

# 2020 ANNUAL REPORT

RESPOND,  
REBOUND,  
TAKE OFF.



## 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.

## OUR KEY VALUES

**Safety** – The continued safe operation of the airport is essential to all other principles.

**Reliability** – Reliability builds user confidence and enhances growth.

**Self-sufficiency** – Financial and governance self-sufficiency is critical for YCD.

**Community** – Our focus on community is the airport's future.

**Economic Engine** – Recognition of the airport's role in the wider economy.

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## MESSAGE FROM OUR BOARD CHAIR & CEO

*A year of adapting to extraordinary challenges while maintaining essential transportation for our communities*

2020 was a year unlike any other in the history of Nanaimo Airport (YCD). The COVID-19 pandemic created extraordinary operational challenges for the global aviation industry. Thanks to the remarkable resiliency of Nanaimo Airport staff, Board members and our business partners, we remained open to ensure transportation of essential goods and people continued for the communities we serve.

We responded immediately when the World Health Organization declared the pandemic March 22, 2020. We took decisive safety measures, such as enhanced cleaning protocols, plexiglass barriers and self-tagging baggage. We paused non-essential capital infrastructure projects to help safeguard our financial stability in the face of unprecedented declines in revenue. We adapted to new ways of doing things, such as remote meetings and enhanced safety procedures.

As the pandemic continued to unfold, we welcomed our new CEO and President in May. Dave Devana's leadership guided us through evolving Public Health recommendations and dramatic fluctuations in air travel. Passenger traffic dropped 95% in April from the previous year.

As the first wave of the pandemic eased, Nanaimo Airport Commission ensured we were prepared to rebound. With the help of the Canada Emergency wage subsidy program we retained operational staff and capability. Passenger counts were down 70% during August through November compared with the previous year. We remained focused on science-based safety measures to protect people.

While ensuring the Central Island could continue to count on us during these challenging times, Nanaimo Airport Commission also kept an eye on the future needs of our region. The aviation industry anticipates a full recovery by 2023/2024. We will be ready to welcome travellers in our new terminal building once restrictions are relaxed.

Our robust plan to take off will enhance air service and fulfill our role as a key economic driver for the region. We will pursue sun destinations, giving Central Islanders even more travel options. We announced a \$28.8-million, five-year infrastructure investment program that will enhance our facilities while also boosting the regional economy. We're preparing a Nanaimo Airport Infrastructure Master Plan that will help us serve our communities for the next generation.

We're also planning for expansion into air cargo warehousing and distribution. This strategy will help us diversify revenues. All of this was made possible by our Nanaimo Airport staff and the Nanaimo Airport Commissioners. We are grateful for their exceptional dedication and work. We appreciate the support of our business partners during this difficult period, especially Air Canada and WestJet for maintaining domestic routes to Vancouver and Calgary. Our government partners, at all levels, provided invaluable support and assistance.

We also thank Mike Hooper, our former president and CEO who retired in 2020 after 14 years of exceptional service. We'll continue to build on the foundation he helped create as we rebound and take off in a world reshaped by COVID.

Wendy Clifford  
Nanaimo Airport Commission Board Chair

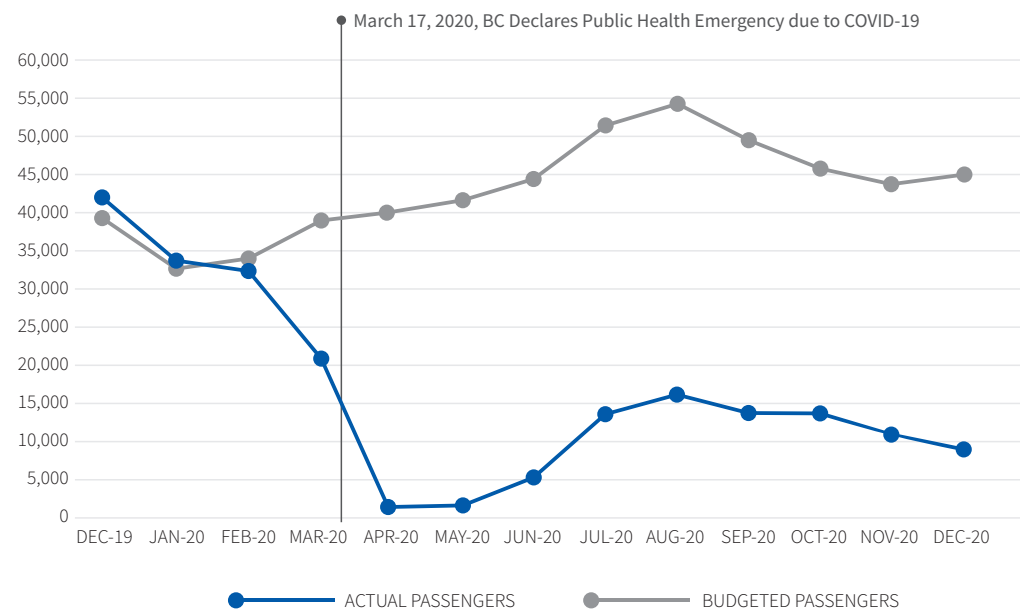
Dave Devana  
Nanaimo Airport President & CEO



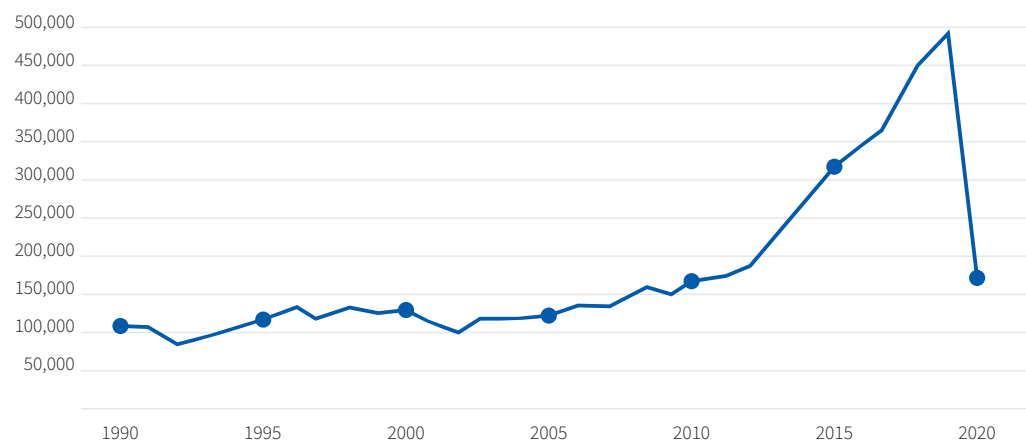
## YCD PASSENGER NUMBERS

Nanaimo Airport passenger traffic in 2020 fell almost 65% from last year.

### MONTHLY PASSENGERS 2020



### ANNUAL PASSENGERS 1990-2020



## COVID IMPACT ON GLOBAL AVIATION

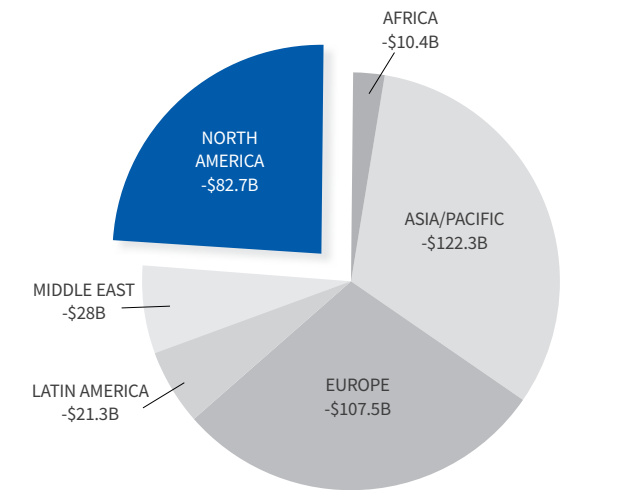
**64.2%** REDUCTION IN PASSENGER TRAFFIC

**2.69** BILLION FEWER AIR PASSENGERS

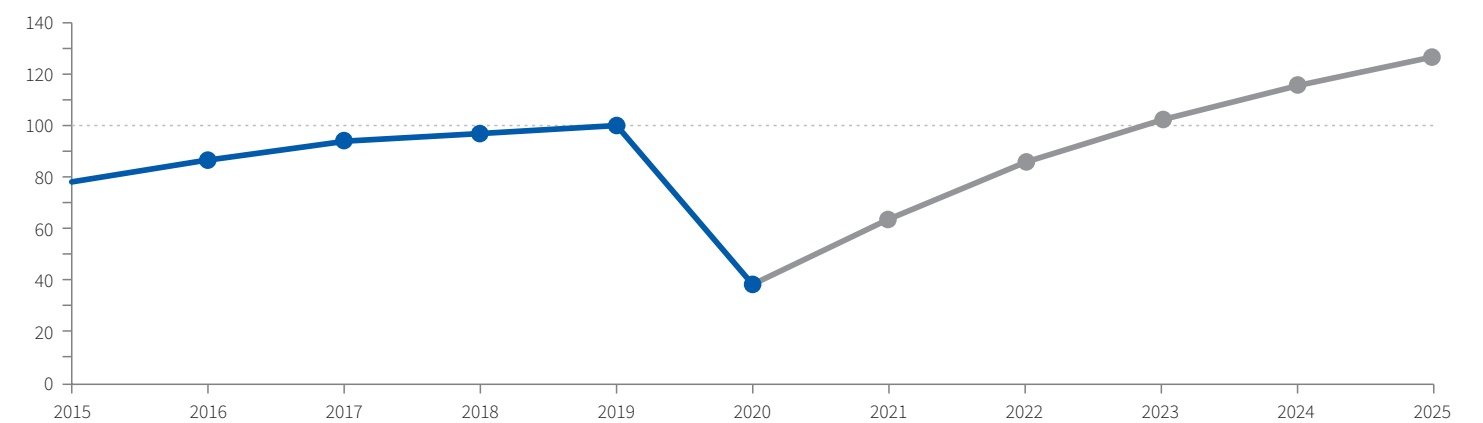
**40%** REDUCTION IN AIR TRAVEL CARBON EMISSIONS IN DECEMBER 2019

**\$88** BILLION US DOLLARS REDUCTION IN NORTH AMERICAN AVIATION REVENUE

\* Source <https://www.icao.int/> ICAO Uniting Aviation



**REVENUE LOSS BY CARRIER REGIONS**  
-\$372.4B USD - TOTAL REVENUE LOSS



### SHORT-TERM GLOBAL PASSENGER TRAFFIC PROJECTION (INDEXED, 2019 = 100)

\* The business-as-usual (BAU) forecast represents the comparative baseline and is derived from the adjusted World Airport Traffic Forecasts (WATF) 2019–2040 considering latest insights provided by ACI Regional offices and other inputs.  
\*\* Estimated passenger traffic volumes scenarios based on a broad range of inputs provided by ACI Regional offices and industry experts - Source: ACI World



## OUR RESPONSE TO COVID 19

*When the pandemic hit, Nanaimo Airport acted swiftly and effectively with safety as the top priority*

### Keeping People Safe

We immediately created a Safety First environment for our staff, business partners and essential travelers. As a result, no virus outbreaks were attributed to airport operations. We implemented comprehensive safety measures, including:

- Enhanced sanitization and cleaning protocols
- Using technology such as the Honk pay by plate
- Self-tagging baggage
- Plexiglass barriers
- Social distancing
- Limited Air Terminal Building access
- Mandatory masks

We also suspended our Blue Navigators ambassador program, to protect the volunteers from the risk of exposure.

### Providing High Level Service

Nanaimo Airport remained open with adjusted hours of operation to ensure essential goods and services flowed to our communities. Air transportation is critical in helping protect our municipalities and Indigenous communities. By remaining open we ensured air ambulance and search and rescue operations, as well as repatriation flights of Canadians returning home from other countries, could take place as needed.

### Pausing Capital Projects

We experienced severe cash flow impacts due to unprecedented declines in our revenue from passenger traffic. In April 2020, for example, only 1,903 travellers went through our gates compared to 38,566 travellers in April 2019. Nanaimo Airport Commission prudently decided to defer all non-essential capital infrastructure projects, such as a \$2.5-million planned expansion of the south apron, until cash flows recover.



### *The Central Island's airport of choice*

Nanaimo Airport (YCD) is a 15-minute drive south of downtown Nanaimo on 224 hectares (550 acres). We are a not-for-profit authority owned and operated by the Nanaimo Airport Commission. Our commercial aviation includes scheduled and charter flights, air cargo and freight-courier services, aircraft refueling and maintenance, flight training and sightseeing 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. Prior to the pandemic, airport operations generated \$486 million in annual direct and indirect economic output in the region, including more than 2,750 direct and indirect jobs.



*We maintained our on-site emergency response service, having two Aircraft and Fire Rescue (ARFF) trucks available. This allowed us to retain our Category 6 ARFF regulatory rating, which is a safety standard based on the number of movements by commercial passenger-carrying aircraft.*

## HOW WE ARE REBOUNDING

*As restrictions evolve, Nanaimo Airport plays an important role in helping our communities adjust to a new reality*

### Maintaining Safety

Our focus on health and safety continued as a cautious recovery of air travel began during B.C.'s Restart Plan Phase 3 in summer. Air Canada and WestJet increased flights to Vancouver and Calgary, offering 27 per week in July between those destinations. They were able to offer seven weekly flights at the height of the pandemic restrictions on air travel. We also had multiple charter, cargo and private planes flying in and out daily.

Our COVID protocols adapted to evolving government orders and recommendations based on the latest science. We re-opened our original departure lounge to create additional room for social distancing. Our airline partners continued their rigorous precautions, including defogging planes and screening passengers prior to boarding. Air Canada introduced touchless kiosks in the terminal building.

### Collaborating With Our Partners

We worked alongside our governments and business partners to ensure the continued safe and essential movement of goods, services, aircraft, and people. We coordinated and shared information advising travellers on how to respond to the pandemic. We consulted with business operators at the airport, from transportation to food service providers, to make sure we remained open for business and ready for recovery.

### Keeping People Employed

Airport operations directly and indirectly create jobs that support Central Island families. With the help of the federal government's Canada Emergency Wage Subsidy program, we retained operational staff and capability. Our team worked under trying conditions to deliver the best service possible.

By remaining open, we also helped people who work outside the region to safely travel and keep their employment. As well, we indirectly supported many new jobs in regional courier and delivery businesses due to a surge in e-commerce parcels flown through our airport.

### Navigating Financial Turbulance

2020 challenged us to balance the need to keep the airport open with the financial reality operating with reduced revenue. Many operating expenses, such as runway maintenance, are fixed costs, while revenues depend heavily on passenger and parking fees. We were expecting a \$2.5 million profit, but due to the pandemic, we ended up running a \$1.45 million deficit.

Fiscal prudence by Nanaimo Airport Commission in previous years helped us sustain cash flow during the most difficult financial period in our existence. To further safeguard our operations for the year and for the future, we secured access to additional financing, if needed, from our financial institution.



*We are very excited to start welcoming back travellers, when the travelling public is ready to fly, we will provide our exceptional customer service in a safety-first environment. We also are working to expand travel options for our communities by pursuing additional routes. Priorities identified by our customers include seasonal sun destinations. As we explore those opportunities, we will continue to adhere to industry-standard safety practices for all travellers.*

## OUR PLAN TO TAKE OFF

*With vaccines on the horizon, we remain committed to being the Island's gateway to the world and a critical economic driver for the region's recovery*

### Investing in our Future

Nanaimo Airport Commission is preparing to ramp up operations in the most cost-efficient manner once travel restriction are lifted. We will be ready for the full aviation industry recovery that is expected by 2023/2024. In the meantime, we plan to help drive regional economic recovery from the pandemic.

In late 2020 we announced a \$28.8 million investment in our infrastructure over five years – a program that will enhance our facilities while providing the region with a much-needed economic injection of jobs and demand for goods and services.

The proposed work includes runway and taxiway rehabilitation, concrete apron enhancement, south apron expansion, improved runway lighting and Runway Extension Safety Area (RESA). The improvements will allow us to pursue additional route development options, including seasonal sun destinations.

The program is included in Nanaimo Airport Commission's 2021-2025 Financial Plan. The budget is based on a prudent pandemic recovery with passenger traffic returning to 2019 levels by 2024. The investment is also part of the Nanaimo Airport Infrastructure Master Plan we are preparing in 2021. It identifies critical projects that could be “shovel-ready” for investment. We are financially self-sufficient and partner with governments on infrastructure investment.

The projects will help us and our region recover from the impact of the pandemic. The upgrades will also ensure we continue to meet the needs of leisure and business travellers for the next generation.

### Diversifying Our Operations

Nanaimo Airport Commission plans several steps to secure our stable financial future. We plan to expand into air cargo warehousing and distribution and other commercial initiatives to diversify our revenues. Right now we rely primarily on passenger-based revenues.

We also continue to plan for careful developing of our vacant land for regional benefit. Airport development has been identified as one of the keys in the City of Nanaimo's economic development strategy, which includes the goal of creating a transportation, cargo and logistics hub. Nanaimo Airport falls under federal jurisdiction and as champion of our communities we have been cooperating with the Regional District of Nanaimo as it updates its regional growth strategy, Official Community Plan and zoning for a commercial/Industrial area.

### Continuing Superb Customer Service

Nanaimo Airport has a well-earned reputation for meeting and exceeding the needs of its users. That Customer First philosophy will continue as we regain our momentum and growth. One of the cornerstones of our customer service excellence is the Blue Navigators ambassador program. The volunteers have been off duty due to COVID and we are actively working with them to plan their safe return.

Airport users can also expect our continued embrace of technology for their convenience. We will continue using a parking app and are exploring other options that can reduce touch points while providing efficiency and ease of use.



# A YEAR OF GROWTH DESPITE THE CHALLENGES

*Even with the pandemic, 2020 was a year of many accomplishments and milestones*

## Air Terminal Building Debuts

Our \$14-million Air Terminal Building expansion officially opened on February 28, 2020. It was completed ahead of schedule and under budget. The expansion adds 14,000 square feet of naturally-lit space for passenger convenience and comfort. It includes more passenger seating in our departure lounge and increased security screening capacity. The building expansion project fulfills three critical priorities for the Nanaimo Airport Commission: meeting expected demand for air service through the next decade, economic stimulus through infrastructure construction, and regional economic development.

## New Direct Bus Route Launches

The Regional District of Nanaimo Transit System launched an airport bus service in January. It connects the airport and the neighbouring Cassidy community to downtown Nanaimo. The service provides five buses per day from early morning to early evening. The new route is a product of cooperation between Transit and the Nanaimo Airport Commission.

## New President and CEO

Dave Devana assumed the role as our President and CEO on May 5, 2020. Prior to that, he led organizations as Chief Administrative Officer (CAO) and Chief Financial Officer in local government for more than 20 years. He's a Certified Professional Accountant (CPA) with a broad background in land use, environmental stewardship, government relations and funding, financial management and strategic planning.

## Funding Secured for EV Stations

We secured funding to install four Level 3 fast-charging zero emission vehicle stations. Natural Resources Canada's Electric Vehicle and Alternative Fuel Infrastructure Deployment Initiative invested \$200,000 with the provincial CleanBC Go Electric Program and Nanaimo Airport Commission investing \$100,000 each. The stations can fully charge most Zero Emission Vehicles (ZEV) in one hour. They will go into operation in early 2021.

## Tenants see Surge in Business

Some of our business partners played key roles in serving our communities during the pandemic and saw significant increases in workload as a result.

FedEx Canada's Nanaimo base saw business jump some 45% over last year. E-commerce drove the surge, which required the company to add staff and reconfigure its space to handle the deluge of residential parcels. FedEx added another cargo flight here and boosted its trucking system. We worked with the company to quadruple the size of its employee parking on site.

Alkan Air ensured critical health care supplies reached northern B.C. through a contract with the region's health authorities. Alkan's crews delivered COVID swabs, blood and even vaccines to communities with limited air service. The company also served as a medivac for B.C. Ambulance Service, transporting many COVID and other patients to life-saving hospital care. To cope with the demand, Alkan based another plane and more staff here at the airport. We helped the firm with its plans for a new, larger base of operations.





*Mike Hooper was our longest-serving President and CEO, leading airport operations for 14 years. He had served on our Board of Directors before being appointed to the top administrative position.*

*To honour his service, the Nanaimo Airport Commission created the Michael K. Hooper Award to support Vancouver Island University students in the business, tourism, hospitality, science or trades programs.*



## PRESIDENT & CEO RETIREMENT

*From neighbour to leader, Mike Hooper has long ties to the Nanaimo Airport*

Mike Hooper's connection to the Nanaimo Airport started in his early years as he was raised on the Cassidy Farm adjacent to the Airport. Years later, Mike would become the President & CEO of the Airport. His tenure was marked with record setting growth amid major infrastructure improvements and expansion.

He joined the Nanaimo Airport Commission in 2005 and was appointed President & CEO the next year. He also served on numerous boards that served the region and the aviation industry.

Mike graduated from Nanaimo District Secondary School and later earned a master's degree in business administration. He spent 27 years in the forestry industry in strategic and operational management positions.

Before he retired in 2020, after 14 years at our helm, he oversaw our transformation into a vital transportation hub for the region and one of the fastest growing regional airports in the country. "It's been truly a team effort," Mike said, crediting Nanaimo Airport Commission, airport administrative and operations teams, and government, community and business partners for our success.

Some of the highlights of his career here include:

- Extending our runway to accommodate larger jets, which helped attract more commercial flights
- Installing a high-tech Instrument Landing System (ILS) that raised our flight reliability to more than 99%
- Substantially expanding our Air Terminal Building
- Record numbers of passengers using our airport



# BOARD OF DIRECTORS



**Mike Kandert**  
DIRECTOR

**Colleen Johel**  
DIRECTOR

**Dave Witty**  
VICE CHAIR

**Garth Busch**  
DIRECTOR

**Wendy Clifford**  
BOARD CHAIR

**Alex Stuart**  
BOARD SECRETARY

**Mike Brown**  
DIRECTOR

**Spencer Mikituk**  
DIRECTOR

**Ray Gauthier**  
DIRECTOR

The Board Consists of community members from the following: City of Nanaimo, Nanaimo Regional District, Town of Ladysmith, Cowichan Valley Regional District, and the Nanaimo Chamber of Commerce





**Dave Devana**  
PRESIDENT / CEO



**Keith Granbois**  
VICE PRESIDENT  
FINANCE, CFO



**Don Goulard**  
VICE PRESIDENT OPERATIONS  
& REGULATORY AFFAIRS



**Char Zeman**  
BUSINESS SERVICES  
MANAGER



**Brandon Wiebe**  
SENIOR MANAGER  
OF OPERATIONS

## ADMINISTRATION & STAFF

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

### ADMINISTRATION

- Dave Devana, President / CEO
- Keith Granbois, Vice President Finance, CFO
- Char Zeman, Business Services Manager
- Christiana Chantyman, Accounting Assistant / Payroll Administrator

### OPERATIONS

- Don Goulard, Vice President Operations & Regulatory Affairs
- Brandon Wiebe, Senior Manager of Operations
- Reg Brady, Senior Duty Manager
- Doug Fern, Superintendent, Safety & Security
- Owen Burt, Duty Manager
- Darren Krivoshein, Duty Manager
- Clint Babcock, Assistant Superintendent, Safety & Security
- Megan Low, Operations Administrator
- Jason Benedict, Airport Operations Specialist
- Jackson Hewer, Electrician / Airport Operations Specialist
- Bryan Leach, Airport Operations Specialist
- Kent Lornson, Airport Operations Specialist
- Gord Medves, Airport Operations Specialist
- Kevin Needham, Airport Operations Specialist
- Aaron Page, Airport Operations Specialist
- Joshua Taylor, Airport Operations Specialist

### CUSTOMER SERVICE

- Laurie Hawthornthwaite, Airport Terminal & Customer Care Manager
- Mike Anderson, Marketing & Social Media Coordinator
- Tiffany Braun, Customer Service Representative
- Savanah Broatch, Customer Service Representative



# 2020 NAC FINANCIAL STATEMENTS



## 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 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 23, 2021



Dave Devanas  
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, 2020, 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, 2020, 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 Information

Management is responsible for the other information which consists of 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.

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.

## Independent Auditor's Report cont.

### 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:

- 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.

## Independent Auditor's Report cont.

- 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 23, 2021

Chartered Professional Accountants



# Nanaimo Airport Commission Statement of Financial Position

As of December 31, 2020

	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash	229,602	337,342
Accounts receivable (Note 13)	362,011	1,112,143
Funding receivable (Note 3)	299,989	1,427,077
Prepaid expenses	285,872	195,021
Current portion of note receivable (Note 4)	<u>8,637</u>	<u>787</u>
	<b>1,186,111</b>	<b>3,072,370</b>
Capital assets (Note 5)	44,287,407	43,182,796
Note receivable (Note 4)	156,027	165,496
Internally restricted cash and investments (Note 6)	<u>774,652</u>	<u>2,655,308</u>
	<b>46,404,197</b>	<b>49,075,970</b>
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 7)	367,724	-
Accounts payable and accruals (Note 8)	527,196	2,089,099
Unearned revenue	68,749	78,430
Current portion of long-term debt (Note 9)	17,129	-
Current portion of capital lease obligations (Note 10)	<u>24,716</u>	<u>-</u>
	<b>1,005,514</b>	<b>2,167,529</b>
Long-term debt (Note 9)	79,436	-
Capital lease obligations (Note 10)	45,919	-
Deferred capital contributions (Note 11)	19,746,419	19,928,887
Security deposits	<u>19,771</u>	<u>19,771</u>
	<b>20,897,059</b>	<b>22,116,187</b>
<b>Significant Event (Note 12)</b>		
<b>Net Assets</b>		
Invested in capital assets	24,006,066	23,253,909
Internally restricted	774,652	2,655,308
Unrestricted	<u>726,420</u>	<u>1,050,566</u>
	<b>25,507,138</b>	<b>26,959,783</b>
	<b>46,404,197</b>	<b>49,075,970</b>

Approved on behalf of the Board of Directors

  
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, 2020

	Budget 2020 (Note 16)	2020	2019
<b>Revenue</b>			
Passenger revenue	3,191,735	1,071,601	2,943,032
Parking revenue	2,005,950	706,708	1,914,526
Regulatory recovery fee	879,995	283,152	834,321
Terminal building revenue	795,655	378,670	731,593
Land lease and license revenue	314,360	310,507	289,388
Airside facility lease concession revenue	163,100	119,587	160,591
Interest and miscellaneous income	39,990	29,625	103,573
Canada Emergency Wage Subsidy (Note 13)	-	877,892	-
	<u>7,390,785</u>	<u>3,777,742</u>	<u>6,977,024</u>
<b>Expenses</b>			
Administration and management	1,260,600	1,029,212	815,270
Airfield operations and maintenance	1,472,745	1,235,926	1,179,157
Airport Commission	182,800	147,482	177,753
Community engagement	282,640	257,245	243,638
Insurance	295,915	185,790	147,276
Marketing	350,000	266,381	324,376
Planning and development	137,440	67,392	109,339
Property taxes and miscellaneous	22,860	17,774	31,910
Safety and security	1,261,325	934,911	1,071,279
Terminal building operations and maintenance	<u>861,345</u>	<u>791,154</u>	<u>625,697</u>
	<b>6,127,670</b>	<b>4,933,267</b>	<b>4,725,695</b>
<b>Excess (deficit) of revenue over expenses before other revenue (expenses)</b>	<u>1,263,115</u>	<u>(1,155,525)</u>	<u>2,251,329</u>
<b>Other revenue (expenses)</b>			
Passenger facility fees	2,424,950	782,487	2,275,626
Amortization of capital assets	(2,195,790)	(2,054,200)	(1,628,189)
Amortization of deferred capital contributions	1,022,675	983,538	852,494
(Loss) gain on disposal of capital assets	-	(8,945)	250
	<u>1,251,835</u>	<u>(297,120)</u>	<u>1,500,181</u>
<b>Excess (deficit) of revenue over expenses</b>	<u>2,514,950</u>	<u>(1,452,645)</u>	<u>3,751,510</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, 2020

	Invested in Capital Assets	Internally Restricted <i>(Note 6)</i>	Unrestricted	2020	2019
<b>Net assets, beginning of year</b>	23,253,909	2,655,308	1,050,566	26,959,783	23,208,273
<b>Excess(deficit) of revenue over expenses</b>	(1,070,662)	892,565	(1,274,548)	(1,452,645)	3,751,510
<b>Transfer to fund purchase of capital assets</b>	3,158,812	(2,850,598)	(308,214)	-	-
<b>Transfer of funds received on debt related to capital assets</b>	(540,742)	-	540,742	-	-
<b>Transfer of funds to repay debt related to capital assets</b>	5,818	-	(5,818)	-	-
<b>Transfer of grants received related to capital assets</b>	(801,069)	-	801,069	-	-
<b>Transfer to Minimum Operating Reserve</b>	-	77,377	(77,377)	-	-
<b>Net assets, end of year</b>	<u>24,006,066</u>	<u>774,652</u>	<u>726,420</u>	<u>25,507,138</u>	<u>26,959,783</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, 2020

	2020	2019
<b>Cash provided by (used for) the following activities:</b>		
<b>Operating</b>		
Excess(deficit) of revenue over expenses	(1,452,645)	3,751,510
Amortization of capital assets	2,054,200	1,628,189
(Loss) gain on disposal of capital assets	8,945	(250)
Amortization of deferred capital contributions	(983,538)	(852,494)
	<u>(373,038)</u>	<u>4,526,955</u>
Changes in working capital accounts		
Accounts receivable	750,132	(256,996)
Funding receivable	1,127,088	(1,276,892)
Prepaid expenses	(90,848)	(40,578)
Accounts payable and accruals	(1,561,903)	1,260,018
Unearned revenue	(9,681)	17,474
	<u>(158,250)</u>	<u>4,229,981</u>
<b>Financing</b>		
Advances of capital lease obligations	74,732	-
Repayments of capital lease obligations	(4,097)	-
Advances of long-term debt	98,286	-
Repayment of long-term debt	(1,721)	-
	<u>167,200</u>	<u>-</u>
<b>Investing</b>		
Purchase of capital assets	(3,158,812)	(11,129,017)
Repayment of notes receivable	1,618	-
Deferred capital contributions received	801,069	2,591,036
Cost incurred on disposal of capital assets	(8,945)	-
Proceeds on disposal of capital assets	-	500
	<u>(2,365,070)</u>	<u>(8,537,481)</u>
<b>Decrease in cash</b>	<u>(2,356,120)</u>	<u>(4,307,500)</u>
<b>Cash, beginning of year</b>	<u>2,992,650</u>	<u>7,300,150</u>
<b>Cash, end of year</b>	<u>636,530</u>	<u>2,992,650</u>
<b>Cash is composed of:</b>		
Cash	229,602	337,342
Restricted cash and investments	774,652	2,655,308
Bank indebtedness	(367,724)	-
	<u>636,530</u>	<u>2,992,650</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, 2020

### 1. Incorporation and nature of the organization

The Nanaimo Airport Commission (the "Commission") is incorporated under the laws of the Canada Not-for-Profit Corporations Act and is 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 (YCD) 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.

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

# Nanaimo Airport Commission

## Notes to the Financial Statements

For the year ended December 31, 2020

### 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, 2020

### 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, 2020, \$299,989 (2019 - \$1,427,077) was receivable from government agencies relating to asset acquisition and development.

### 4. Note receivable

Note receivable consists of a promissory note with a face value of \$164,644 (2019 - \$166,283) 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.

# Nanaimo Airport Commission

## Notes to the Financial Statements

For the year ended December 31, 2020

### 5. Capital assets

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Land	3,812,582	-	3,812,582	3,784,132
Buildings and improvements	30,898,000	7,707,002	23,190,998	8,754,381
Computer software	376,669	111,879	264,790	94,817
Fence	411,812	293,896	117,916	100,107
Furniture, equipment and computer hardware	1,218,988	836,218	382,770	329,112
Heavy aviation support equipment	2,037,566	314,074	1,723,492	1,825,370
Mobile equipment	238,878	94,563	144,315	160,241
Runway, airfield and parking lot improvements	23,968,790	10,425,755	13,543,035	14,261,537
Vehicles	1,442,218	1,208,398	233,820	137,007
Assets under development	809,718	-	809,718	13,736,092
Equipment under capital lease	63,971	-	63,971	-
	<u>65,279,192</u>	<u>20,991,785</u>	<u>44,287,407</u>	<u>43,182,796</u>

No amortization of the assets under development has been recorded during the current year because it is currently under development. No amortization has been recorded during the year on equipment under capital lease as the asset is not currently in use.



# Nanaimo Airport Commission

## Notes to the Financial Statements

For the year ended December 31, 2020

### 6. Internally restricted cash and investments

Internally restricted cash and investments consists of the following:

	2020	2019
National Bank - GIC - Due May 5, 2020 bearing interest at 2.31%	-	100,000
Bank of Nova Scotia - GIC - Due June 18, 2020 bearing interest at 2.25%	-	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
Royal Bank of Canada - General bank account	<u>601,094</u>	<u>2,000,000</u>
	<u>774,652</u>	<u>2,655,308</u>
<b>Tangible Capital Asset Reserve</b>		
Opening balance	-	1,172,025
Contributions	782,487	2,275,626
Expenditures	(2,764,337)	(3,447,651)
Transfer from unrestricted funds	1,082,685	-
Transfer from minimum operating reserve	<u>899,165</u>	-
Ending balance	<u>-</u>	<u>-</u>
<b>Minimum Operating Reserve</b>		
Opening balance	2,655,308	650,000
Contributions	-	5,308
Transfer (to) from unrestricted funds	(1,005,308)	2,000,000
Transfer to tangible capital reserves	<u>(899,165)</u>	-
Ending balance	<u>750,835</u>	<u>2,655,308</u>
<b>Regulatory Capital Reserve</b>		
Opening balance	-	24,359
Contributions	110,407	108,243
Expenditures	<u>(86,590)</u>	<u>(132,612)</u>
Ending balance	<u>23,817</u>	<u>-</u>
	<u>774,652</u>	<u>2,655,308</u>

Unrestricted accrued interest is included in accounts receivable on these balances in the amount of \$18,939 (2019 - \$53,548).

# Nanaimo Airport Commission

## Notes to the Financial Statements

For the year ended December 31, 2020

### 7. Bank indebtedness

The Commission has credit facilities arranged with the Canadian Imperial Bank of Commerce (CIBC) that were approved on August 28, 2020. The facilities provide for a facility of \$200,000 that supports the corporate credit cards, demand operating credit of \$4,500,000 and revolving capex term installment loan of \$7,500,000. As at December 31, 2020 there were draws of \$367,724 (2019 - \$0).

Bank indebtedness at year end includes a bankers acceptance amounting to \$367,724 (2019 - N/A) drawn on the revolving capex term installment loan. This balance bears interest at 0.46% and is subject to a stamping fee rate of 0.85%.

The following has been secured by the following:

- General security agreement;
- Satisfactory ISDA agreement;
- Collateral mortgage creating a first-priority charge in the amount of \$20,000,000 on real property owned by the Commission.

The credit facilities contain certain financial covenants that do not come into effect until October 1, 2021.

### 8. Accounts payable and accruals

Accounts payable and accruals consists of the following:

	2020	2019
Accounts payable and accruals	454,010	1,863,401
Wages payable	53,805	208,808
Employer Health Tax Payable	<u>19,381</u>	<u>16,890</u>
	<u>527,196</u>	<u>2,089,099</u>

# Nanaimo Airport Commission

## Notes to the Financial Statements

For the year ended December 31, 2020

### 9. Long-term debt

Ford Credit Canada Company: loan, repayable with monthly blended payments of \$645 bearing interest of 1.99%, matures October 2027, secured by a vehicle with a net book value of \$42,704.

	2020	2019
	42,038	-

Ford Credit Canada Company: loan, repayable with monthly blended payments of \$992 bearing interest of 3.49%, matures January 2026, secured by a vehicle with a net book value of \$59,124.

	54,527	-
	96,565	-
	17,129	-
	79,436	-

Less: current portion

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2021	17,129
2022	17,629
2023	18,145
2024	18,677
2025	19,222
	<u>90,802</u>

Interest on long-term debt amounted to \$215.

### 10. Capital lease obligations

Cisco Systems Capital Canada Co.: equipment leasing agreement, repayable in monthly blended payments of \$2,106 including interest of 0.94%, matures October 2023, secured by equipment with a net book value of \$63,971.

	2020	2019
	70,635	-
	24,716	-
	45,919	-

Less: current portion

Future minimum lease payments related to the obligation under capital lease are as follows:

2021	25,272
2022	25,272
2023	21,060
	71,604
	Less: imputed interest (969)
	70,635
	Less: current portion (24,716)
	<u>45,919</u>

# Nanaimo Airport Commission

## Notes to the Financial Statements

For the year ended December 31, 2020

### 11. 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:

	2020	2019
Balance, beginning of year		18,190,349
Capital grant funds received during the year	19,928,887	2,591,032
Less: Amounts recognized as revenue during the year	801,069	(852,494)
Balance, end of year	<u>(983,537)</u>	<u>(852,494)</u>
	<u>19,746,419</u>	<u>19,928,887</u>

### 12. Significant event

In early 2020, 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 isolation/quarantine 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 may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Commission's business and financial condition.

### 13. Canada Emergency Wage Subsidy

On April 11, 2020, the Canadian government launched the Canada Emergency Wage Subsidy (the "CEWS"), an emergency economic relief program to lessen the financial fallout on Canadian businesses from the effects of COVID-19.

The CEWS program is designed to help businesses struggling with the economic effects of the coronavirus retain and/or rehire their employees. The CEWS program provides a salary subsidy of 75% of an employee's wages (up to a weekly cap of \$857) for up to 12 weeks, retroactive from March 15, 2020 and ending on June 6, 2020. The subsidy is intended to make it easier for eligible employers to avoid laying off or terminating employees, as well as to bring back staff that were laid-off due to COVID-19 by significantly lessening the organization's payroll costs.



# Nanaimo Airport Commission

## Notes to the Financial Statements

For the year ended December 31, 2020

### 13. Canada Emergency Wage Subsidy Cont.

If eligible employers determine that they qualify for the CEWS for one claim period, they will automatically qualify for the following claim period. On May 15, 2020, the Canadian government announced that it would be extending the CEWS by an additional 12 weeks to August 29, 2020 and will be working on potential adjustments to this program, including the 30 percent revenue decline threshold.

During the year, the Commission claimed \$877,892 of CEWS related to eligible remuneration paid during the year. Of this amount, \$766,862 was received during the year and \$111,030 has been recorded as receivable at year end.

Any subsidies received that are subsequently determined to not meet the eligibility criteria are subject to repayment with interest and possibly penalties in certain cases. Management believes the Commission has met the eligibility criteria for these subsidies and that they have been calculated correctly. As such, no contingent liability for repayment has been recorded in relation to these subsidies

### 14. Director stipends

The total remuneration paid to directors at December 31, 2020 is \$104,314 (2019 - \$120,928).

### 15. Remuneration of employees and contractors

The total remuneration incurred for the top ten employees and contractors over \$75,000 at December 31, 2020 is \$2,801,815 (2019 - \$14,952,975). The large decrease is the result of the terminal building expansion project being completed in 2020 as well as efforts made by management to reduce costs.

### 16. 2020 Budget

The 2020 budget figures presented in these financial statements are based on the Financial Operating Plan approved by the Board of Directors on November 12, 2019.

# Nanaimo Airport Commission

## Notes to the Financial Statements

For the year ended December 31, 2020

### 17. 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 \$81,285 (2019 - \$449,342).

### 18. Comparative figures

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



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