established and strengthened relationships within our organization and 181 awards were presented in 2022.

Recognizing the success of our entire work community is important for everyone at Team YDF. That is why, in September of 2022, the Airport Authority ended off a truly successful, post-pandemic comeback with DLRAA's first ever Team YDF Appreciation Day. Everyone enjoyed much deserved gifts, treats, music and fanfare.

DLRAA intends to continue its proactive approach to engagement within our airport campus and looks forward to celebrating more successes together in the near future.



“YDF is very special to me because it is here that I began my journey as a Canadian immigrant. I fell in love with the culture and values, people are very friendly, kind and polite, which means a lot to me because it reminds me of what a family is like.

- Sherwin C.



“As the first Filipino family to work at YDF, we have adjusted very quickly because everyone is so friendly! We get to meet people from everywhere & from all walks of life. We are lucky to be a part of team YDF!

- Lera G.

“I enjoy working at YDF ... working with professionals who keep safety at the forefront. Each different group of workers come together to service the aviation industry to their fullest potential.

- Alonzo F.



“I love to witness the excitement of passengers coming "home"... or visitors discovering the beauty of our province!

- Nina S.

“I love watching family & friends reunite, seeing the excitement on the faces of the tourists and hearing about their adventures when they return!

- Tammy L.



“28 years of working at YDF has been so fulfilling, I absolutely love my job. I have met many people and formed many friendships over the past years and I can't imagine not working here.

- Debbie C.

“I love working at YDF because this is my very first job! Every airport employee has never shown me any discourtesy or inequality, proving that Newfies, especially YDF employees, are the most heartwarming people in the world!

- Nathan G.



ORGANIZATION REBRAND

A major component of 2021-2022 was implementing YDF's new brand image. We revitalized our brand for a more modern look and feel. In December of 2021 we proudly unveiled YDF's new look.

Our new brand was developed with the region in mind and imitates the uplifting energy we strive to create when welcoming our travelers. It reflects the natural and unique beauty of Western Newfoundland & Labrador, where its people are known for their kindness. Our new logo is inspired by nature and growth, and can be interpreted as a flight path, a whale tail and is reminiscent of plant seeds, representing how we plant a little piece of ourselves everywhere we visit.

We are so fortunate and grateful for the hard work and tireless effort of those who came before us and their devotion to this organization. And as we broaden our horizons, may we never forget where it all started.



FOSTERING COMMUNITY PARTNERSHIPS

Since taking the helm in 2020, airport President and CEO Tammy Priddle has passionately promoted the importance of communication and community partnership. With a mutual commitment to fostering economic prosperity, it's important that our community and Deer Lake Regional Airport follow a coordinated growth plan. Having a shared roadmap for the future ensures both the airport and the region are on the same page as we work toward mutually beneficial goals.

To promote partnerships, each year YDF strives to support local businesses, and 2021-2022 was no exception, with numerous community sponsorships taking place. Come Home Year 2022 was a unique opportunity for YDF to welcome travelers home in an authentic Newfoundland manner. We joined forces with community artists, musicians, bakeries, breweries, and so many more, to offer tastes and sounds unique to our region.

Further to supporting local business, we made every effort to source and purchase operational items locally. In December 2021, DLRAA partnered with Corner Brook based Sprout Marketing and J. Osmond Design to revive our organization's logo, signage and online presence. We're proud to support businesses in our community, small and large.

From projects like land development on our property, to emergency response training, our leaders appreciate the importance of cooperation with our community. Clear communication and mutual recognition of both entities' current needs and future plans are vital to supporting each other and achieving success as a region.

YDF is also committed to supporting community initiatives in whatever capacity possible. As a team, Deer Lake Regional Airport exceeded our expectations with overwhelming support in 2022. In past years, the Covid-19 pandemic posed many challenges for us when supporting our community, both physically and financially. Despite these challenges, YDF found creative ways to support organizations that didn't burden our already tight budget.

YDF is nestled in a close-knit community that has a long history of generosity, kindness and compassion. Whether it be sickness, hunger, natural disasters or war, Team YDF jumped to every occasion to show their support. We eagerly hosted many events, educational tours and initiatives that had far reaching effects. The results of such support have been richly rewarding. Participating in local initiatives enabled us to deepen relationships within community organizations, and volunteering as a team increased morale. We have always encouraged our staff and tenants to get involved with our community, and we could not be prouder of what Team YDF was able to accomplish in 2022. Whether fundraising, supporting local groups, mentoring, or volunteering, Team YDF has proven that we care and are an intrinsic part of our community.

The airport is a hub that brings people together and provides a gateway to opportunity. It's also the first place many visitors see when they arrive in Western Newfoundland & Labrador, which is why it's so important that our airport successfully represent, and collaborate, with our community.

We are committed to working together to ensure the community's interests are well served and to contribute to the long-term prosperity of our town and region.

2021-2022 Community Partnerships





PART 4

BOARD GOVERNANCE



WILLIAM GRIFFIN
Director
City of Corner Brook
2021-2025

DEVON GOULDING
Vice Chair
Town of Deer Lake
2021-2025

BARBARA CAINES
Treasurer
Town of Deer Lake
2021-2025

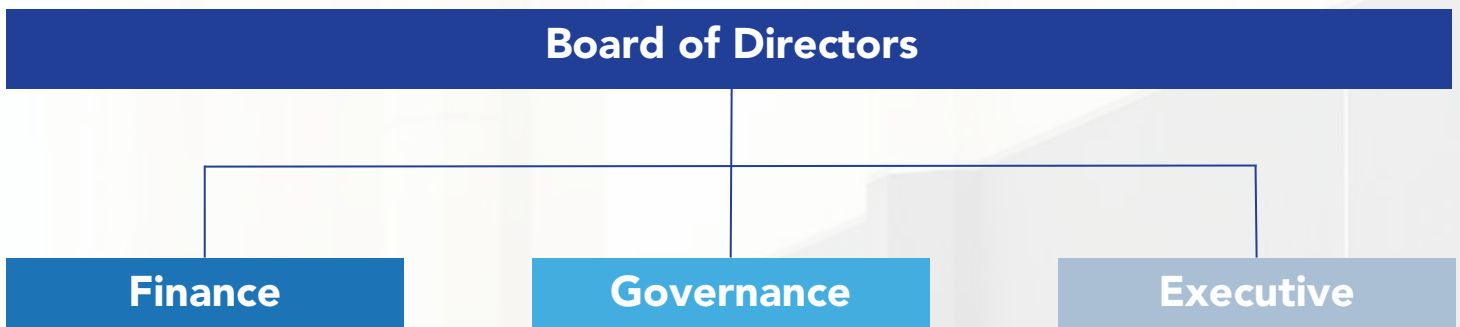
STELMAN FLYNN
Chair
Province of NL
2018-2022

SHELDON PEDDLE
Secretary
*Greater Corner
Brook Board
of Trade*
2020-2024

GLEN SEABORN
Director
City of Corner Brook
2021-2025

*Not pictured - GARY BISHOP, Director, Greater Humber Joint Council 2019-2023

BOARD STRUCTURE



BOARD DIRECTORS' RESPONSIBILITIES

Stewardship

Facilitate guiding principles of vision, mission, core values, key success drivers and goals.

Steward the Three-Year Strategic Plan.
Apply best practices for regional airports and ensure the DLRAA maintains financial viability.

Maintain an ethical corporate culture.
Participate in the strategic planning process which considers business opportunities and risks.

Implement risk management systems.
Oversee internal controls and govern information systems.

Develop succession plans for leadership personnel.

Conflict of Interest

Disclose all conflicts of interests upon apportionment to the Board.

Divulge any personal information which may materially or detrimentally conflict with the interests of DLRAA, including that which may give rise to the appearance of conflict of interest.

Employ impartiality, neutrality, fairness and integrity.

Stakeholder Relations

Foster strong relationships with stakeholders and the community through effective engagement.

Ensure DLRAA maintains and enhances its reputation in the region.

Create synergies with regional hubs in Atlantic Canada to generate local benefits.

Develop, encourage and sustain positive relationships between DLRAA, Municipalities, Tourism and Economic Development entities.

Code of Conduct

Encourage and maintain an ethical corporate culture of safety, respect, collaboration, inclusion, innovation and accountability.

Employ DLRAA's values at all time when engaging with airport employees, stakeholders, landowners, suppliers, governments, regulators, indigenous communities, customers and the general public.

Maintain confidentiality of all DLRAA information and records.



**DEER LAKE
CYDF**

Profly
1+1

WJ

318

PART 5

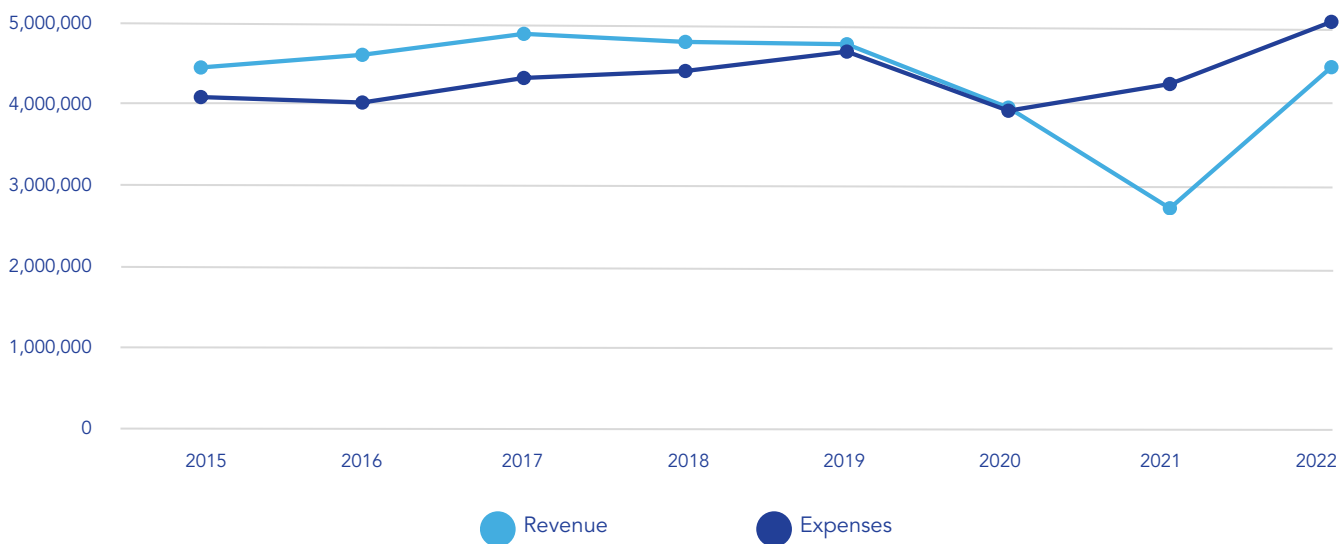
2021 | 2022 FINANCIALS



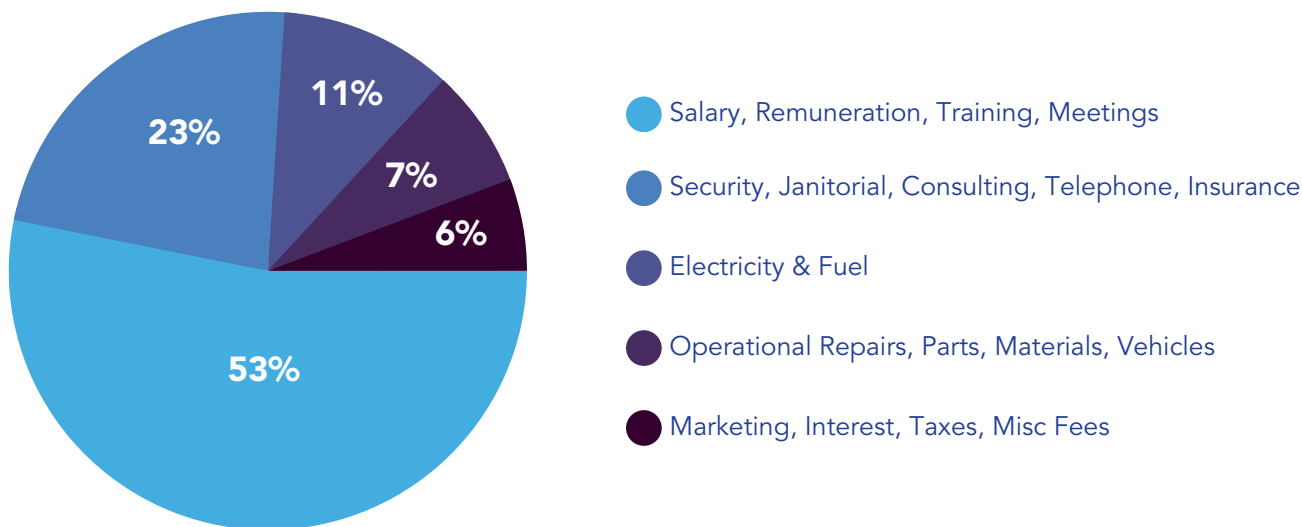
FINANCIAL OVERVIEW

2021-2022 was an exciting, albeit cautious year for Deer Lake Regional Airport Authority. Higher than predicted air travel demands resulted in passenger traffic levels that exceeded 2019 for 2 months of the year. Revenue was 62% more than 2021 and we ended the year with a deficit of \$523,101.80, which was attributable to increased operating costs. Overall, the past year proved more successfully than we could have predicted post pandemic, and we are excited to see what 2022-2023 has in store.

REVENUE VS EXPENSES



2021-2022 EXPENSE OVERVIEW



INDEPENDANT AUDITOR FINANCIAL STATEMENTS



Thank You



Deer Lake Regional Airport Authority Inc
1 Airport Road; Suite 1
Deer Lake, NL
A8A 1A3
709-635-3601

An immense Thank You to our Board of Directors, employees of the Airport Authority and our tenants. Your dedication and efforts to ensure the continued provision of high quality and safe air travel at our airport will forever be appreciated. A special thanks to Cameron Soucy, your photography has captured YDFs milestones in breathtaking imagery, and we're proud to show it off throughout this report.

Thank You to our partners for their continued support and collaboration. Our collective efforts promise a bright future for Western Newfoundland & Labrador.

And finally, Thank You to our passengers. Your loyalty and support surpass our expectations every day and we are so excited that your adventure starts here.

Brian N. Hillier, C.A.
P. O. Box 783
Carner Brook, NL
A2H 6G7

Dear Sir:

This representation letter is provided in connection with your audit of the financial statements of The Deer Lake Regional Airport Authority Inc. for the year ended November 30, 2022 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with legislation and Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

I confirm that (to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves):

Financial Statements

- (1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated today's date for the preparation of the financial statements in accordance with Canadian generally accepted accounting principles; in particular, the financial statements are fairly presented in accordance therewith.
- (2) Significant assumption used by us in making accounting estimates, including those measured at fair value, are reasonable.
- (3) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian generally accepted accounting principles.
- (4) All events subsequent to the date of the financial statements and for which Canadian generally accepted accounting principles require adjustment or disclosure have been adjusted or disclosed.
- (5) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. There are no uncorrected misstatements of which we are aware.

Information Provided

We have provided you with:

- (1) Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- (2) Additional information that you have requested from us for the purpose of the audit; and
- (3) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

All transactions have been recorded in the accounting records and reflected in the financial statements.

We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:

- (1) Management;
- (2) Employees who have significant roles in internal control; or
- (3) Others where the fraud could have a material effect on the financial statements.

We have disclosed to you all information in relation to allegations of fraud, suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

Yours very truly,



for The Deer Lake Regional Airport
Authority Inc.

03-22-2023
(Date)

THE DEER LAKE REGIONAL AIRPORT AUTHORITY INC.

FINANCIAL STATEMENTS

November 30, 2022

THE DEER LAKE REGIONAL AIRPORT AUTHORITY INC.
FINANCIAL STATEMENTS
November 30, 2022

TABLE OF CONTENTS

| | <u>Page</u> |
|------------------------------------|-------------|
| INDEPENDENT AUDITOR'S REPORT | 1 |
| STATEMENT OF FINANCIAL POSITION | 4 |
| STATEMENT OF CHANGES IN NET ASSETS | 5 |
| STATEMENT OF OPERATIONS | 6 |
| STATEMENT OF CASH FLOWS | 7 |
| NOTES TO FINANCIAL STATEMENTS | 8 |
| SCHEDULE OF EXPENSES | 15 |

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Deer Lake Regional Airport Authority Inc.

I have audited the financial statements of the The Deer Lake Regional Airport Authority Inc., which comprise the statement of financial position as at November 30, 2022, and the statements of operations, changes in net assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the entity as at November 30, 2022, and its financial performance and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

Basis for Opinion

I conducted our 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 Consolidated Financial Statements* section of our report. I am independent of the entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled our other ethical responsibilities in accordance with these requirements. We 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 Public Sector Accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

..... Cont'd

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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 the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

..... Cont'd

INDEPENDENT AUDITOR'S REPORT (Cont'd)

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

CORNER BROOK,
NEWFOUNDLAND LABRADOR

CHARTERED PROFESSIONAL ACCOUNTANT

THE DEER LAKE REGIONAL AIRPORT AUTHORITY INC.
STATEMENT OF FINANCIAL POSITION
November 30, 2021 and 2022

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|-------------------|
| <u>ASSETS</u> | | |
| <u>CURRENT</u> | | |
| Cash | \$ 8,038,576 | 7,759,893 |
| Accounts receivable (Note 3) | 774,479 | 465,371 |
| Prepaid expenses | <u>104,089</u> | <u>104,932</u> |
| | 8,917,144 | 8,330,196 |
| <u>PROPERTY AND EQUIPMENT</u> (Note 4) | <u>24,804,072</u> | <u>25,773,360</u> |
| | <u>\$ 33,721,216</u> | <u>34,103,556</u> |
| <u>LIABILITIES</u> | | |
| <u>CURRENT</u> | | |
| Accounts payable (Note 5) | \$ 1,141,354 | 832,732 |
| Current portion of long-term debt (Note 6) | <u>894,339</u> | <u>770,096</u> |
| | 2,035,693 | 1,602,828 |
| <u>LONG-TERM DEBT</u> (Notes 6) | 1,963,473 | 2,932,233 |
| <u>INTEREST RATE SWAP</u> (Note 6) | 29,894 | 259,194 |
| <u>SEVERANCE LIABILITY</u> (Note 7) | 208,124 | 230,103 |
| <u>PENSION LIABILITY</u> (Note 8) | <u>--</u> | <u>--</u> |
| | <u>4,237,184</u> | <u>5,024,358</u> |
| <u>DEFERRED REVENUE</u> | | |
| <u>DEFERRED REVENUE</u> (Note 9) | <u>23,566,388</u> | <u>23,544,327</u> |
| <u>NET ASSETS</u> | | |
| <u>NET ASSETS</u> | <u>5,917,644</u> | <u>5,534,871</u> |
| | <u>\$ 33,721,216</u> | <u>34,103,556</u> |

ON BEHALF OF THE AUTHORITY:

 Director
 Director

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

THE DEER LAKE REGIONAL AIRPORT AUTHORITY INC.
STATEMENT OF CHANGES IN NET ASSETS
Year ended November 30, 2021 and 2022

| | <u>2022</u> | <u>2021</u> |
|---|--------------------|------------------|
| <u>BALANCE</u> , beginning of year | \$5,534,871 | 5,350,642 |
| <u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u> | 153,473 | (64,851) |
| <u>GAIN ON INTEREST RATE SWAP (Note 6)</u> | <u>229,300</u> | <u>249,080</u> |
| <u>BALANCE</u> , end of year | <u>\$5,917,644</u> | <u>5,534,871</u> |

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

THE DEER LAKE REGIONAL AIRPORT AUTHORITY INC.
STATEMENT OF OPERATIONS
Year ended November 30, 2021 and 2022

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|--------------------|
| <u>REVENUE</u> | | |
| Aircraft movements | \$ 1,445,323 | 1,104,921 |
| Land and space rent | 1,773,595 | 1,178,185 |
| Concessions | 1,133,879 | 453,686 |
| Recoverable services | 27,000 | 27,000 |
| Licences and fees | 2,120 | 2,120 |
| Other income | <u>130,190</u> | <u>14,902</u> |
| | 4,512,107 | 2,780,814 |
| <u>EXPENSES (Page 15)</u> | <u>5,068,230</u> | <u>4,305,757</u> |
| <u>OPERATING DEFICIT BEFORE SUBSIDIES</u> | <u>(556,123)</u> | <u>(1,524,943)</u> |
| <u>SUBSIDIES</u> | | |
| Operating subsidies | 256,616 | 756,159 |
| Atlantic Canada Opportunities Agency (Note 13) | <u>525,000</u> | <u>775,000</u> |
| | <u>781,616</u> | <u>1,531,159</u> |
| <u>OPERATING SURPLUS</u> | <u>225,493</u> | <u>6,216</u> |
| <u>OTHER INCOME (CHARGES)</u> | | |
| Amortization of deferred contributions (Note 10) | 540,464 | 494,145 |
| Amortization of deferred revenue (Note 11) | 2,177,211 | 2,142,944 |
| Amortization of capital assets | (2,604,481) | (2,489,082) |
| Financing charges | <u>(185,214)</u> | <u>(219,074)</u> |
| | <u>(72,020)</u> | <u>(71,067)</u> |
| <u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</u> | <u>\$ 153,473</u> | <u>(64,851)</u> |

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

THE DEER LAKE REGIONAL AIRPORT AUTHORITY INC.
STATEMENT OF CASH FLOWS
Year ended November 30, 2021 and 2022

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|--------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | |
| Cash collected from customers | \$ 4,202,999 | 2,582,017 |
| Cash paid to suppliers and employees | (4,780,744) | (3,818,319) |
| Interest paid | (185,214) | (219,074) |
| | <u>(762,959)</u> | <u>(1,455,376)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | |
| Purchase of property and equipment | <u>(1,710,193)</u> | <u>(5,112,981)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u> | | |
| Airport improvement fees | -- | 56,284 |
| Passenger facilitation fees (Note 12) | 3,059,736 | 1,505,790 |
| Contribution - Atlantic Canada Opportunities Agency | -- | 3,100,000 |
| Contribution - Transport Canada | 205,000 | 1,905,951 |
| Contribution - operating subsidies | 256,616 | 756,159 |
| Contributions - Province | 75,000 | -- |
| Repayment of long-term borrowings | <u>(844,517)</u> | <u>(786,484)</u> |
| | <u>2,751,835</u> | <u>6,537,700</u> |
| <u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u> | 278,683 | (30,657) |
| <u>CASH AND CASH EQUIVALENTS, beginning of year</u> | <u>7,759,893</u> | <u>7,790,550</u> |
| <u>CASH AND CASH EQUIVALENTS, end of year</u> | <u>\$ 8,038,576</u> | <u>7,759,893</u> |

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

THE DEER LAKE REGIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
November 30, 2021 and 2022

1. NATURE OF OPERATIONS

This organization is a non-profit entity incorporated in January, 1997, to manage, operate and develop the Deer Lake Airport. The organization took over the operation of the Airport from Transport Canada on December 1, 1998. It is governed by the Board of Directors whose members are nominated by various regional stakeholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting Standards for Not-for-Profit Organizations

These financial statements were prepared in accordance with Part III of the *CPA Canada Handbook - Accounting ("Part III")*.

(b) Use of 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 revenue 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.

(c) Cash

The Authority considers deposits in banks, certificates of deposits and short-term investments as cash and cash equivalents.

(d) Property and Equipment

Property and equipment are recorded at cost; amortization is recorded on a straight-line basis over the estimated life of the asset at the rates indicated in Note 6. Property and equipment include only those assets which have been acquired since the Authority took over operations from Transport Canada; property and equipment in existence at the time of transfer have not been recorded in the accounts. The cost of the facility expansion includes capitalized bank interest and fees in the amount of \$363,300.

..... Cont'd

THE DEER LAKE REGIONAL AIRPORT AUTHORITY INC.
 NOTES TO FINANCIAL STATEMENTS
 November 30, 2021 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Pension Plan

The Authority maintains a defined benefit plan and group registered retirement savings plan for its employees. The Authority accounts for pension costs and obligations as explained in Note 10.

(f) Revenue Recognition

Revenue from operations are recognized as revenue as airport facilities are utilized. Contributions for capital projects and revenue raised from the airport improvement fees are accounted for under the deferral method and recognized as income as related assets are amortized. Revenue from passenger facilitation fees are also deferred and recognized for operations as required.

(g) Income Taxes

The Authority is exempt from federal and provincial income tax.

(h) The Authority has shares in Ace Aviation Holdings Inc. with a cost base of \$0 and market value of \$40.

(i) The comparative figures have been modified to confirm to the current year presentation.

3. ACCOUNTS RECEIVABLE

| | <u>2022</u> | <u>2021</u> |
|-------------------|-------------------|----------------|
| Trade receivables | \$ 592,423 | 403,657 |
| Operating subsidy | 163,083 | 32,904 |
| Tax rebate | <u>18,973</u> | <u>28,810</u> |
| | <u>\$ 774,479</u> | <u>465,371</u> |

THE DEER LAKE REGIONAL AIRPORT AUTHORITY INC.
 NOTES TO FINANCIAL STATEMENTS
 November 30, 2021 and 2022

4. PROPERTY AND EQUIPMENT

| | 2022 | | |
|-----------------------|---------------------|-------------------------------------|---------------------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net Book Value</u> |
| Buildings - 4% | \$14,513,922 | 8,765,908 | 5,748,014 |
| Equipment - 4% - 10% | 13,433,168 | 8,687,060 | 4,746,108 |
| Land development - 4% | 21,310,028 | 8,755,914 | 12,554,114 |
| Motor vehicles - 25% | 315,784 | 293,608 | 22,176 |
| Utility upgrade - 4% | 2,594,477 | 877,079 | 1,717,398 |
| Artwork - 4% | 32,525 | 16,263 | 16,262 |
| | <u>\$52,199,904</u> | <u>27,395,832</u> | <u>24,804,072</u> |
| | | | |
| | 2021 | | |
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net Book Value</u> |
| Buildings - 4% | \$14,513,922 | 8,185,351 | 6,328,571 |
| Equipment - 4% - 10% | 12,145,036 | 7,644,430 | 4,500,606 |
| Land development - 4% | 21,276,401 | 7,904,274 | 13,372,127 |
| Motor vehicles - 25% | 315,784 | 262,766 | 53,018 |
| Utility upgrade - 4% | 2,281,043 | 779,568 | 1,501,475 |
| Artwork - 4% | 32,525 | 14,962 | 17,563 |
| | <u>\$50,564,711</u> | <u>24,791,351</u> | <u>25,773,360</u> |

These assets have been pledged as security for long-term debt as identified in Note 6

The Authority also has a number of assets, including building and equipment, which were acquired when the facility and operations were taken over from Transport Canada but are not recorded in the accounts.

5. ACCOUNTS PAYABLE

| | 2022 | 2021 |
|----------------------------|--------------------|----------------|
| Trade payables - operating | \$ 948,612 | 641,648 |
| Security deposits | 53,822 | 53,822 |
| Government liabilities | 64,962 | 70,291 |
| Customer deposits | <u>73,958</u> | <u>66,971</u> |
| | <u>\$1,141,354</u> | <u>832,732</u> |

THE DEER LAKE REGIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
November 30, 2021 and 2022

6. LONG-TERM DEBT

| | <u>2022</u> | <u>2021</u> |
|---|--------------------|------------------|
| Canadian Imperial Bank of Commerce financing, secured by a debenture with a fixed and floating charge over business assets, repayable over fifteen years at blended monthly installments of \$87,199; the loan bearing interest at the bankers acceptance rate plus 1 1/4% has been swapped out at 6.2% | \$2,857,812 | 3,702,329 |
| | <u>894,339</u> | <u>770,096</u> |
| Less: Current portion | <u>\$1,963,473</u> | <u>2,932,233</u> |

The Authority was compliant with the required covenants.

Principal debt repayments due over the next three years are estimated as follows:

| | |
|------|------------|
| 2023 | \$ 894,339 |
| 2024 | 951,390 |
| 2025 | 1,012,083 |

The term financing with CIBC noted above includes an interest rate swap which has resulted in potential excess costs to the Authority.

| | <u>2022</u> | <u>2021</u> |
|------------------------|---------------------|------------------|
| Swap liability | \$ 29,894 | 259,194 |
| Prior year | <u>259,194</u> | <u>508,274</u> |
| Change from prior year | <u>\$ (229,300)</u> | <u>(249,080)</u> |

7. SEVERANCE LIABILITY

The Authority has established a severance benefit for employees which entitles the employee to a specific payment upon termination provided the employee meets the conditions of the plan. During the year the Authority accrued the total benefits earned in the current year. Payment of severance benefits are charged to the liability. The accrual consists of:

| | <u>2022</u> | <u>2021</u> |
|--------------|-------------------|----------------|
| Current year | \$ 25,594 | 15,405 |
| Prior years | <u>182,530</u> | <u>214,698</u> |
| | <u>\$ 208,124</u> | <u>230,103</u> |

THE DEER LAKE REGIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
November 30, 2021 and 2022

8. PENSION PLAN

The Authority established a defined benefit pension plan for permanent members of its staff effective December 1, 1998; effective December 1, 2006, any new employees are not eligible for participation in the defined benefit plan, but are covered under a defined contribution plan.

Defined Benefit Plan

During 2019 the Authority paid out the unfunded pension liability as identified in the actuarial valuation and updated by the plan administrator. As at the last actuarial valuation report dated December 31, 2021, the plan assets of \$4,620,200 exceeded the plan's liabilities of \$4,529,400, resulting in no liabilities and no special funding requirements.

During the fiscal year the employees have contributed \$2,992 and the employer has contributed \$6,097.

Employer contributions are charged to current operations on an annual basis and included in payroll costs. The assets of the pension plan are invested in a diversified fund with a third party administrator.

Actuarial assumptions include:

| | |
|----------------------|-------|
| Interest | 4.75% |
| Increase in earnings | 4% |
| CDI increases | 2.5% |
| Retirement age | 58 |

Defined Contribution Plan

Effective December 1, 2006, any new employees are not eligible for participation in the existing defined benefit plan, but are covered under a defined contribution plan. Accordingly the Authority's obligations are limited to the annual contributions. During the fiscal year the employees have contributed \$136,866 and the employer has contributed \$115,392.

9. DEFERRED REVENUE

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|-------------------|
| Deferred contributions - capital (Note 10) | \$ 7,135,581 | 7,471,045 |
| Deferred revenue - Airport improvement fees (Note 11) | 10,840,281 | 13,017,492 |
| Deferred revenue - Passenger facilitation fees (Note 12) | 4,565,526 | 1,505,790 |
| Deferred revenue - Atlantic Canada Opportunities Agency (Note 13) | <u>1,025,000</u> | <u>1,550,000</u> |
| | <u>\$23,566,388</u> | <u>23,544,327</u> |

THE DEER LAKE REGIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
November 30, 2021 and 2022

10. DEFERRED CONTRIBUTIONS - CAPITAL

Deferred contributions - capital represents contributions used for capital projects to refurbish and replace some of the Authority's capital assets. The deferred contributions are being amortized on a straight-line basis over the estimated life of the related assets. The deferred contributions consist of:

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|------------------|
| Contribution - Canada/Newfoundland Infrastructure Program | \$ 6,000,000 | 6,000,000 |
| Contribution - CATSA | 642,696 | 642,696 |
| Contribution - Transport Canada | <u>6,868,899</u> | <u>6,663,899</u> |
| | 13,511,595 | 13,306,595 |
| Amounts amortized to revenue - current | 540,464 | 494,145 |
| - prior | <u>5,835,550</u> | <u>5,341,405</u> |
| | <u>\$ 7,135,581</u> | <u>7,471,045</u> |

11. AIRPORT IMPROVEMENT FEES

The Authority had entered into an agreement with the Air Transport Association of Canada and carriers operating from the airport which allowed for the collection of an airport improvement fee of \$20 per departing passenger, less an administration fee charged by the carrier. These fees can only be used to fund airport infrastructure projects and associated financing costs. The revenue derived has been deferred and is being recognized as income as the related assets are amortized and debt servicing is paid. The Authority no longer collects airport improvement fees but continues to amortize prior years' collections.

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|-------------------|
| Revenue - prior years | \$37,406,848 | 37,350,564 |
| - current year | <u>--</u> | <u>56,284</u> |
| | 37,406,848 | 37,406,848 |
| Amounts amortized to revenue - current | 2,177,211 | 2,142,944 |
| - prior | <u>24,389,356</u> | <u>22,246,412</u> |
| | <u>\$10,840,281</u> | <u>13,017,492</u> |

12. PASSENGER FACILITATION FEES

The Authority has entered into an agreement with the Air Transport Association of Canada and carriers operating from the airport which allows for the collection of a passenger facilitation fee of \$25 per departing passenger, less an administration fee charged by the carrier. These fees can be used to fund airport operations and improvements. The revenue derived has been deferred and will be recognized as income when required for operating and/or capital purposes.

| | <u>2022</u> | <u>2021</u> |
|-----------------------|--------------------|------------------|
| Revenue - prior years | \$1,505,790 | -- |
| - current year | <u>3,059,736</u> | <u>1,505,790</u> |
| | <u>\$4,565,526</u> | <u>1,505,790</u> |

THE DEER LAKE REGIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
November 30, 2021 and 2022

13. CONTRIBUTION - ATLANTIC CANADA OPPORTUNITIES AGENCY

The Authority received funding under the Agency's Regional Air Transportation Initiative to support operations and recovery; the contribution is being recognized as income over a five year basis, 2020-2024.

| | <u>2022</u> | <u>2021</u> |
|-------------------|--------------------|------------------|
| Amount received | <u>\$3,100,000</u> | <u>3,100,000</u> |
| Recognized - 2020 | 775,000 | 775,000 |
| - 2021 | 775,000 | 775,000 |
| - 2022 | <u>525,000</u> | <u>--</u> |
| | <u>2,075,000</u> | <u>1,550,000</u> |
| Amount deferred | <u>\$1,025,000</u> | <u>1,550,000</u> |

14. FINANCIAL INSTRUMENTS

(a) Credit risk:

The Authority provides credit to its customers in the normal course of its operations; it carries out credit checks on its customers and maintains provisions for credit losses as required.

(b) Fair value

The fair value of cash, temporary investments, accounts receivable and accounts payable is approximately equal to their carrying value.

(c) Interest rate risk:

The Authority's exposure to interest rate risk relates primarily to its CIBC credit facility as described in Notes 8 and 13.

(d) The Authority manages liquidity risk by maintaining adequate cash and available credit facilities.

(e) Pension risk

As with any defined benefit pension plan the ultimate cost to the employer is unknown, because of risks associated with assumption involving life expectancy, rates of return, income levels and retirement age.

THE DEER LAKE AIRPORT AUTHORITY INC.
 SCHEDULE OF EXPENSES
 November 30, 2021 and 2022

| | <u>2022</u> | <u>2021</u> |
|-----------------------------|--------------------|------------------|
| <u>OPERATING</u> | | |
| Wages and benefits | \$2,593,626 | 2,392,984 |
| Security | 503,156 | 422,579 |
| Fuel and petroleum products | 361,905 | 167,130 |
| Parts and materials | 281,593 | 168,920 |
| Cleaning services | 267,196 | 240,238 |
| Electricity | 185,544 | 190,303 |
| Repairs | 82,968 | 73,257 |
| Telephone and internet | 60,150 | 59,635 |
| Travel and training | 52,457 | 39,022 |
| Other services and fees | 46,735 | 43,780 |
| Interest and bank charges | 33,825 | 22,116 |
| Lease | 4,746 | 5,513 |
| Motor vehicle registration | 4,421 | 4,926 |
| Postage and freight | 1,949 | 1,432 |
| | <u>4,480,271</u> | <u>3,831,835</u> |
| <u>ADMINISTRATION</u> | | |
| Marketing | 217,891 | 116,085 |
| Directors' remuneration | 35,450 | 30,717 |
| Vehicle lease | 9,463 | 9,463 |
| Meetings | 2,915 | 310 |
| | <u>265,719</u> | <u>156,575</u> |
| <u>GENERAL</u> | | |
| Insurance | 128,664 | 129,569 |
| Consulting fees | 88,536 | 121,561 |
| Professional fees | 65,040 | 26,217 |
| Municipal taxes | 40,000 | 40,000 |
| | <u>322,240</u> | <u>317,347</u> |
| | <u>\$5,068,230</u> | <u>4,305,757</u> |

