



Annual Report

2008





This the 2008 Gander International Airport Authority Annual Report. We know it's a pretty basic document. That's the intention.

In mid 2008, the airport authority committed itself to carbon neutral operations. In keeping with this commitment, this annual report was designed and printed in-house on recycled paper. By doing so, we can manage the number of copies printed, allowing us to save a metric tonne of greenhouse gases and 6,972 gallons of wastewater which would have been required for commercial printing. Moreover, we saved upwards of \$10,000 in professional design and production costs in these trying economic times.

We are not breaking new ground here. Many Fortune 500 companies have forsaken elaborate annual reports in favor of a basic e-mail or photocopy of finance statements to shareholders.

We appreciate your understanding as we work to keep it simple and, most importantly, keep it green.

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The Gander International Airport Authority (GIAA) is a not-for-profit corporation responsible for the management, operation and development of Gander International Airport under the terms of a 60-year lease agreement signed with Transport Canada on Nov. 1, 2000.

Mission Statement

The Gander International Airport Authority will operate a viable, safe and secure international airport.

Vision

We will, with our partners, provide superior services to the aviation world.

Operational Profile

The airport authority manages an annual budget of \$7 million and employs 39 people. It operates under the auspices of a 13-member board of directors, ten of whom are appointed by various nominating entities and three appointed by the board itself.



Lyndon Lewis (Left) and Lloyd Simmons do preventative maintenance checks on the airport's airside fleet.



In 2008, the airport authority recorded its fifth straight year of profit. This was a significant achievement given that 2008 represented the most trying period in the aviation industry's history. It was a year in which we all grappled with the first truly global recession in 70 years.

**CONSIDERING THAT WE ARE
WEATHERING THE FIRST TRULY
GLOBAL RECESSION IN 70
YEARS, PERFORMANCE HAS
BEEN FAIR.**

As they say, rough seas make for more skilled mariners. Establishing a viable international airport for the benefit of the greater Central Newfoundland community has been at the center of all we have done. It has challenged us at every capacity. It has demanded teamwork. It has forced us to look beyond the traditional. The airport is not there yet, but this journey is the sum of a thousand small steps with all stakeholders marching in unison toward a shared goal.

The next 18 months will be difficult. However, I believe we are well positioned to weather this storm, and, once it subsides, we renew the business of growing our airport.

I won't be revealing sensitive information from our playbook in stating, publicly, that our strategy is to manage costs, focus on customer retention, invest intelligently and focus on our competitive advantages.

We don't know when the recessionary tide will turn or when it will reach its high-water mark. The task before us is to ride out the storm and continue to plan intelligently for every eventuality.

Thanks are due to my colleagues on the Board of Directors, particularly past-Chairperson Donna Rideout, whose term came to close last October. She leaves behind large shoes to fill and a proven track record in guiding CYQX through a trying period.

Most importantly, we offer thanks to our customers. To each and every person from Salvage to St. Alban's, and all points between, we thank you for flying Gander. Your patronage and support are much appreciated.

The Gander International Airport Authority has made what I believe are sound decisions and investments, taken calculated risks and grown its business where the economic environment allowed.

The ongoing effort to put our airport on a fiscally stable footing remains at the heart of what we do. Yes, there is still a chasm between costs and revenues that must be breached. Yes, we are in for a trying year. And, yes, we are, collectively, up for that challenge and prepared to weather the storm.

A handwritten signature in blue ink, appearing to read 'F. Moffitt'.



In my 12 years at the airport, I have certainly borne witness to crisis in the aviation industry.

I can remember looking over an empty runway after the 9-11 tragedy, much like the worried fisherman's widow, and wondering if a plane or passenger would ever return. Some years later, with the onset of the SARS epidemic, I wondered the same thing. Even now, in the midst of a downward economic spiral, the bottom of which has yet been found, the question rears its head again.

The answer? In time, things will improve. We can never underestimate our collective capacity for resilience. Things will be better when we emerge from the other side of this mess, but they will also be different.

2008 held turbulence in the aviation industry not seen in a half century. The International Air Transportation Association called it the worst year ever for airline profitability. It is not hard to see why: a deepening economic recession, the collapse of the banking sector and historic highs for fuel in the first quarter dealt a flurry of blows which left anyone with a stake in the industry deeply bruised.

This was not entirely unforeseen. Since the mid nineties, our Business Plan had acknowledged that the traditional business for which Gander was purposes built, international fuel stops, would undergo a real shift. In 2008 operators of fuel inefficient aircraft – Gander's prime customers – retired planes, cut staff, reduced routes and flying hours. Other succumbed to bankruptcy.

While operating under the darkened cloud of economic challenge, it is important that we not forget that 2008 held many successes as well. On the domestic front, passenger traffic has enjoyed a resurgence, growing 37%. We introduced seasonal scheduled main deck cargo capacity to Europe and planted the seed for something greater in the future. We established the airport as the first Carbon Neutral operation in the Americas, which, in due course, will provide great benefit. We welcomed new customers and grew our share of those traditional fuel stop niches which had room to grow. We took strides toward creating a more vibrant tourism industry in Central Newfoundland.

Regardless of weakened revenue, the airport posted its best operating results ever. This is very much about our efforts to restructure, reduce costs and maintain an austerity program. Early last year, the airport authority undertook a difficult, yet necessary, restructuring of our staff through the negotiation of a new collective agreement. By the fall of 2008, we had completed our cross-training initiative which allows employees to expand their skill sets, multi-task and reduce operational costs. We have tried very much to save where we can save and invest where there is reasonable probability for a return.

**REGARDLESS OF THE
ECONOMIC CONTEXT, THE
AIRPORT POSTED ITS BEST
OPERATING RESULTS EVER.
NEXT YEAR WILL PROVE VERY
DIFFERENT.**

I must acknowledge the hard work of our staff, management board of directors, tenant companies and partners whose commitment, passion for the task at hand and vision have spurred us along. Together, we charge forward into that uncertain

future.

Certainly 2009 holds great uncertainty for the entire aviation industry. We approach this with a mix of realism and cautious optimism. While the challenges, certainly in the short term, are many, the future continues to hold great promise.

A handwritten signature in blue ink, appearing to read "Gary Vey".

The airport authority continues to work to provide a safe and efficient experience for travelers and airlines. The airport authority has made it a priority to foster a culture of “safety and security first.” In 2008, Transport Canada provided a strong endorsement of the airport’s safety and security efforts;

The implementation of the airport’s Safety Management System (SMS) continues. SMS is a comprehensive system that focuses on auditable and measured safety processes that identify hazards and ensure personnel are prepared to prevent incidents proactively.

New protocols and runway lighting infrastructure were implemented that will increase the operational capability of the airport and bolster airside safety.

Capital Works

During 2008, efforts were directed towards fleet renewal and maintenance of airfield surfaces.

\$800,000 was directed towards light duty fleet renewal and upgrading snow clearing equipment.

Given a soft revenue forecast for 2009, the airport authority has deferred the majority of its capital works programs, save for those considered essential, with priority given to those projects which reduce costs or generate revenue.

Operational Staff

Operational staff have completed a cross-training program that would allow the airport

to maintain the same level of customer service and operational readiness with fewer employees. This plan has been approved by Transport Canada’s airside security auditors for compliance. A multi-skilled, versatile workforce is a crucial part of the airport’s strategic operational plans. Moreover, it makes a positive contribution to safety.

Carbon Neutral Commitment

In early 2008, the airport undertook a full-cost accounting of the airport’s annual carbon emissions from heating fuels, employees traveling to and from work, paper usage and more. From that study, the airport authority and its partners began implementing a comprehensive carbon emissions reduction program. The remaining

emissions have been reduced by the purchase of carbon offsets. As a result of this investment, and ongoing reduction practices, the airport became the first Carbon Neutral Airport in the Americas and only the third in the world. The airport has set a goal of reducing its carbon emissions by 33% by 2020.

The authority felt it important to be proactive on this matter because there is a high probability that carbon reductions will become government regulatory policy. Furthermore airlines and the traveling public want the confidence of knowing they are doing business with a vendor who shares their green values.



Firefighters Dean Glover (left) and Kevin Freake at a safety management planning meeting.

The airport engaged an energy engineer that recommended the adoption of renewable next generation energy systems that will reduce emissions and costs.

Gander International Airport is among airports around the world that are signatories to the 2008 Aviation and Environment Summit Declaration, which commits to carbon-neutral growth and a carbon-free future.

Environmental Compliance

The airport implemented an internal audit program to ensure compliance with Federal and Provincial environmental regulations. This audit applies to all operations that may affect the environment such as CFC usage in refrigeration, fuel storage and handling, handling of hazardous goods, emergency response procedures, etc. The authority has

begun conducting ongoing site reviews and inspections of all airport tenant facilities. This is an ongoing program to address environmental and safety concerns, and maintain a dependable record of site infrastructure conditions.

Non-Traditional Revenues

GIAA is updating its Forest Management Plan and has outlined a strategy for a sustainable harvest through the next 10 years, dovetailing into the airport's alternative energy requirements in the future.



Dan Byrne, the Airport Authority's Supervisor of Airfield Maintenance, is an integral part of the team that keeps Gander International Airport humming.

The airport continues to execute its marketing plan with the goal of growing revenues, improving air service and encouraging new international business.

Domestic

Passenger movements grew 37% at Gander in 2008. Performance on Air Canada Jazz has been strong since the introduction of convenient double daily jet operations to Halifax in the summer of 2007. Sunwing Airlines offered a 33% increase in seat capacity to Toronto for the summer season and also weekly spring flights to Punta Cana, Dominican Republic. Both tenant carriers have provided an invaluable service and connectivity for the Central Newfoundland market. The airport maintains ongoing negotiations with carriers, both incumbent and prospective, to further improve flying options at Gander.

Our Fly Gander marketing campaign, which extols the virtues and convenience of flying from your local airport, continued in earnest through a multi-media campaign and community presentations.

The airport also welcomed three charter operators who were contracted to ferry Newfoundland workers to the Alberta oil sands. Unfortunately, these flights were temporarily shelved in 2009 as major Western Canadian oil producers reduced staff.

In 2008, the airport authority took a leadership role in seeding the formation of a Destination Marketing Organization for Central Newfoundland. The Central DMO is a member-driven non-profit marketing organization focused on promoting the region as a multi-season tourism destination. To date,

tourism in Central Newfoundland has been stifled by the lack of a compelling tourism brand, or a focused, private sector-lead marketing organization to ensure front-of-mind awareness with customers. The Central DMO will be the primary marketing arm for tourism in the region, with a mandate to attract new visitors, increase revenue and lengthen stays by strengthening our tourism marketing effort. The airport authority has been the proponent and seed organization for the Central DMO, as well as a corporate sponsor.



Front line professionals like Flight Operations Personnel Tara Poole and Cindy Hodder of Gander Aviation are a vital part of the exemplary service offered at CYQX.

International

With few exceptions, traditional international technical stop traffic at Gander International Airport was soft in 2008. The potent combination of fuel prices in the first two quarters and the larger underlying problem of economic crisis meant many operators cancelled routes, grounded aircraft and otherwise scaled back flying.

In 2008, the airport attracted six new wide-body international customers. Unfortunately, three have since ceased North American operations or fallen into bankruptcy.

Gander lost one of its premier customers, ATA Airlines, to bankruptcy in 2008. ATA had a long-standing 20 year history of patronage at the airport and contributed up to \$200-300,000 annually to airport revenues.

On the corporate aviation side, flying is down almost 30% across North America. The combination of a sluggish US economy and political pressures are cutting down on company's flight hours or eliminating flight departments.

Military

Patronage from military aircraft remains a cornerstone of both the airport and Central Newfoundland community. Including fuel sales, concessions, accommodations, handling and related spending, military aircraft at Gander generate \$25 million in revenue annually to the region. Military movements at Gander bucked a trend in 2008 and showed considerable growth.



The airport's ability to retain this business will depend largely on the continued provision of a high standard of operational service and hospitality, the latter of which we are working to improve with community stakeholders who also derive benefit from military landings.

Boxes of exotic cheese from France are loaded for transshipment to St. Pierre-Miquelon.

The airport and its partners believe the emergence of fresh markets, eventual strengthening of European demand, and pressures on the traditional way of seafood marketing, both from global competition and the availability of product, will continue to drive a trend toward fresh and premium seafood product export to Europe. We continue to work to establish the vital links to this market and foster new opportunities for Newfoundland shippers.

Cargo and Transshipment

In the winter and spring of 2008, the airport authority, in conjunction with the Department of Fisheries and Aquaculture, Kittiwake Economic Development Corporation and Fly Fresh Freight, hosted seasonal weekly flights to Liege, Belgium with Icelandair.

Icelandair also transshipped goods with Air St. Pierre at Gander for delivery to the French colony of St. Pierre-Miquelon. This trade relationship shows great promise and needs to continue to be nourished.

Unfortunately, pressures from a sagging economy meant the flights were not sustained through the fall as expected. Nonetheless, progress was made, particularly from a market development perspective.

Re-establishing scheduled cargo service and positioning Gander as a hub for the export of perishables by air remain core to our strategy.



Royal Air Force Tornados prepare for take off from CYQX.

Economic Impact

The Gander International Airport remains an important economic engine for Central Newfoundland.

The airport sustains 1,200 jobs in the province, with \$107 million in gross domestic product, \$312 million in economic output and \$70 million in wages. That impacts grows when it includes downstream industries that result from the presence of the airport such as suppliers and contractors, as well as employment generated by spending from individuals employed directly or indirectly by the airport. To that end, total economic impacts are 2,382 jobs, \$136 million in wages, \$201 million in GDP and \$536 in economic output.

Employees at the airport and related firms earned, on average, \$61,294 per person year of employment. Moreover, 96% of jobs attributable to airport operations are full-time positions and 98% are permanent jobs.

Ongoing economic activity at the airport contributes \$32 million annually in tax revenue, including \$20.6 million to the federal government, \$10.7 million to the provincial government and \$0.8 million to the municipal government.

An Active Corporate Citizen

The Gander International Airport Authority remained an active philanthropist, contributing to over 30 local non-profit causes from families in need to community festivals and youth sports.

As part of Gander's Golden Anniversary, the airport hosted a special open International Tea Party at the airport's historic international lounge.



Emily Kean enjoys a cookie while listening to The Battycatters perform at the airport's tea party, held in the international lounge to commemorate Gander's Golden Anniversary.



The Airport Authority's Supervisor of Human Resources Tina Slade and Executive Assistant Janice Bath ready gifts for the Christmas Adopt A Family drive.

In 2008, the GIAA posted its best operating results since accepting transfer of the airport from Transport Canada, with revenues of \$6.7 million and a bottom line of \$738,000.

Revenue posted a 5% decrease over 2007 primarily due to decreased activity in the international technical stop market in the last quarter of 2008. However, increased domestic passengers contributed an additional \$240,000 in revenue and offset international performance somewhat.

On the expense side, the airport managed a 3% decrease in operating costs over 2007. Wages declined by 16%. Bad debts increased by \$110,000 due to the bankruptcy of two significant customers of the airport.

Professional fees were reduced dramatically as a result of lower legal costs associated with the town tax appeal.

No provision has been made for a payment in lieu of taxes (municipal taxation) given the favourable court decision in 2008 and the funds set aside by the Authority for past years to accommodate a negotiated tax agreement.

While fuel and electricity costs have risen by 39% since 2003, costs eased somewhat during the latter half of 2008 to create a \$72,000 savings. As part of its carbon neutrality program, the airport hopes to achieve significant energy savings in the coming years through the implementation of green next generation alternative energy sources.

After negotiating a new collective agreement, the airport implemented its employee cross training program. As a result, the airport will recognize annualized savings of \$600,000.

One time restructuring costs of \$1.3 million are comprised of training, early retirement packages and addressing pension impacts related to staff restructuring to achieve the above noted savings.



GIAA staff, from left: Alonzo burry, Keith Elliott and Keith Kean.

With the economy mired in recession, the authority faces challenges for this year and beyond. If current conditions hold, the airport authority may report a loss in 2009.

While the airport's financial results from 2008 are encouraging, it must continue to improve revenues and reduce operating costs in order to finance its pending capital requirements and insulate itself from the sluggish economy. The biggest capital need is the resurfacing of Runway 03/21 and related apron work, which carries an \$8 million price tag, fluctuating based on the price of oil, and will have to be undertaken in the next five years.

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AUDITOR'S REPORT

To The Members
Gander International Airport Authority Inc.

I have audited the balance sheet of Gander International Airport Authority Inc. as at December 31, 2008 and the statements of earnings and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Authority. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2008 and the results of its operations and the changes in its cash flows for the year ended in accordance with Canadian generally accepted accounting principles.



March 31, 2009

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

BALANCE SHEET AS AT DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 376,610	\$ 270,575
Accounts receivable (Note 3)	1,617,837	1,574,911
Inventory of consumable supplies (Note 4)	495,963	382,014
Prepaid expenses	112,688	145,276
	<u>2,603,098</u>	<u>2,372,776</u>
FINANCIAL ASSETS, AVAILABLE FOR SALE (Note 5)	5,000,000	2,463,530
EMPLOYEE FUTURE BENEFITS (Note 10)	340,000	8,000
PROPERTY, PLANT AND EQUIPMENT (Note 6)	9,783,330	10,127,115
	<u>17,726,428</u>	<u>14,971,421</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable (Note 8)	\$ 1,290,828	1,278,797
Deferred revenue	404,640	399,583
Current maturity on long-term debt	3,797	4,088
	<u>1,699,265</u>	<u>1,682,468</u>
LONG-TERM DEBT (Note 9)	3,313	6,630
ACCRUED SEVERANCE PAY	194,630	200,711
TRANSPORT CANADA ADVANCES (Note 11)	852,405	852,405
UNAMORTIZED CAPITAL GRANTS (Note 12)	8,378,931	9,017,429
UNAMORTIZED DEBT FORGIVENESS (Note 13)	572,528	1,088,960
GOVERNMENT OF CANADA CONTRIBUTION AGREEMENT FUNDING	-	192,122
SURPLUS		
SURPLUS	6,025,356	1,930,696
	<u>\$ 17,726,428</u>	<u>\$ 14,971,421</u>

Signed on behalf of the Board,



, Director



, Director

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

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

STATEMENT OF EARNINGS AND SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
REVENUE		
Operating and airport improvement fees (Note 14)	\$ 6,635,458	\$ 6,983,849
Government grants	27,000	25,321
	<hr/> 6,662,458	<hr/> 7,009,170
EXPENSES		
Advertising and promotion	314,466	179,436
Bad debt expense	137,289	21,578
Board remuneration and travel	114,127	61,158
Communications	73,149	68,967
Equipment and vehicle operating	261,457	364,954
Insurance	250,962	301,295
Interest and bank charges	18,684	17,991
Licences and fees	15,428	36,911
Maintenance contracts	191,844	171,814
Materials and supplies	638,603	525,094
Office and administration	62,620	63,958
Payment in lieu of taxes (Note 16)	-	120,000
Professional fees	62,553	173,972
Repairs and maintenance	143,751	145,866
Security contracts	223,864	201,076
Travel and entertainment	79,817	84,193
Utilities	778,767	738,409
Wages and employee benefits	2,637,131	3,140,711
Carbon neutrality	44,907	-
Depreciation, net of grant amortization \$1,154,930 (2007 - \$774,506)	(125,719)	160,501
	<hr/> 5,923,700	<hr/> 6,577,884
EARNINGS BEFORE OTHER ITEMS	738,758	431,286
OTHER ITEMS (Note 15)		
Government of Canada Contribution Agreement Funding	4,675,658	122,263
Restructuring costs	(1,319,756)	(32,718)
	<hr/> 4,094,660	<hr/> 520,831
NET EARNINGS	4,094,660	520,831
SURPLUS BEGINNING	1,930,696	1,409,865
	<hr/>	<hr/>
SURPLUS ENDING	\$ 6,025,356	\$ 1,930,696
	<hr/> <hr/>	<hr/> <hr/>

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

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
CASH WAS PROVIDED BY (USED FOR)		
Operating		
Net earnings	\$ 4,094,660	\$ 520,831
Non-cash items, depreciation, net of grant amortization	(125,719)	160,501
	<u>3,968,941</u>	<u>681,332</u>
Changes in non-cash working capital		
Current assets (Note 17) (124,288)	401,845
Current liabilities (Note 17)	17,088	(107,204)
	<u>3,861,741</u>	<u>975,973</u>
Investing		
(Purchase) Sale of investments	(2,536,470)	150,312
Purchase of property, plant and equipment	(785,425)	(981,906)
Proceeds from sale of property, plant and equipment	100,000	-
Employee future benefit asset	(332,000)	(8,000)
	<u>(3,553,895)</u>	<u>(839,594)</u>
Financing		
Interest on Transport Canada advances	-	(6,740)
Accrued severance pay	(6,081)	32,216
Government of Canada Contribution Agreement Funding	(192,122)	192,122
Repayment of long-term debt	(3,608)	(3,408)
	<u>(201,811)</u>	<u>214,190</u>
INCREASE (DECREASE) IN CASH	<u>106,035</u>	<u>350,569</u>
CASH, BEGINNING	<u>270,575</u>	<u>(79,994)</u>
CASH, ENDING	<u>\$ 376,610</u>	<u>\$ 270,575</u>
CASH CONSISTS OF:		
Cash on hand	\$ 2,000	\$ 3,000
Current account (overdraft) - operating	374,610	267,575
	<u>\$ 376,610</u>	<u>\$ 270,575</u>

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

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2008

1. NATURE OF OPERATIONS

The Gander International Airport Authority Inc. (GIAA) was incorporated as a corporation without share capital by Letters Patent under the Canada Corporations Act and is exempt from income tax.

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

The objectives of the GIAA are:

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority are prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered most significant by the Authority:

(a) Depreciation was provided on property, plant and equipment using the straight line method at the following rates per annum:

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

(b) Property, plant and equipment is recorded at cost.

(c) The inventory of consumable supplies is recorded at the lower of cost and estimated net realizable value. Inventory cost is calculated on the first in first out basis.

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

(e) Unamortized debt forgiveness is being amortized at the same rates as the corresponding property, plant and equipment.

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

(g) Cash consists of cash on hand and balances with bank including authorized overdrafts and recurring operating loans. Cash components included in the cash flow statement is detailed thereon.

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Pension Plan

The Authority has entered into a multi employer contributory defined benefit pension plan for its employees whereby retirement benefits are based on the average earnings of last five years prior to retirement.

The defined benefit pension cost is charged to salaries and benefits as employees render services.

The Authority's policies for accounting for future employee benefits are as follows:

- The cost of pensions earned by employees is actuarially determined using the Projected benefit method based on services. (Which incorporates management's best estimate of future salary levels, other cost escalation, retirement age of employees and other actuarial factors.)*
- For the purposes of calculating expected return on plan assets, the assets are determined at market values adjusted to reflect a 3 year smoothing of investment income.*
- Actuarial gains reduce the next subsequent years employer contributions, actuarial losses must be funded by the employer over a period not exceeding 15 years. Actuarial gains (losses) arise from the difference between actual long-term rate of return on plan assets for a period and expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation.*

(i) Revenue Recognition

- Airport improvement fee revenue is recognized as income in the periods passengers depart from the airport.*
- Landing fees, terminal fees, aviation fuel fees and miscellaneous revenue is recognized as airport facilities are utilized.*
- Rental revenue and concession revenue is recognized over the lives of the respective tenants leases for land, buildings and space.*
- Contributions for capital projects are accounted for under the deferral method. Contributions externally restricted for the purchase of capital assets are reported as advances. Advances are transferred to deferred grants in the year approval is granted by the contributor. Contributions internally restricted for the purchase of capital assets are reported as advances. Advances are transferred to deferred grants in the year capital assets are purchased. Deferred grants are recognized as income at the same rate as related assets are amortized.*

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2008

		<u>2008</u>	<u>2007</u>
2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)			
(j) New Accounting Pronouncements			
International Financial Reporting Standards			
<i>The CICA plans to converge Canadian GAAP with International Financial Reporting Standards (IFRS) over a transition period expected to end in 2011. The impact on the transition to IFRS on the Authority's financial statements has yet to be determined.</i>			
3. ACCOUNTS RECEIVABLE			
Trade		\$ 1,747,418	\$ 1,568,547
Accrued interest		40,130	50,007
Government grants			
Operating		30,000	3,000
		<hr/>	<hr/>
		1,817,548	1,621,554
Allowance for doubtful accounts		199,711	46,643
		<hr/>	<hr/>
		\$ 1,617,837	\$ 1,574,911
		<hr/>	<hr/>
4. INVENTORY			
<i>The carrying amount of inventories carried at other than cost is \$495,963.</i>			
<i>The amount of any write-down recognized as an expense in the period is \$75,163. The amount of reversal of any write-down recognized in the period is \$58,269. The carrying amount of inventory pledged as security for bank indebtedness is \$Nil.</i>			
5. FINANCIAL ASSETS AVAILABLE FOR SALE			
Guaranteed investment certificates		\$ 5,000,000	\$ 2,463,530
		<hr/>	<hr/>
<i>Investments totalling \$5,000,000 (2007 - \$2,463,530) are internally restricted by the Authority for use on capital expenditures. The Board of Directors has discretion to use the funds towards expenditures on amounts other than tangible capital assets.</i>			
6. PROPERTY, PLANT AND EQUIPMENT			
	<u>Cost</u>	<u>Accumulated Depreciation</u>	
Runway	\$ 6,134,596	\$ 1,550,205	\$ 4,584,391
Approach Lighting	1,608,757	371,513	1,237,244
Equipment	1,124,235	471,956	652,279
Vehicles	4,142,132	2,336,111	1,806,021
Software	29,149	20,276	8,873
Leasehold improvements	882,856	226,316	656,540
Roads	976,425	138,443	837,982
	<hr/>	<hr/>	<hr/>
	\$ 14,898,150	\$ 5,114,820	\$ 9,783,330
	<hr/>	<hr/>	<hr/>
			\$ 10,127,115
			<hr/>

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
7. BANK INDEBTEDNESS		
<i>GIAA has an operating line of credit of \$1,500,000 bearing interest at Scotiabank prime which is secured by a general security agreement and a collateral security agreement. Investments totalling \$5,000,000 have also been pledged as security for the operating line of credit.</i>		
8. ACCOUNTS PAYABLE		
Trade	\$ 1,107,721	\$ 1,083,663
Accrued wages	30,818	40,113
Harmonized sales tax	21,072	(3,195)
Accrued vacation pay	131,217	158,216
	<hr/>	<hr/>
	\$ 1,290,828	\$ 1,278,797
	<hr/>	<hr/>
9. LONG-TERM DEBT		
Toyota Credit		
<i>5.4% conditional sales contract repayable by blended monthly instalments of \$341, secured by specific vehicle, due 2010</i>	\$ 7,110	\$ 10,718
Current maturity	3,797	4,088
	<hr/>	<hr/>
	\$ 3,313	\$ 6,630
	<hr/>	<hr/>

Estimated principal payments on long-term debt over the next two years are as follows:

2009 -	\$3,797
2010 -	3,313

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
10. EMPLOYEE FUTURE BENEFITS		
<i>The Authority has a defined benefit and defined contribution plan providing pension benefits to most of its employees. The defined benefit plan is based on years of service and final average salary. Pension benefits will increase annually by 50% of the rate of inflation. The authority measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at January 1 of each year. The most recent actuarial valuation of the pension plans for funding purposes was January 1, 2008 and the next required valuation will be as of January 1, 2009.</i>		
<i>(a) The net expense for the Authority's Pension plans are as follows:</i>		
Net plan expenses	\$ 184,000	\$ 179,000
<i>(b) Information about the Authority's Pension plans as at December 31 is as follows:</i>		
Plan assets		
<i>Fair market value beginning</i>	<i>\$ 2,324,000</i>	<i>\$ 2,228,000</i>
<i>Actual investment return earned</i>	<i>(442,000)</i>	<i>(23,000)</i>
<i>Employer contributions</i>	<i>516,000</i>	<i>147,000</i>
<i>Employee contributions</i>	<i>53,000</i>	<i>53,000</i>
<i>Transfers in</i>	<i>6,000</i>	<i>-</i>
<i>Benefits paid</i>	<i>(90,000)</i>	<i>(81,000)</i>
	<hr/>	<hr/>
Market value ending	2,367,000	2,324,000
	<hr/>	<hr/>
Plan obligations		
<i>Benefit obligation, beginning</i>	<i>2,587,000</i>	<i>2,325,000</i>
<i>Current service cost</i>	<i>250,000</i>	<i>244,000</i>
<i>Interest cost</i>	<i>152,000</i>	<i>131,000</i>
<i>Transfers in</i>	<i>6,000</i>	<i>-</i>
<i>Benefits paid</i>	<i>(90,000)</i>	<i>(81,000)</i>
<i>Actuarial (gains) losses</i>	<i>(787,000)</i>	<i>(32,000)</i>
	<hr/>	<hr/>
Benefit obligation, ending	2,118,000	2,587,000
	<hr/>	<hr/>
Net plan asset (obligation)	\$ 249,000	\$(263,000)
	<hr/>	<hr/>

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
10. EMPLOYEE FUTURE BENEFITS (CONT'D)		
(b) Plan expense		
Current service cost, net of employee contributions	\$ 197,000	\$ 191,000
Interest cost	152,000	131,000
Actual return on plan assets	442,000	23,000
Actuarial (gains) losses	(787,000)	(32,000)
	<hr/>	<hr/>
Elements of employee future benefits costs		
Before adjustments to recognize the long-term		
Nature of employee future benefits costs	4,000	313,000
Adjustments to recognize the long-term nature of		
Employee future benefit costs.		
Differences between expected and actual		
returns on plan assets for year	(609,000)	(166,000)
Differences between actuarial (gain) loss		
for year and actual actuarial (gain) loss		
on accrued benefit obligation for year	789,000	32,000
	<hr/>	<hr/>
Defined benefit cost recognized	\$ 184,000	\$ 179,000
	<hr/>	<hr/>
(c) The weighted average actuarial assumptions are		
as follows:		
Discount rate	7.50%	5.50%
Rate of compensation increase	4%	4%
(d) The assets of the plan are invested by a third party		
administrator and have the following asset mix		
Equity Securities	54.4%	64.6%
Fixed Income Securities	45.6%	35.4%
	<hr/>	<hr/>
	100.0%	100.0%
	<hr/>	<hr/>
Measured as of the measurement date of December 31 of each year		
(e) Reconciliation of the funded status to amounts recorded in the		
financial statements		
Fair value of plan assets	\$ 2,367,000	\$ 2,324,000
Accrued benefit obligation	2,118,000	2,587,000
	<hr/>	<hr/>
Funded status – surplus (deficit)	249,000	(263,000)
Unamortized net actuarial loss	91,000	271,000
	<hr/>	<hr/>
Accrued benefit asset	\$ 340,000	\$ 8,000
	<hr/>	<hr/>

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
11. TRANSPORT CANADA ADVANCES		
<i>Restricted advances</i>		
<i>Balance beginning of year</i>	\$ -	\$ 213,729
<i>Interest accumulated</i>	-	(6,739)
<i>Approved expenditures</i>	-	(206,990)
	<hr/>	<hr/>
<i>Balance end of year</i>	\$ -	\$ -
	<hr/>	<hr/>
<i>The above advances were received upon creation of the Authority and are governed by conditions of the ground lease signed with Transport Canada. Under the terms of the ground lease the advanced funds are to be invested and the return on investment added to the initial advance. Amounts could only be used towards approved safety related capital expenditures.</i>		
<i>Unrestricted advances</i>		
<i>Balance beginning of year</i>	\$ 852,405	\$ 1,627,307
<i>Designated capital expenditures</i>	-	(774,902)
	<hr/>	<hr/>
<i>Balance end of year</i>	\$ 852,405	\$ 852,405
	<hr/>	<hr/>
<i>The above advances were received upon creation of the Authority. The funds are to be used at the discretion of the Authority for capital expenditures or other special purposes. Interest earned on funds invested are used for operating purposes.</i>		
<i>Total advances, end of year</i>	\$ 852,405	\$ 852,405
	<hr/>	<hr/>

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
12. UNAMORTIZED CAPITAL GRANTS, NET BOOK VALUE		
<i>Balance beginning of year</i>	\$ 9,017,429	\$ 8,674,036
<i>Add: Security Improvement grant</i>	-	206,990
<i>Discretionary capital grant</i>	-	774,902
	<hr/>	<hr/>
	9,017,429	9,655,928
<i>Less: Amortization</i>	638,498	638,499
	<hr/>	<hr/>
	\$ 8,378,931	\$ 9,017,429
	<hr/>	<hr/>
13. UNAMORTIZED DEBT FORGIVENESS		
<i>Balance beginning of year</i>	\$ 1,088,960	\$ 1,224,968
<i>Recognized</i>	(516,432)	(136,008)
	<hr/>	<hr/>
	\$ 572,528	\$ 1,088,960
	<hr/>	<hr/>

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
14. REVENUE		
Landing fees	\$ 1,977,093	\$ 2,793,684
Terminal fees	174,980	141,435
Aviation fuel fees	1,178,418	1,079,928
Concessions	592,686	591,524
Rentals	1,233,349	1,176,406
Miscellaneous	441,802	479,038
Sale of quarry materials	-	5,000
Forest harvesting	19,904	14,559
Interest income	120,509	99,262
Foreign exchange gain (loss)	(5,967)	(11,291)
	<u>5,732,774</u>	<u>6,369,545</u>
Airport improvement fees	902,684	614,304
	<u>\$ 6,635,458</u>	<u>\$ 6,983,849</u>
15. GOVERNMENT OF CANADA CONTRIBUTION AGREEMENT FUNDING		
<i>The Authority entered into an agreement with the Government of Canada in 2007 whereby the Government of Canada would fund cash flow deficiencies to a maximum of \$4,800,000 during the period April 1, 2007 to October 31, 2008. The agreement did not require a claw back of funded amounts if the Authority had periods of cash flow surpluses. Transactions under this agreements are as follows:</i>		
REVENUE		
Received in year	\$ 4,483,536	\$ 314,385
Deferred 2007	192,122	(192,122)
	<u>\$ 4,675,658</u>	<u>\$ 122,263</u>
CASH FLOW ITEMS		
Early and voluntary separation payments	\$ 900,000	\$ -
Training and travel costs to cross train employees	77,720	32,718
Pension solvency deficiency)	342,036	-
	<u>1,319,756</u>	<u>32,718</u>
Restructuring costs	1,319,756	32,718
Property and equipment	570,000	-
Operational cash flow	2,785,902	99,545
	<u>\$ 4,675,658</u>	<u>\$ 122,263</u>

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2008

20082007**16. PAYMENT IN LIEU OF TAXES**

The authority is in dispute with the Town of Gander with respect to an amount for Payment in Lieu of Taxes (PILT).

The dispute relates to the following main issues:

- *the maximum amount payable as PILT under the Payment in Lieu of Taxes Act R.S. 1985 C.M-13 is the product of the municipal mil rate and the property value.*
- *the property value determined by Newfoundland & Labrador Municipal Assessment Agency is viewed by the authority as being too high due to significant environmental contamination and restrictions on use of the property by the Authority under terms of the Ground Lease with Transport Canada.*

In July 2008 the Supreme Court of Newfoundland, Trial Division ruled that for 2004 and 2005 the Authority "has no real property wealth to be the basis for municipal taxation". Accordingly the Assessments for those years were amended by the Court to reflect a nominal value of \$1 with a resulting municipal tax bill of \$Nil. The Town of Gander (Town) has subsequently appealed this decision but no hearing has been made to date. Based on the above Court decision the Authority has appealed the assessments for 2002, 2003, and 2006-present.

Public Works and Government Services Canada has paid the Town of Gander \$1 million for PILT for 2002 to 2006. Transport Canada has the right to collect this amount plus accrued interest as additional rent under the Ground Lease but collection has not been actively pursued.

The Authority and the Town of Gander have had ongoing unsuccessful discussions on the amount of PILT that is fair and equitable to both parties. The Authority anticipates that an independent arbitration of this issue will result in a PILT that is substantially less than that billed by the Town.

The Authority has external legal and industry professional opinions to support its case. Consequently measurement uncertainty exists surrounding the amount recorded as a liability and expense by the Authority. The total accrued liability recorded in the financial statements by the Authority for the period 2002 to 2008 is \$581,280.

In addition to the \$1 million plus accrued interest paid by Transport Canada for 2002 to 2006, the Town of Gander has invoiced an additional \$1,647,982 (including interest for 2005 to 2008 because it has not adjusted its 2004 and 2005 assessments as a result of the above Court decision.

The ultimate final determination of the PILT will likely arise through judicial processes and will vary over a range from \$Nil to \$2,647,982.

The Town has subsequently issued another tax invoice for the 2009 fiscal year of \$443,375

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2008

	<u>2008</u>	<u>2007</u>
17. CHANGES IN NON-CASH WORKING CAPITAL		
<i>The effect on cash of changes in non-cash working capital is as follows:</i>		
Current assets		
Accounts receivable, trade	\$(25,803)	\$ 402,425
Accrued interest	9,877	(12,965)
Government grants receivable operating	(27,000)	20,222
Inventory	(113,949)	(8,402)
Prepaid expenses	32,587	565
	<u>(124,288)</u>	<u>401,845</u>
Current liabilities		
Accounts payable	12,031	(174,719)
Employee future benefits	-	40,000
Deferred revenue	5,057	27,515
	<u>17,088</u>	<u>(107,204)</u>
Net effect on cash	<u><u>\$(107,200)</u></u>	<u><u>\$ 294,641</u></u>

18. AIR FUND

On July 1, 2001, the Authority implemented the Airport Improvement and Restructuring Fund (AIR Fund). The purpose of the fund is to finance the maintenance and development of infrastructure projects deemed appropriate by the Authority.

The results of operations of this fund for the period ending is as follows:

Balance beginning	\$ 2,343,049	\$ 1,728,745
Revenues (Note 13)	902,684	614,304
Expenditures on property, plant, and equipment	(115,425)	-
	<u>3,130,308</u>	<u>2,343,049</u>
Balance ending	<u><u>\$ 3,130,308</u></u>	<u><u>\$ 2,343,049</u></u>

Based on industry standards and draft legislative revisions allowing the funds to be used for general purposes, no liability is reflected in the financial statements for future expenditures on property, plant and equipment out of the Air Fund.

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2008

20082007**19. FINANCIAL INSTRUMENTS****(a) Credit risk**

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

Concentration of credit risk arises when a group of clients having a similar characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions. As for the accounts receivable, the Authority does not run any significant risk with respect to a single client.

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

(b) Currency risk

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

(c) Interest rate risk

The Authority maintains cash in GIC's with maturity dates not exceeding one year. Consequently the Authority is exposed to interest rate risk as re-investment rates vary upon maturity of the GIC's.

(d) Fair Value

The fair value of cash, temporary investments, accounts receivable, the bank overdraft, accounts payable, client deposits, is approximately equal to their carrying value due to their short-term maturity date.

The fair value of long-term debt is determined using the present value of future cash flows under current financing agreements, based on market interest rates for loans with similar conditions and maturities.

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2008

20082007**20. CONTRACTUAL OBLIGATIONS**

The Authority operates under the terms of a Ground Lease with Transport Canada. The Ground Lease provides for lease of the Airport real estate. The Ground Lease and Canadian Airports Act impose restrictions on the authority's activities and provide the framework under which the Authority must operate.

21. CAPITAL DISCLOSURES

The Authority's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide benefits for stakeholders.

The Authority sets the amount of capital in proportion to risk. The Authority manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Authority may increase borrowings, sell assets to replace for new assets, or use cash.

The Authority monitors capital on the basis of tangible capital asset requirements.

<i>Total debt</i>	<i>\$ 1,889,556</i>	<i>\$ 1,889,809</i>
<i>Less: Cash and equivalents</i>	<i>(5,376,610)</i>	<i>(2,734,105)</i>
	<hr/>	<hr/>
<i>Net debt</i>	<i>\$ (3,487,054)</i>	<i>\$ (844,296)</i>
	<hr/>	<hr/>

The decrease in net debt during 2008 resulted primarily from cash received under the Government of Canada contribution funding agreement.

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

The board:

1. Assumes responsibility for stewardship of the Corporation and specifically for:
 - a. Adoption of a Strategic Planning Process of principal risks and implementing a Risk Management System
 - b. Succession planning and monitoring senior management
 - c. Communications Policy; and,
 - d. The integrity of internal controls and Management Information Systems
2. Ensures that the majority of directors are unrelated including committee members.
3. Ensures full disclosure is required to determine whether or not directors are related and how that conclusion was researched.
4. Appoints a committee responsible for the assessment of new directors. The committee makes recommendations to the board of directors as to suitability according to the by-laws, and ensures that new directors meet the skill sets required by the authority.
5. Implements a process for assessing the effectiveness of the board, its committee and individual directors.
6. Provides an orientation and education program for new directors.
7. Reviews, on an annual basis, the compensation of directors in light of risks and responsibilities.
8. Ensures all committees are comprised of unrelated non-management directors.
9. Has developed limits to management's responsibilities by developing mandates for the board and CEO. The Board approves the CEO's corporate objectives.
10. Has established an audit and procedures committee. All voting members are unrelated and non-management.

The 2008 GIAA board is composed of 13 directors, 10 nominated by the respective entities and three appointed by the board itself. Directors are nominated/appointed by the following entities:

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

A director may serve no more than a total of eight years. Collectively, directors are to possess knowledge relating to the aviation industry, air transportation, business, finance, administration, law, government, engineering, labour organizations and the interest of consumers. In early 2009 the Gander and Area Chamber of Commerce filled the vacancy that arose in early 2009 and the GIAA filled one of its two vacancies.

As of December 31, 2008 the GIAA Board of Directors, their nominating entity and the expiry of term are as follows:

Frank Tibbo	Town of Gander	Jan. 27, 2011
Sandra Kelly	Town of Gander	Jan. 27, 2011
Barry Thomson	Town of Gander	June 28, 2011
William Jones	Town of New-Wes-Valley	July 11, 2011
Robert Wilton	Lewisporte Chamber	May 26, 2009
Al Hawkins	Exploits Chamber	Feb. 18, 2009
George Innes	Federal Government	March 4, 2011
Donald Manual	Provincial Government	Jan. 20, 2010
Frederick Moffitt	GIAA	Sept. 26, 2011
Pat Redmond	Gander Chamber	Feb. 18, 2009
Jack Granville	Federal Government	Feb. 18, 2009

Contracts in Excess of \$87,936

All contracts awarded during 2008 that were in excess of \$87,936 were awarded as a result of a competitive tendering process, except for the following:

- Security services at Gander International Airport are provided by the Newfoundland and Labrador Corps of Commissioners. No other airport service provider has the expertise, experience and qualifications to fulfill contract obligations.
- The cleaning contract for the airport is provided by G&M Cleaners. The standard of service and related cost has resulted in the contract being extended

Committees

There are four committees of the Board of Directors. Committees are only empowered to make recommendations to the board unless directed otherwise by the board. Whenever possible, all board decisions involve the entire board.

Committees and their chairs include: Executive Committee, chaired by Frederick Moffitt; Finance and Audit Committee, chaired by Don Manuel; Environmental Committee, chaired by Sandra Kelly; and the Governance Committee, chaired by Bob Wilton.

Senior Officers

Gary Vey, President & CEO

Darren Dalton, Vice President

Brian Hicks, Manager of Safety & Airside Operations

Reg Wright, Director of Marketing & Communications

Senior Officer Compensation

The remuneration paid to executive officers during 2008 was \$371,471. Officers were also eligible for a performance-based pay that is included above.

Board Compensation

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

Directors Total Compensation 2008

<i>Jack Granville</i>	\$ 5,175
<i>Al Hawkins</i>	\$ 8,425
<i>George Innes</i>	\$ 2,950
<i>William Jones</i>	\$ 1,750
<i>Don Manuel</i>	\$ 4,878
<i>Pat Redmond</i>	\$ 7,733
<i>Donna Rideout</i>	\$ 13,000
<i>Robert Wilton</i>	\$ 5,650
<i>Sandra Kelly</i>	\$ 5,775
<i>Fredrick Moffitt</i>	\$ 9,800
<i>Frank Tibbo</i>	\$ 5,600
<i>Barry Thomson</i>	\$ 4,750
<i>TOTAL</i>	\$ 75,486

Code of Conduct for Directors

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



Board of Directors (as at Dec. 31, 2008)

Top, from left: Fred Moffitt, Jack Granville, Al Hawkins, Barry Thomson, Dr. Pat Redmond, George Innes

Bottom, from left: Sandra Kelly, Frank Tibbo, Robert Wilton, Bill Jones, Don Manuel