



2019 ANNUAL **REPORT**

FOUNDATION FOR TOMORROW

www.nanaimoairport.com



Nanaimo Airport (YCD) is a 10-minute drive south of downtown Nanaimo on 224 hectares (550 acres). The property includes the nearby Cottonwood Golf Course. We're a not-for-profit authority owned and operated by the Nanaimo Airport Commission.

Vancouver Island's second busiest airport is ideally situated as the most convenient departure/arrival point for customers from the mid-Island area. We are also an alternate airport for aircraft unable to land on the West Coast. Our runway is 6,602 feet long.

Our commercial aviation includes scheduled and charter flights, air cargo and freight-courier services, aircraft refueling and maintenance, flight training and sight-seeing tours as well as aircraft parking and hangars.

We also see occasional activities from air ambulance, BC Wildfire Service, corporate jets, Search & Rescue, Angel Flight service and military exercises.

"Aviation is critical to growing the B.C. economy — supporting jobs, enabling investment, and facilitating trade"

– Connecting with the World, B.C. government aviation strategy

TABLE OF CONTENTS

OVERVIEW AND EXECUTIVE REPORTS 2 - 7

- 2. Introduction
- 4. Message from Board Chair
- 6. CEO Report

THE YEAR IN REVIEW 8 - 17

- 8. Annual Statistics
- 10. Air Service / Our Service Area
- 12. Air Terminal Building Expansion
- 14. Land Development
- 16. Environmental Stewardship
- 17. Community Engagement

ORGANIZATIONAL LEADERSHIP 18 - 25

- 18. Strategic Direction
- 20. Board of Directors
- 22. YCD Staff
- 24. Our Volunteers

FINANCIAL REPORT 26 - 39

- 26. Report of the Independent Auditor
- 28. Financial Statements
- 32. Notes to the Financial Statements

OUR VISION

Your Island Gateway to the World.

OUR MISSION

To provide safe, financially sustainable, friendly, high quality airport services and facilities that enhance economic prosperity and meet the needs of the communities we serve.

INTRODUCTION

Building our foundation for tomorrow

In 2019 Nanaimo Airport (YCD) put in place the cornerstones of its vision for the next generation of air service in Central Vancouver Island.

Major accomplishments included construction of a \$14.2-million expansion of the Air Terminal Building, implementation of a five-year Strategic Plan, more investment in safety with the addition of a second fire truck, additional parking, and leadership in climate change action planning.

The year's projects and planning were essential to meet the demands of operating one of B.C.'s fastest growing small airports. Some 490,000 people passed through our gates in 2019, marking the 11th consecutive year we have set a record. We are seven years ahead of even our most conservative passenger forecasts.

The addition of air service has driven much of our growth. 2019 saw the return of a seasonal direct flight to Toronto, more flights to Vancouver and Calgary, and a new charter service linking workers on the Island to jobs in the interior and northern sections of the province.

Our recreational and business travellers now enjoy access to three major international hubs in Canada. From there they can connect to flights to hundreds of global destinations. Those connections deliver on our vision of Nanaimo Airport as "your gateway to the world," both today and -- as we continue to pursue new routes -- tomorrow.

Our business growth required substantial investment. With our own resources, and with contributions from our funding partners, we completed construction of the Air Terminal Building expansion and improved our runway apron and our parking lots. All of the infrastructure

enhancements paid immediate dividends -- and will continue to pay them well into the future by helping us keep up with the needs of the communities we serve. We also continued our investments in safety and service, by adding new equipment and staff.

Laying the foundation for tomorrow requires a commitment to continuous improvements as well as fiscal responsibility. Our innovative planning for the next 20 years of our Air Terminal Building illustrates how we're living up to those commitments. The 2019 expansion represents the first of several modules in the overall plan for enlarging the terminal. We'll build the next modules according to demand and the availability of funding.

The same innovative approach applies to our vision of developing our available land. We've planned to develop it in sections, in-filling as we go. This will help ensure well-managed and consistent construction that meets our standards. We took a major step in this direction in 2019 with the completion of Design Guidelines for future development.

Another accomplishment with significance for tomorrow was the announcement in late 2019 of new regional bus service to the airport. It is due to start in 2020.

Much of our foundation for tomorrow has been guided by airport President and CEO Mike Hooper. In his 14-year tenure, he has overseen the greatest period of growth in our history. His work was recognized in 2019 by the B.C. Aviation Council. It honoured him with the Robert S. Day Award for his contribution to the aviation and aerospace industry in the province. The award recognizes outstanding excellence, contribution and leadership in promoting and developing aviation in B.C.

MESSAGE FROM BOARD CHAIR

Wendy Clifford

Today's work builds tomorrow's vision

Nanaimo Airport Commission's vision for the future was the focus of our work in 2019. We added more pieces to our foundation through collaborative action, and set clear direction as we strive to meet the needs of our communities today and tomorrow.

Driving all of our work was our new five-year Strategic Plan. It identifies our core values and guiding principles while setting priorities and objectives. From protecting our airspace and diversifying the airport revenue base, to improving infrastructure and enhancing route development, the plan shows us a clear flight path to a sustainable future.

Our most high-profile project was the \$14.2-million build-out of our Air Terminal Building. Its bold design speaks to who we are. Its construction transformed our property and enhanced our capacity, leaving us well positioned to not only serve the travelling public but also to attract more air service.

The expansion also proved the value of our innovative 20-year plan for the terminal. We started with the end in mind and broke the project into modules that can be added as demand arises and funding is available. All the modules will fit seamlessly together, and we will save substantially on planning costs along the way.

We appreciate the support of the Building Fund Canada - Small Communities Fund for the first module. Infrastructure Canada and the Ministry of Transportation and Infrastructure each invested \$2.5 million, and Nanaimo Airport Commission invested \$9.2 million. Our careful management ensured the expansion came in under budget and ahead of schedule.

2019 also saw the Board complete Design Guidelines for future construction on our available land. They incorporate key planning principles of adaptability, balance and hierarchy. The guidelines are an important step as they ensure consistency and quality, both for us and for

prospective investors. We can now continue to implement our 20-year land development plan. It too will progress through stages. The plan was developed after we reached out to several regional partners for input.

We also partnered with local governments to continue to fulfill our role as a major driver of the regional economy. We worked closely with the Regional District of Nanaimo, Cowichan Valley Regional District, City of Nanaimo and Town of Ladysmith on economic development. The business, tourism and education sectors were also involved. The results helped drive our economic impact in the region to \$486 million in 2019.

Another partnership, with Nanaimo Transit, led to the announcement of a new bus service that will connect the airport to downtown Nanaimo. It will start in 2020. It's part of our strategic objective to improve ground transportation to and from the airport.

The Board's busy year also included the creation of a climate change action plan and an enterprise risk management strategy. Both of these plans lay groundwork for our future, helping to ensure our long-term viability by protecting and enhancing our lands and operations. 2019 was also the year in which we finished comprehensive board policies. These guidelines are the backbone of corporate and finance self-governance.

I'd also like to thank my fellow Directors and staff for their diligence, dedication and time commitment. By working together we have made a long-lasting impact on the communities we serve, and continue to develop airport champions in all sectors. Our future has never looked better.

Sincerely,



Wendy Clifford
NAC, Board Chair

I'd like to recognize and thank airport CEO and President Mike Hooper, who has announced his retirement. His outstanding year of achievement included earning the B.C. Aviation Council's Robert S. Day Award for his contribution to the aviation and aerospace industry. It is a well-deserved honour.

– Wendy Clifford, Nanaimo Airport Commission, Board Chair

MESSAGE FROM PRESIDENT AND CEO

Michael Hooper

Safety and service are our foundation

Nanaimo Airport (YCD) maintained its commitment to safety and service during another year of record growth. We also added to our infrastructure with one of the largest projects in our long history – a project that serves as our foundation for tomorrow.

We helped more passengers than ever in 2019. The 490,000 guests we served made us the second busiest airport on Vancouver Island. We are proud to be both the Central Island's airport of choice and one of the main points of entry/exit for all of Vancouver Island. With 99.2% reliability, our users know they can count on us.

In 2019 we purchased an industry-leading air rescue and fire fighting truck, an Oshkosh Striker. It's the second truck in our emergency fleet and can deploy water, foam and dry chemicals. We again invested in our runway aprons, further enhancing safety.

We continued to use our proactive Safety Management System. It incorporates proven safety management tools and processes, training and comprehensive monitoring and tracking. Our system includes continuous review and improvement.

2019 saw our skyline transformed thanks to construction of a new wing on our Air Terminal Building. Work on one of our largest projects ever concluded this year and added some 14,000 square feet of comfort and efficiency.

Thanks to careful project management, the work finished under budget and ahead of schedule. Credit also goes to our design team, construction management team and all of the contractors. They delivered a beautiful, modern facility that will serve our communities for years ahead.

Special thanks go to the approximately 250 people who work here on the YCD campus. They, and our devoted Blue Navigators volunteers, were up to the challenge of

minimizing disruptions due to construction. I appreciate their dedication to ensuring we maintained the high standard of service that sets Nanaimo Airport apart. We take pride in delivering a high-quality experience.

2019 saw numerous other foundational enhancements, all intended to serve our region today and tomorrow. We added another 240 parking spaces, bringing our total to 1,200. We adopted use of the Honk app, allowing our guests to book and pay for parking online. We also worked with Nanaimo Transit to secure bus service to the airport that will start next year.

Our land development plan also took more steps forward in 2019. We are looking to attract a hotel, restaurants, gas station, and aviation-related businesses to our vacant land. We'll choose investment that fits our community while diversifying our revenue base to help fund future improvements.

As retirement nears for me, I am pleased to note that we have a solid foundation in place for growth. Passenger service, aerospace and cargo development, groundside enhancements – they've all taken off.

Nanaimo Airport is blessed with a strong workplace culture. From our incredible team of staff and volunteers to our air carrier partners to the flight service station and Nanaimo Flying Club, we all believe in what we do and are committed to continuous improvement.

With the support of our funders and our partners throughout the region, we are well positioned for the future.

Sincerely,

Michael K. Hooper
President, CEO

As we've grown, we've maintained safety as our top priority. We're committed to providing a safe environment for guests, employees, contractors and others affected by our operation. We back up that commitment with investment and action.

– Mike Hooper, President, CEO

Annual Statistics

Nanaimo Airport by the numbers

#1

#1 in passenger growth in percentage from 2009 to 2019 among similar or larger B.C. airports

\$486 MILLION

\$486 Million in direct and indirect economic output

2,750

More than 2,750 direct and indirect jobs created by YCD activities

99.2%

Weather reliability

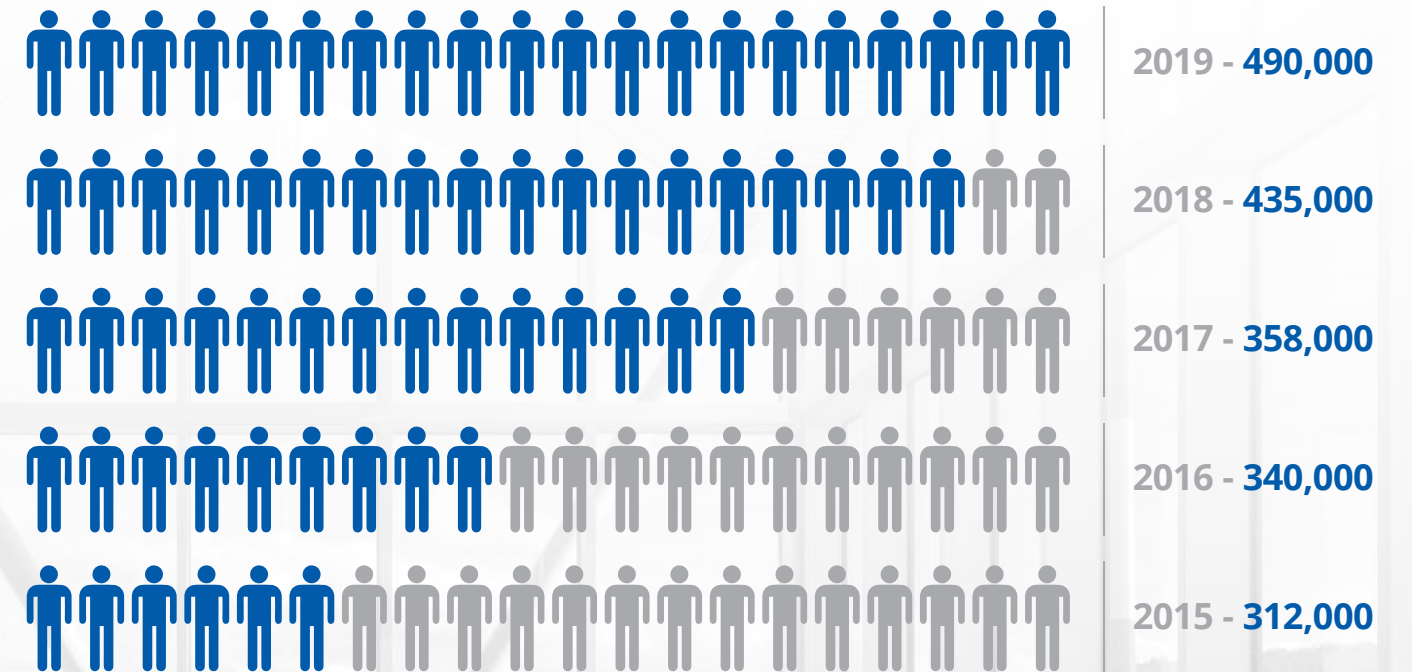
490,000

A record 490,000 passengers in 2019

11

11 consecutive years of record passenger volume

PASSENGER NUMBERS



'As evidenced by the new security and departure lounge additions to the Nanaimo Airport to accommodate increasing traffic, the Nanaimo Airport will be an important asset in the Island economy. Our airport passenger and cargo capacity is important to the investment attraction efforts of the Foreign Trade Zone Vancouver Island.'

– George Hanson, President, Vancouver Island Economic Alliance

AIR SERVICE

Seamless air travel connects us to the world

“Your Island gateway to the world” is Nanaimo Airport’s vision for our future. And that future has arrived, thanks to expanded travel options provided by our air carrier partners.

Our passengers enjoyed seamless air travel with connections to hundreds of destinations around the globe. They also benefitted from lower travel costs and the convenience of boarding flights close to home.

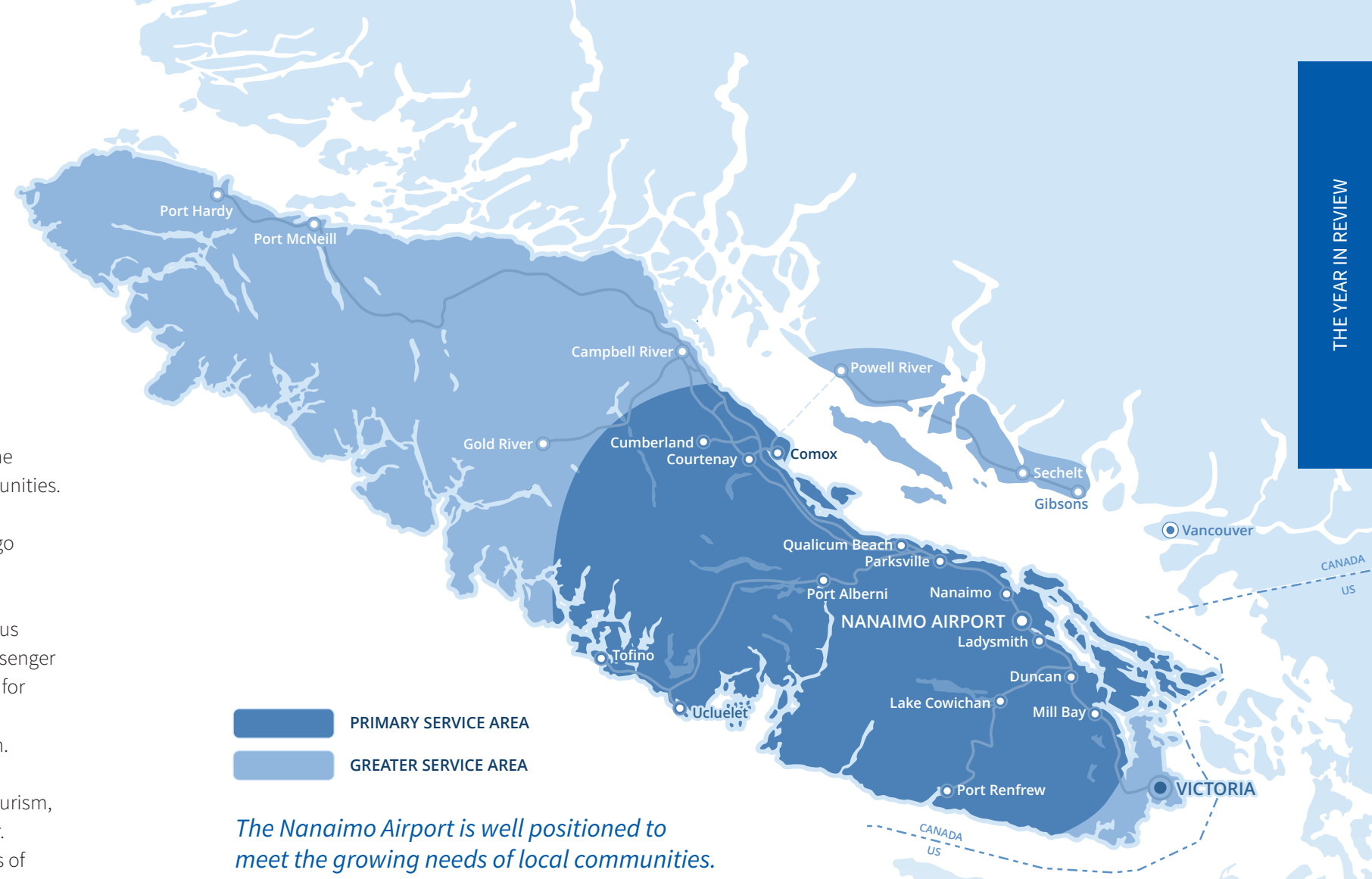
2019 saw Air Canada Rouge resume its seasonal non-stop flights to Toronto, in addition to its flights to Vancouver. WestJet Encore operated non-stop flights to Calgary and Vancouver. And Air North launched weekly charter service to the Yukon via Kelowna and Prince George.

Alkan Air, meantime, offered chartered flights and also based an air ambulance service here.

Nanaimo Airport Commission continued to build for the future by pursuing even more air service for our communities. We’re innovating a new model in air transportation by developing long-range destination routes that do not go through Vancouver International Airport.

We raised awareness among air carriers of the numerous opportunities created by our infrastructure, record passenger volume and growing regional population. Our runway, for example, can accommodate direct service to sun destinations such as Hawaii, Mexico and the Caribbean.

New routes are catalysts for regional growth, driving tourism, export and trade, investment and the education sector. They’re also vital to ensure the airport meets the needs of travellers today and for the next generation.



The Nanaimo Airport is well positioned to meet the growing needs of local communities.

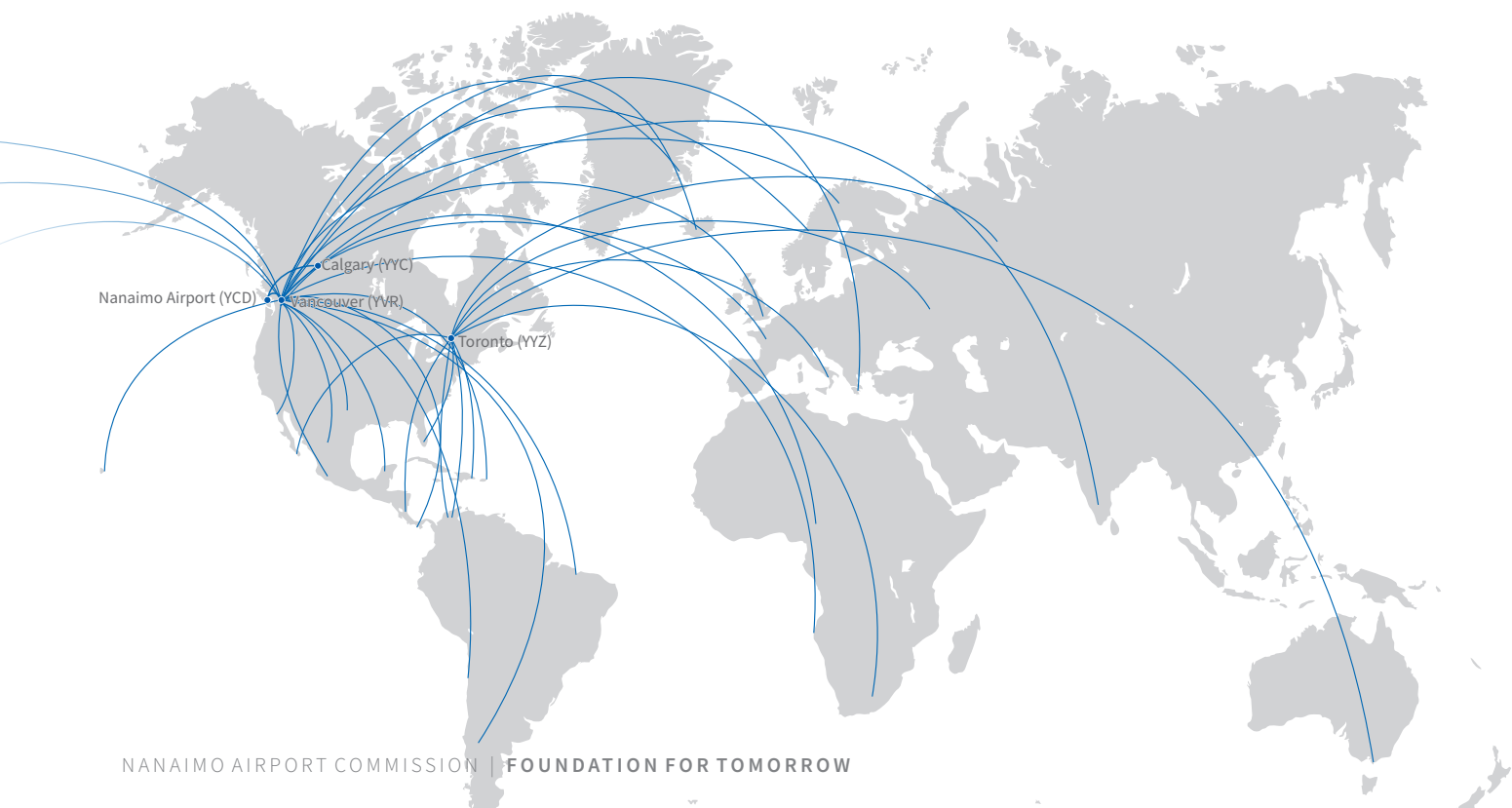
OUR SERVICE AREA

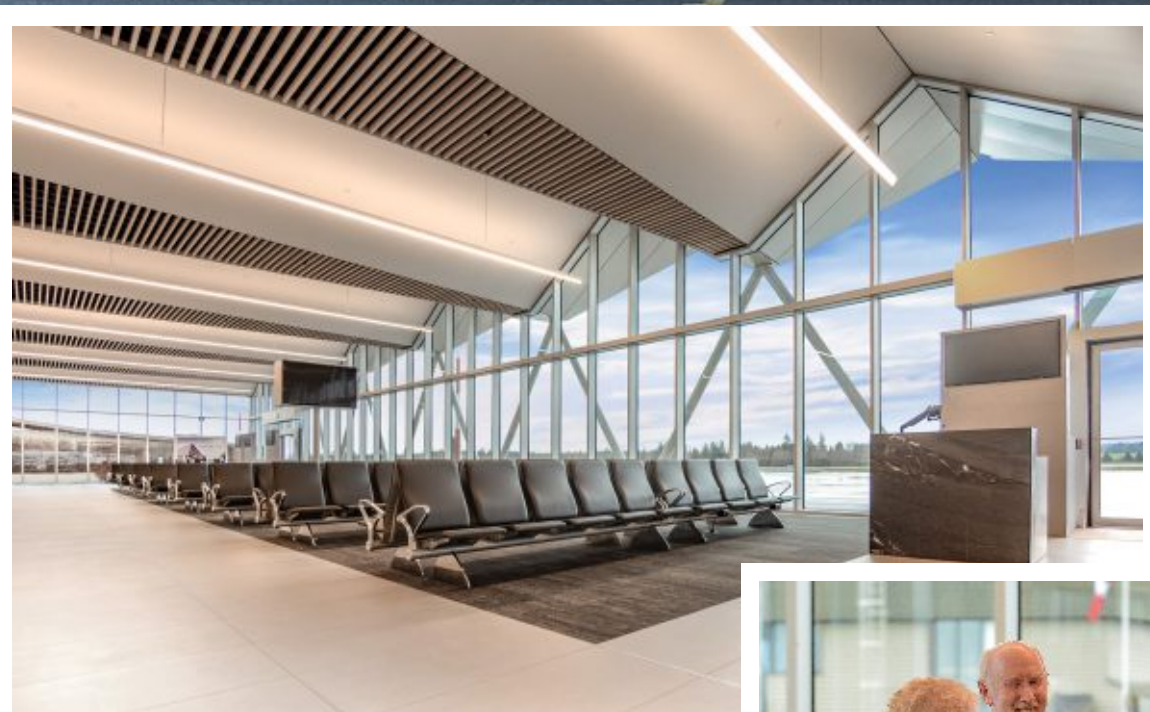
We’re proud to be the airport of choice in central Vancouver Island, home to more than 400,000* people. Our primary service area encompasses communities that lie within a two-hour trip to the airport by bus, car or train.

The area extends north from Nanaimo to the Comox Valley Regional District, west to the Alberni-Clayoquot Regional District, and south as far as Langford.

The greater service area includes the regional districts of Mount Waddington, Strathcona, Qathet-Powell River, and the Capitol Region, with an additional population base of 415,000*.

* Population numbers based on BC Stats 2018 estimates





“By land, sea and air, Nanaimo is an important access point, linking Vancouver Island with the mainland. YCD takes us that extra step forward, easily connecting Nanaimo to the world, and in turn, connecting the world with our own growing community and economy. Nanaimo! Two tickets, please.”

– Mayor Leonard Krog, City of Nanaimo

AIR TERMINAL EXPANSION

Modern terminal a cornerstone of our future

The completion of our Air Terminal Building expansion construction in 2019 provided Nanaimo Airport with a critical piece of its foundation for tomorrow. It also proved the value of other key components of our future: innovative planning for infrastructure improvements, and investment that stimulates the regional economy.

When it officially opens early next year, the \$14.2-million expansion will offer more room to accommodate current and future passenger traffic. Construction came in under budget and ahead of schedule.

The work adds approximately 14,000 sq. ft. to the terminal's existing 23,680 sq. ft. The departure lounge swells to 320 comfortable seats, from 140. And an enlarged security area allows for 1,000 people and their baggage to be screened each hour, up from the current 100.

Natural light drenches the modern, airy new wing. It looks out onto the runway and to the trees and mountains beyond. People with disabilities have easy access.

The investment was made possible with the support of the Building Fund Canada -Small Communities Fund.

Infrastructure Canada and the Ministry of Transportation & Infrastructure each invested \$2.5 million and Nanaimo Airport Commission invested \$9.2 million. The expansion started with a ground-turning ceremony April 17, 2018.

Much of our investment was spent locally, helping to fulfill the airport's mandate as an economic driver today and tomorrow. Construction and operations provide jobs that support central Island families. Island-based Durwest Construction Management served as project manager for the first module, Nanaimo's Checkwitch Poiron Architects was on the design team, and many local trades businesses provided goods and services.

The project is the first of several modules in our innovative 20-year plan for terminal expansion. Future modules will be constructed as demand dictates and funding is available. Additional investment is projected to be some \$40-million.

Expansion is needed to accommodate today's record-setting passenger volume. It's also needed to prepare us for the future as we anticipate air carriers bringing in larger jets – like the Airbus A319 used on the non-stop route from here to Toronto -- for direct flights to international destinations.

LAND DEVELOPMENT

Land use principles, design guidelines ensure compatibility

Developing our vacant land is a cornerstone of Nanaimo Airport Commission's strategic priority to diversify and expand our revenue base. Unlocking the commercial potential of our land will help sustain our future operations.

We offer one of the largest available land masses – more than 50 hectares -- for airside and groundside development of any B.C. airport in close proximity to Vancouver.

Our 20-year land use plan guides development on our property. It's an essential tool for the next generation that will help the Commission fulfill its mandate to develop, manage and operate the airport. The plan

identifies opportunities for aviation and commercial businesses, and ensures they will be compatible with our Master Plan and with the surrounding community.

In 2019 we completed some of the foundation work for the plan by creating Land Use and Development Principles to guide our decision-making. The principles incorporate our legal and regulatory requirements. They cover the issuance of leases, licences and permits for airport land development, including building construction and alteration permits.

We also created Airport Development Design Guidelines this year. They promote our objectives of

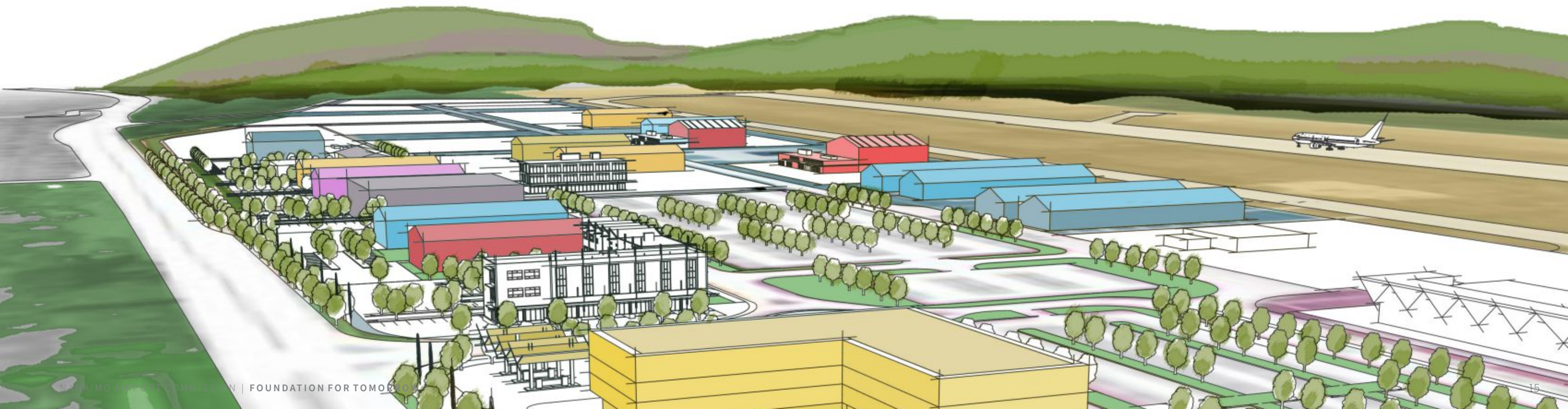
well-planned, high quality development and associated infrastructure. They'll help us ensure our long-term viability while being a respectful neighbour within the region.

The guidelines incorporate the key planning principles of adaptability, balance and hierarchy. They describe the expectations and requirements for future development applications on our land and are written to convey the potential for attractive, flexible and innovative development and placemaking.

We are using an innovative modular approach to land development. Like a planned community, we have a final outcome in mind and will build it in stages.

The initial module focuses on aviation-related businesses such as cargo facilities, commercial fixed-base operations like fuel suppliers, aircraft sales and maintenance, and repair and overhaul (MRO) services. Hangars for corporate or private aircraft would also be prime uses.

We're also pursuing commercial development such as a gas station and hotel. These businesses would serve both the airport and the neighbouring community. The *Nanaimo Airport Development Design Guidelines* and *Nanaimo Airport Land Use & Development Principals*, as well as the *Nanaimo Airport Land Development Map*, can be downloaded at www.NanaimoAirport.com.



ENVIRONMENTAL STEWARDSHIP

Climate change leadership sustains our future

Our commitment to environmental stewardship saw us take a leadership role in 2019 in addressing climate change. We began developing an action plan by compiling an initial inventory that tracks emissions.

Our work is driven by our holistic view of the community and our place in it. It's also necessary to ensure sustainable operations. Climate change has the potential to impact everything from air traffic control to the terminal. Cargo, fire service and even road access could be affected.

Nanaimo Airport Commission struck a working group and hired an expert consultant to steer the plan's development. Our team has been gathering data on everything from the source of emissions to the quantity emitted. We're assessing vehicles, equipment, buildings and facilities, energy generation and waste management.

When that job is complete, we'll create a strategy to reduce the emissions. Options include using technology and efficiency improvements, in collaboration with airport partners.

The plan could also include a resilience response that addresses factors such as regulatory changes, financial and insurance issues, physical design changes and specific airport plans and policies. We're proud to be one of only a few B.C. airports to prepare a climate change action plan.

Our other environmental stewardship initiatives this year included registration in the Airport Carbon Accreditation

Program through the Airports Council International. It's the only institutionally-endorsed global standard for carbon management at airports.

We reviewed our operations to ensure compliance with applicable environmental laws and regulations. Our mandate requires us to balance the maintenance of a safe airfield with the management of our land as a habitat for species that can safely coexist with aviation.

We also continued our comprehensive Environmental Management Plan (EMP) to proactively protect the environment. It connects our business values to our social responsibilities. The EMP covers all of our water and land resources, natural habitat, aeronautical noise, energy use and waste management.

We continue to safeguard the Cassidy Aquifer, for example. It stretches under our property and across the region, including the Island Highway and railway system. Our responsible groundwater management includes the expertise of a team of consulting scientists and eight monitoring locations for sampling.

We continued our partnership with community organizations to create sustainable fish habitat in the nearby Haslam Creek. And we followed strict management strategies for preventing leaks and spills of harmful substances on our property. Our measures apply to all contractors working on site, including the construction crews expanding our Air Terminal Building.

COMMUNITY ENGAGEMENT

Developing airport champions in our communities

"Our focus on community is the airport's future" – Our Key Values, Nanaimo Airport Strategic Plan 2019-2023.

Our commitment to being a respectful good neighbour and corporate citizen helps drive all of our decisions. We're a key part of our communities and aim to develop airport champions in all sectors.

In 2019 we continued to share our plans and aspirations within the region, and to strengthen relationships, in a variety of ways.

We worked with government partners, for example. Our team made many presentations to local boards and councils, including the City of Nanaimo, Regional District of Nanaimo, Cowichan Valley Regional District, Ladysmith and First Nations. We also worked with senior levels of government.

We consulted with representatives from the business, tourism, education and other sectors, as part of our role as a key economic partner that serves Vancouver Island needs.

We hosted our annual Open House, inviting area residents to learn about our operations and to meet members of the Nanaimo Airport Commission. We provided regular news updates and encouraged community response through social media, our website, the media and our blog.

We also promoted the well-being of our region by supporting many community-based initiatives, including:

- A BC Aviation Council sponsorship program contributing to school systems in the central Island, including Vancouver Island University
- Hosting a fundraising golf tournament for the Juvenile Diabetes Foundation that raised \$8,000
- Hosting the Canadian Forces Snowbirds 431 Squadron. The pilots later performed in Nanaimo in support of the CHILD Foundation for children suffering from liver and intestinal diseases.
- Assisting 205 Collishaw Nanaimo Squadron of Air Cadets.
- Hosting a noise mitigation round table. We invited neighbours, Nanaimo Flying Club, area pilots, Nav Canada and airport staff to share information and gather input about how we manage airport noise and to foster a better understanding of the issues.
- Supporting the North Oyster & Area Historical Society and the area's community centre, which is the social hub of the area.

We also worked to improve collaboration and communication between our Board and staff. We continued to involve appropriate staff in Board committee meetings and strategic planning and social events.

We're fortunate in Nanaimo to have a beautiful and efficient facility like YCD. With a continually strong Commission steadily focused on its future vision and a progressive and productive management team, our airport has grown in excess of all projections to become Vancouver Island' second busiest. The Chamber of Commerce is anxious to see how much more YCD can exceed our expectations in the next few years. Congratulations on opening a beautiful departure lounge as part of the ongoing growth plan!

– Kim Smythe, CEO, Nanaimo Chamber of Commerce

STRATEGIC DIRECTION

Strategic Plan sets flight path to long-term success

Nanaimo Airport Commission unveiled a new five-year Strategic Plan in 2019, providing a flight path to the future.

The plan lays out goals, priorities and actions the airport proposes to take through 2023 as it builds on the foundation already in place. It's a blueprint for long-term success that guides the decisions of the Board and provides direction for our staff.

The plan identifies seven strategic pillars for the airport:

1. Protect the airport airspace
2. Diversify and expand the airport revenue base
3. Enhance route development
4. Be a key part of the community and develop airport champions in all sectors
5. Deliver a high-quality experience
6. Improve airside infrastructure
7. Improve board/staff collaboration and communication

The plan also sets out the Board's guiding principles to assist our management team in its decision-making process. The principles are:

- The Commission aspires to be a respectful good neighbor within the region by adhering to its mandate as an airport authority and its regulatory obligation to support airport development.
- The Commission will protect and enhance its operations by supporting well-planned airport development and associated infrastructure, ensuring long-term airport viability.
- The Commission will protect and develop a multi-modal transportation hub that better serves the regional community
- The Commission will communicate its plans and aspirations as a key economic partner that services Vancouver Island needs.

Our key values

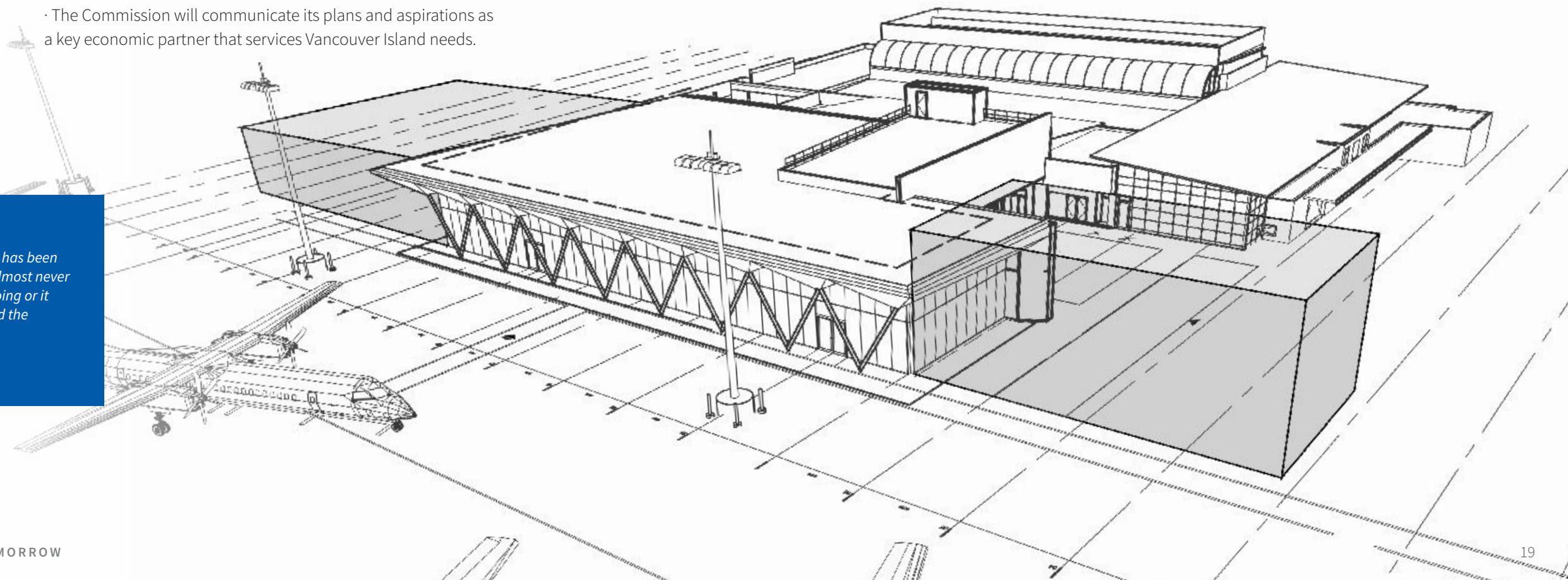
All airport decisions incorporate the Board's five key values. Safety tops the list, as the continued safe operation of the airport is essential to all other principles. Reliability is another key value, recognized as essential to building user confidence and enhancing growth. Self-sufficiency – both financial and governance – is also deemed critical for the airport.

Community is a key value, stated emphatically in the Strategic Plan as “Our focus on community is the airport's future.” The Board also considers its role as an economic engine as key, recognizing the airport's role in the wider regional economy.

Nanaimo Airport's 2019-2023 Strategic Plan can be downloaded at: NanaimoAirport.com/media-centre

“The growth of the Nanaimo Airport over the past decade has been phenomenal and the economic impact of that growth on our region has been amazing. For me personally, when I look back 15 – 20 years ago, I almost never flew out of the Nanaimo Airport. I either couldn't get where I was going or it was too expensive. Now it's the only airport I leave the Island by and the service just keeps getting better and better.”

– Mark Drysdale, Ladysmith Chamber of Commerce



OUR BOARD OF DIRECTORS

Experienced local voices set our direction

The Nanaimo Airport Commission lays the foundation for our future by setting our strategic direction.

In 2019, Wendy Clifford was elected Board Chair, succeeding Lucie Gosselin. Spencer Mikituk joined the Commission as a Director representing the Regional District of Nanaimo. He succeeded the retiring Al Tully.

The nine Directors who oversaw our operations in 2019 all live and work in the region, ensuring that local people made local decisions. The commissioners brought a vast range of aviation, business and legal experience to their roles. They ensured we have the necessary internal controls and reporting systems to protect our operations and finances.

Five directors are appointed by the Commission from the communities we serve:

- City of Nanaimo
- Regional District of Nanaimo
- Cowichan Valley Regional District
- Town of Ladysmith
- Greater Nanaimo Chamber of Commerce

The other four directors are appointed to represent the community at large.

“Every year, students and their families from about 90 different countries, as well as every province and territory across Canada, come to Vancouver Island to study at VIU. As well, VIU faculty and staff engage with colleagues from across the country and world, and the University participates in many international partnerships. We’d like to recognize the airport and thank them for ensuring continued access to reliable and efficient transportation for all members of our community. It is vital to ensuring the University can engage with the world and allow members of the global academic community to access the Island, which not only supports VIU but also contributes to the economic and social prosperity of our region”

– Dr. Deborah Saucier, Vancouver Island University President and Vice-Chancellor



Wendy Clifford

BOARD CHAIR
Member at large



Dave Witty

VICE CHAIR
Nanaimo Chamber of Commerce



Lucie Gosselin

PAST CHAIR
Member at large



Alex Stuart

BOARD SECRETARY
Town of Ladysmith



Mike Brown

DIRECTOR
Member at large



Mike Kandert

DIRECTOR
City of Nanaimo



Spencer Mikituk

DIRECTOR
Regional District of Nanaimo



Colleen Johel

DIRECTOR
Cowichan Valley Regional District



Ray Gauthier

DIRECTOR
Member at large



Mike Hooper
PRESIDENT / CEO



Keith Granbois
VICE PRESIDENT
FINANCE, CFO



Pam Myers
MARKETING & HUMAN
RESOURCES MANAGER



Char Zeman
CONTRACTS &
PROCUREMENT
MANAGER



Don Goulard
DIRECTOR OF
OPERATIONS



Brandon Wiebe
MANAGER OF
OPERATIONS



Laurie Hawthornthwaite
CUSTOMER SERVICE
COORDINATOR



Janelle Raddatz
OFFICE
ADMINISTRATOR



Christiana Chantyman
ACCOUNTING ASSISTANT
PAYROLL ADMINISTRATOR

YCD STAFF

Behind the scenes, a dedicated team

Our experienced team is dedicated to creating an attractive, stress-free and positive environment for our customers and guests.

ADMINISTRATION

- Mike Hooper, President / CEO
- Keith Granbois, Vice President Finance, CFO
- Pam Myers, Marketing & Human Resources Manager
- Char Zeman, Contracts and Procurement Manager
- Janelle Raddatz, Office Administrator
- Christiana Chantyman, Accounting Assistant / Payroll Administrator

OPERATIONS

- Don Goulard, Director of Operations
- Brandon Wiebe, Manager of Operations
- Reg Brady, Senior Duty Manager
- Doug Fern, Superintendent, Safety & Security
- Owen Burt, Duty Manager
- Clint Babcock, Assistant Superintendent, Safety & Security
- Megan Low, Operations Administrator
- Gord Medves, Airport Operations Specialist
- Kent Lornson, Airport Operations Specialist
- Jason Benedict, Airport Operations Specialist
- Bryan Leach, Airport Operations Specialist
- Joshua Taylor, Airport Operations Specialist
- Aaron Page, Airport Operations Specialist
- Kevin Needham, Airport Operations Specialist
- Martin Bunn, Airport Operations Specialist

CUSTOMER SERVICE

- Laurie Hawthornthwaite, Customer Service Coordinator
- Mike Anderson, Social Media/Customer Service Representative
- Tiffany Braun, Customer Service Representative
- Savanah Broatch, Customer Service Representative



OUR VOLUNTEERS

Friendly faces provide stress-free experience

Our volunteer team of Blue Navigators ambassadors has helped build a foundation of service that our guests can count on today and in the future.

We aim to foster friendly service in a stress-free environment. And the Blue Navigators fulfilled that goal in 2019 with outstanding work in our Air Terminal Building.

The team of 40 local people contributed 5,496 hours of their time to make travel as comfortable as possible for passengers. Their efforts helped us uphold our standard of high-quality assistance even while dealing with the challenges of major construction in the terminal throughout the year.

Our travel ambassadors and staff minimized disruption by helping with everything from directions to departure gates to answering questions about local attractions.

The Navigators – known for the bright blue vests they wear -- proactively approach and respond to guests. In addition to helping passengers move through the terminal, they provide special assistance for travellers with disabilities and mobility impairments.

Not surprisingly, their work is much appreciated. Comments from airport guests such as “don't know what we would have done without you!” are common. Our volunteers are also often complimented on their politeness and professionalism, and for ensuring a great travel experience at both the beginning and end of trips.

In addition to their duties in the terminal building, our volunteers assisted with numerous Nanaimo Airport Commission events in 2019. They contributed to the success of staff training exercises and a community appreciation barbecue.

Since our Blue Navigators program started in 2012, volunteers have contributed more than 34,000 hours of service.



Management responsibility for financial statements

To the Board of Directors of the Nanaimo Airport Commission:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and the Finance & Audit Committee are composed primarily of Directors who are neither management nor employees of the Commission. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external auditors. The Finance & Audit Committee is also responsible for recommending the appointment of the Commission's external auditors.

MNP LLP is appointed by the Board of Directors to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Finance & Audit Committee and management to discuss their audit findings.

March 17, 2020



Michael Hooper
President & Chief Executive Officer



Keith Granbois
Vice President, Finance & Chief Financial Officer

Independent Auditor's Report

To the Board of Nanaimo Airport Commission:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nanaimo Airport Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Commission for the year ended December 31, 2018 were audited by Church Pickard Chartered Professional Accountants. Church Pickard Chartered Professional Accountants expressed an unmodified opinion on those statements on March 19, 2019.

Annual Report

Management is responsible for the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report cont.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Independent Auditor's Report cont.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission'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 Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Nanaimo, British Columbia
March 17, 2020

Chartered Professional Accountants

Nanaimo Airport Commission Statement of Financial Position

As of December 31, 2019

	2019	2018
Assets		
Current		
Cash	337,342	5,453,766
Accounts receivable	1,112,143	855,147
Funding receivable (Note 3)	1,427,077	150,185
Prepaid expenses	195,021	154,444
	<u>3,071,583</u>	<u>6,613,542</u>
Capital assets (Note 4)	43,182,796	33,681,969
Internally restricted cash and investments (Note 5)	2,655,308	1,846,384
Note receivable (Note 6)	166,282	166,473
	<u>49,075,969</u>	<u>42,308,368</u>
Liabilities		
Current		
Accounts payable and accruals (Note 7)	2,089,098	829,019
Unearned revenue	78,430	60,956
	<u>2,167,528</u>	<u>889,975</u>
Deferred capital contributions (Note 8)	19,928,887	18,190,349
Security deposits	19,771	19,771
	<u>22,116,186</u>	<u>19,100,095</u>
Net Assets		
Invested in capital assets	23,253,909	15,491,619
Internally restricted	2,655,308	1,846,384
Unrestricted	1,050,566	5,870,270
	<u>26,959,783</u>	<u>23,208,273</u>
	<u>49,075,969</u>	<u>42,308,368</u>

APPROVED:


DIRECTOR


DIRECTOR

The accompanying notes are an integral part of these financial statements

Nanaimo Airport Commission Statement of Revenue and Expenses

For the year ended December 31, 2019

	Budget 2019	Actual 2019	Actual 2018
Revenue			
Passenger revenue	2,896,875	2,943,032	2,653,024
Parking revenue	1,657,300	1,914,526	1,526,293
Regulatory recovery fee	835,300	834,321	768,241
Terminal building revenue	690,200	731,593	686,978
Land lease and license	294,180	289,388	264,636
Airside facility lease concession and fees	134,800	160,591	133,813
Interest and miscellaneous income	81,480	103,573	100,687
	<u>6,590,135</u>	<u>6,977,024</u>	<u>6,133,672</u>
Expenses			
Airfield operations and maintenance	1,252,155	1,179,157	880,658
Safety and security	1,174,900	1,071,279	881,536
Administration and management	936,810	815,270	786,058
Terminal building operations and maintenance	709,505	625,697	536,132
Marketing	391,025	324,376	377,583
Community engagement	227,160	243,638	186,009
Airport commission	199,165	177,753	161,555
Insurance	140,355	147,276	121,669
Planning and development	134,500	109,339	77,904
Property taxes and miscellaneous	31,465	31,910	42,596
	<u>5,197,040</u>	<u>4,725,695</u>	<u>4,051,700</u>
Excess of revenue over expenses before other revenue (expenses)	<u>1,393,095</u>	<u>2,251,329</u>	<u>2,081,972</u>
Other revenue (expenses)			
Passenger facility fees	2,386,580	2,275,626	2,106,519
Amortization of deferred capital contributions	819,660	852,494	840,262
Gain on disposal of capital assets	-	250	-
Amortization of capital assets	(1,450,000)	(1,628,189)	(1,478,421)
	<u>1,756,240</u>	<u>1,500,181</u>	<u>1,468,360</u>
Excess of revenue over expenses	<u>3,149,335</u>	<u>3,751,510</u>	<u>3,550,332</u>

The accompanying notes are an integral part of these financial statements

Nanaimo Airport Commission Statement of Changes In Net Assets

For the year ended December 31, 2019

	Invested in Capitol Assets	Internally Restricted	Unrestricted	2019	2018
Net assets, beginning of year	15,491,620	1,846,384	5,870,269	23,208,273	19,657,941
Excess (deficiency) of revenue over expenses	(775,692)	5,308	4,521,894	3,751,510	3,550,332
Transfer to fund purchase of capital assets, net of disposals	11,129,017	(1,196,384)	(9,932,633)	-	-
Transfer to recognize deferred capital contributions	(2,591,036)	-	2,591,036	-	-
Transfer to contingency reserve	-	2,000,000	(2,000,000)	-	-
Net assets, end of year	<u>23,253,909</u>	<u>2,655,308</u>	<u>1,050,566</u>	<u>26,959,783</u>	<u>23,208,273</u>

The accompanying notes are an integral part of these financial statements

Nanaimo Airport Commission Statement of Cash Flows

For the year ended December 31, 2019

	2019	2018
Cash provided by (used for) the following activities:		
Operating activities		
Excess of revenue over expenses	3,751,510	3,550,333
Amortization of capital assets	1,628,189	1,478,421
Amortization of deferred capital contributions	(852,494)	(840,261)
	<u>4,527,205</u>	<u>4,188,492</u>
Changes in non-cash operating accounts		
Accounts receivable	(256,996)	(62,376)
Funding receivable	(1,276,892)	25,422
Prepaid expenses	(40,577)	(69,122)
Accounts payable and accruals	1,260,017	47,755
Unearned revenue	17,474	10,843
	<u>4,230,231</u>	<u>4,141,014</u>
Investing activities		
Purchase of capital assets	(11,129,017)	(4,593,328)
Proceeds on disposal of capital assets	250	-
Deferred capital contributions received	2,591,036	1,093,265
	<u>(8,537,731)</u>	<u>(3,500,063)</u>
Increase (decrease) in cash	<u>(4,307,500)</u>	<u>640,951</u>
Cash, beginning of the year	<u>7,300,150</u>	<u>6,659,199</u>
Cash, end of the year	<u>2,992,650</u>	<u>7,300,150</u>
Cash is composed as:		
Cash	337,342	5,453,766
Restricted cash and investments	2,655,308	1,846,384
	<u>2,992,650</u>	<u>7,300,150</u>

The accompanying notes are an integral part of these financial statements

Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2019

1. Incorporation and nature of the organization

The Nanaimo Airport Commission (the "Commission") is incorporated under the laws of the Society Act of British Columbia as a not-for-profit organization under the Income Tax Act (the "Act") and as such is exempt from income taxes.

The Commission operates the Nanaimo airport facility which serves individuals travelling to and from central Vancouver Island.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board In Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Buildings and improvements	25 years
Vehicles	5 years
Heavy aviation support equipment	20 years
Computer software	5 years
Mobile equipment	15 years
Furniture, equipment and computer hardware	5 years
Fence	10 years
Runway, airfield and parking lot improvements	10,20 and 50 years

Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2019

2. Significant accounting policies - cont.

Fund accounting

The Commission follows the deferral method of accounting for contributions and reports using fund accounting, and maintains three funds: Unrestricted Fund, Capital Asset Fund and Internally Restricted Fund.

The Unrestricted Fund reports the Commission's assets, liabilities, revenue and expenses related to regular airport operations, safety and regulatory, and administrative activities.

The Capital Asset Fund reports the Commission's assets, liabilities, revenue and expenses related to Nanaimo Airport Commission's capital assets.

The Internally Restricted Fund reports the Commission's assets, liabilities, revenue and expenses related to Nanaimo Airport Commission's internally restricted funds. The Commission maintains internally restricted funds for contingency reserve, tangible capital asset reserve and regulatory recovery fee reserve.

Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the unamortized portion of contributed capital assets and restricted contributions that were used to purchase the Commission's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Revenue recognition

The Commission uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the Unrestricted Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized in the appropriate deferred contribution balance or in net assets depending on the nature of the restrictions. Unrestricted investment income is recognized as revenue in the Unrestricted Fund when earned.

- Passenger revenue, landing fees and general terminal fees are recognized as revenue when airport facilities are utilized.
- Parking revenue is recognized as the lot is used.
- Regulatory recovery fees and passenger facility fees are recognized as revenue at passenger departure.
- Land lease and other concession revenue is recognized as revenue monthly in accordance with the rental agreements.
- Capital grants are deferred when received and amortized over the useful life of the corresponding assets.

Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2019

2. Significant accounting policies - cont.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Contributed capital assets are recorded at their fair value. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known

3. Funding receivable

At December 31, 2019, \$1,427,077 (2018: \$150,185) was receivable from government agencies relating to asset acquisition and development.

4. Capital assets

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Land	3,784,132	-	3,784,132	3,693,788
Buildings and improvements	15,528,075	6,773,694	8,754,381	9,066,999
Computer software	191,344	96,527	94,817	74,563
Fence	386,544	286,437	100,107	77,930
Furniture, equipment and computer hardware	1,076,500	747,388	329,112	226,854
Heavy aviation support equipment	2,037,566	212,196	1,825,370	665,188
Mobile equipment	238,878	78,637	160,241	176,166
Runway, airfield and parking lot improvements	23,927,321	9,665,784	14,261,537	14,779,669
Vehicles	1,287,725	1,150,718	137,007	91,632
Assets under development	13,736,092	-	13,736,092	4,829,180
	<u>62,194,177</u>	<u>19,011,381</u>	<u>43,182,796</u>	<u>33,681,969</u>

No amortization of the assets under development has been recorded during the current year as they are currently under development.

Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2019

5. Internally restricted cash and investments

Internally restricted cash and investments consists of the following:

	2019	2018
National Bank - GIC - Due May 5, 2020 bearing interest at 2.31%	100,000	100,000
Bank of Nova Scotia - GIC - Due June 18, 2020 bearing interest at 2.25%	244,750	244,750
Bank of Montreal - GIC - June 29, 2020 bearing interest at 2.31%	137,000	-
National Bank - GIC - Due February 25, 2021 bearing interest at 2.17%	86,058	86,058
Bank of Nova Scotia - GIC - Due March 24, 2021 bearing interest at 2.25%	87,500	87,500
Bank of Nova Scotia - GIC - Due January 18, 2019 bearing interest at 2.05%	-	310,000
Manulife Bank of Canada - GIC - Due February 25, 2019 bearing interest at 2.55%	-	31,200
Canadian Western Trust - GIC - Due February 26, 2019 bearing interest at 2.10%	-	33,953
Manulife Bank of Canada - GIC - Due March 20, 2019 bearing interest at 2.55%	-	32,000
B2B Bank - GIC - Due June 10, 2019 bearing interest at 2.55%	-	95,200
Tangerine Bank - GIC - Due June 18, 2019 bearing interest at 2.05%	-	181,750
Royal Bank of Canada - General bank account	2,000,000	643,973
	<u>2,655,308</u>	<u>1,846,384</u>
Tangible capital reserve		
Opening balance	1,172,025	2,484,289
Contributions	2,275,626	3,199,784
Expenditures	(3,447,651)	(4,512,048)
Ending balance	-	1,172,025
Contingency reserve		
Opening balance	650,000	-
Contributions	5,308	650,000
Transfer from unrestricted funds	2,000,000	-
Ending balance	<u>2,655,308</u>	<u>650,000</u>
Regulatory recovery fee reserve		
Opening balance	24,359	-
Contributions	108,243	106,121
Expenditures	(132,612)	(81,762)
Ending balance	-	24,359
	<u>2,655,308</u>	<u>1,846,384</u>

Unrestricted accrued interest is included in accounts receivable on these balances in the amount of \$53,548 (2018: \$78,705).

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2019

6. Note receivable

Note receivable consists of a promissory note with a face value of \$166,473 due from an unrelated company. The note bears interest at prime plus 1%. The note is repayable in monthly installments of \$750 per month from October 1, 2019 to September 1, 2021 and at \$2,500 per month thereafter until the principal and interest is paid in full. The note is due on demand but the Commission has no intention of calling the note in the coming year.

7. Accounts payable and accruals

Accounts payable and accruals consists of the following:	2019	2018
Accounts payable and accruals	1,880,291	666,711
Wages payable	208,808	162,307
	2,089,099	829,018

8. Deferred capital contributions

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

Changes in deferred capital contributions are as follows:

Changes in deferred capital contributions are as follows:	2019	2018
Balance, beginning of year	18,190,349	17,937,346
Capital grant funds received during the year	2,591,032	1,093,265
Less: Amounts recognized as revenue during the year	(852,494)	(840,262)
Balance, end of year	19,928,887	18,190,349

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2019

9. Director stipends

The total remuneration paid to directors at December 31, 2019 is \$120,928 (2018: \$110,516).

10. Remuneration of employees and contractors

The total remuneration incurred for the top ten employees and contractors over \$75,000 at December 31, 2019 is \$14,952,975 (2018: \$3,469,322). The large increase in the year was due to contractor payments related to the terminal building expansion project.

11. 2019 Budget

The 2019 budget figures presented in these financial statements are based on the Financial Operating Plan approved by the Board of Directors on December 7, 2018.

12. Financial instruments

The Commission, as part of its operations, carries a number of financial instruments. It is management's opinion that the Commission is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

Financial instruments that potentially subject the Commission to concentrations of credit risk consist primarily of trade accounts receivable. Commission sales are concentrated in the transport sector; however, credit exposure is limited due to the Commission's large customer base of carriers, tenants and licensees. However at year end two major carriers comprised the largest portion of receivables in total \$449,342 (2018: \$424,930).

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2019

13. Bank indebtedness

The Commission has credit facilities arranged with the Royal Bank of Canada that were approved on September 27, 2017. The facilities provide for a line of credit of \$100,000 and loan facilities totaling \$4,200,000. There have been no draws on these facilities at December 31, 2019 or subsequent to year end.

The following has been collateralized in connection with this line of credit:

- General security agreement;
- Collateral mortgage of \$875,000 on certain land and improvements; and
- Collateral mortgage including first ranking assignment of all rents in the amount of \$6,300,000 constituting a first fixed charge on lands and improvements.

14. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

15. Subsequent event

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Commission as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

While the extent of the impact is unknown, we anticipate this outbreak will cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which will negatively impact the Company's business and financial condition in the coming year.





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