

A large blue rectangular graphic on the left side of the page. It contains the text "2021 ANNUAL REPORT" in white, bold, sans-serif font. Above the text is a white square outline, and to its left is a smaller solid blue square.

2021 ANNUAL REPORT



Investing in Our Future



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.

OUR GUIDING PRINCIPLES

The Nanaimo Airport Commission has adopted the following guiding principles to assist airport management in its decision-making process:

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

TABLE OF CONTENTS

EXECUTIVE REPORTS	4-7
Message from our Board Chair & CEO	
THE YEAR IN REVIEW	8-15
Global Overview	8
YCD Passenger Numbers	9
Recovery from Covid-19	10
Community Engagement	11
Sustainability & Climate Action Plan	12-13
Growth & Capital Projects	14-15
NAC FUTURE PLAN	16-17
Future Projects	
ORGANIZATIONAL LEADERSHIP	18-21
Board of Directors	18-19
Administration & Staff	20-21
FINANCIAL REPORT	22-41
Management Responsibility Letter	24
Report of the Independent Auditor	25-27
Financial Statements	28-31
Notes to the Financial Statements	32-42



Located on the traditional territory of the Stz'uminus First Nation and the Snuneymuxw First Nation, the Nanaimo Airport Commission respectfully acknowledges and thanks the First Nations' for their caring of these lands and waters since time immemorial.

MESSAGE FROM OUR BOARD CHAIR & CEO

Steady leadership as we flew through uncharted pandemic skies



David Witty
David Witty
NAC Board Chair

Dave Devana
Dave Devana
President & CEO

Agility and adaptation is in our DNA. It empowers us to handle crisis and keep people – travellers and staff – safe. And it enabled us in 2021 to create the conditions for our gradual recovery. Even in the face of severe headwinds from COVID, we continued to invest in our future.

It was another year of constantly evolving safety protocols and continued economic challenges. Our responses to the turbulence were carefully planned and implemented. Every decision was based on our mission to provide safe, financially sustainable, and high-quality services and facilities. We remained focused on the important role we play in fostering trade and travel that will help our region recover.

Our diligence was rewarded as travel restrictions eased in the last half of the year. We were encouraged by the steadily increasing numbers of passengers. We are cautiously optimistic that our industry may be reaching a turning point, though we don't expect a full recovery for a few more years.

We'll be prepared when our customers are fully ready to travel again in a safety-first environment. Despite revenue challenges, we invested this year in upgrading our infrastructure. The work is part of our multi-million-dollar, five-year capital plan. It will help position us for anticipated demand and the pursuit of additional routes.

Past upgrades, for example, helped us secure the resumption this year of Air Canada Rouge's seasonal direct flight to Toronto and a new WestJet's Edmonton route. Our work with the airlines also resulted in an increased number of flights to their hubs in Vancouver and Calgary.

The restart of air travel will help speed the recovery of the vital tourism sector on Vancouver Island. It also means we'll resume our role as the Central Island's gateway to the world. And more traffic at the airport means more economic benefit to the region, as our operations directly and indirectly sustain thousands of jobs that support families here.

2021 also saw the Nanaimo Airport Commission continue its work on our climate action plan in tandem with the development of a comprehensive environmental management system. The return on these investments will be felt for generations.

Much credit is owed to our Board and airport team. They weathered another year of uncertainty with commitment and professionalism. Together with our Blue Navigators volunteer ambassadors, they delivered the customer service we are known for. Our Board members and executive team devoted countless hours to ensuring the safety of everyone using our facilities. They pivoted as needed, providing steady leadership as we flew through uncharted skies.

Finally, we want to acknowledge the tremendous support from our partners and stakeholders. Federal, provincial, regional, and municipal governments worked with us, and invested in us, in recognition of the enormous contribution we make to Vancouver Island.

We expect to be tested again in 2022 as the world continues to learn to live with COVID. With our demonstrated agility and adaptability, and the continued support of the communities we serve, we'll reap the benefits of our investments in the future.

YEAR AT A GLANCE

More passengers puts airport back on runway to profitability

Nanaimo Airport passenger numbers showed a gradual recovery in 2021, beating our budget. Air travel increased steadily through the year as COVID safety restrictions eased. As a result, airport finances recovered to a break-even position after we recorded a \$1.4 million net loss on operations in 2020.

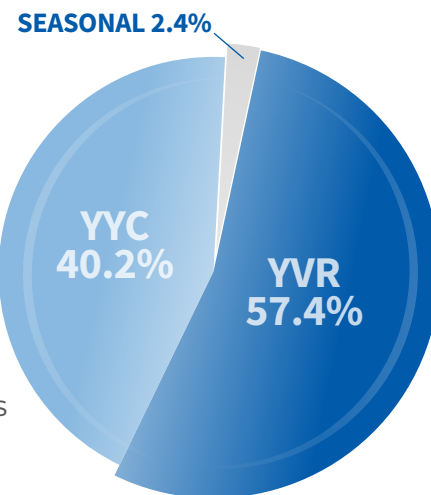
PASSENGER MOVEMENTS

4,021 TOTAL SCHEDULED SERVICE AIRCRAFT MOVEMENTS

193,425 2021 PASSENGERS

185,000 2022 BUDGETED PASSENGERS

491,499 2019 BENCHMARK



RELIABILITY

98%
Reliability



17 FLIGHTS CANCELLED DUE TO WEATHER



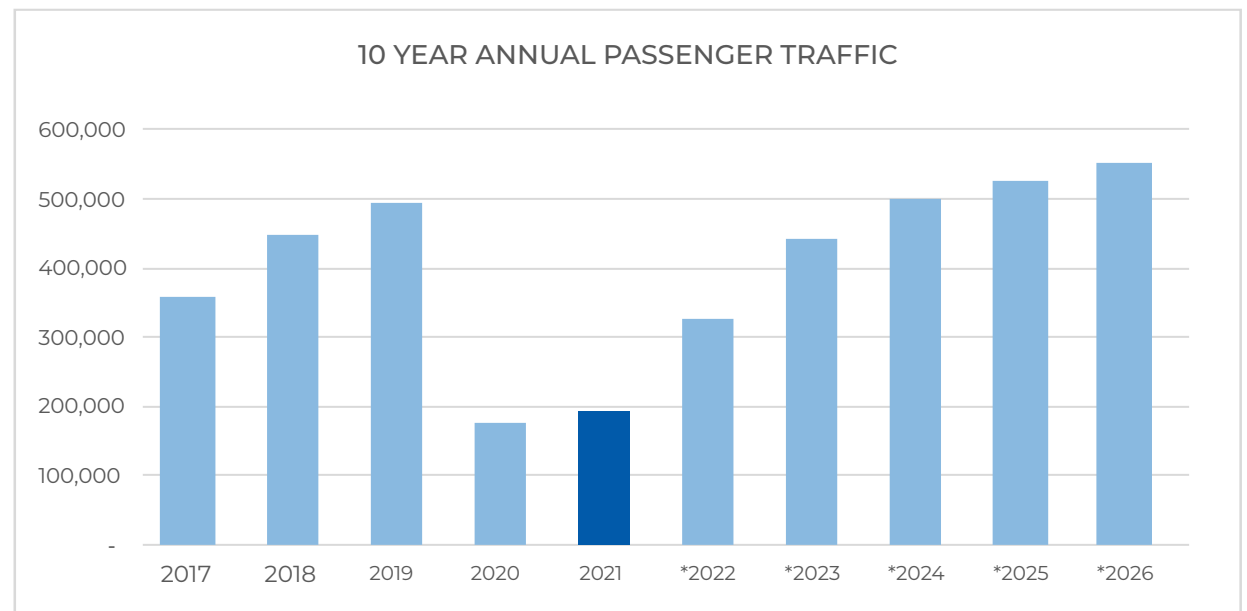
64 FLIGHTS CANCELLED DUE TO OTHER CONSTRAINTS

PASSENGER NUMBERS

Gradual recovery begins to take hold

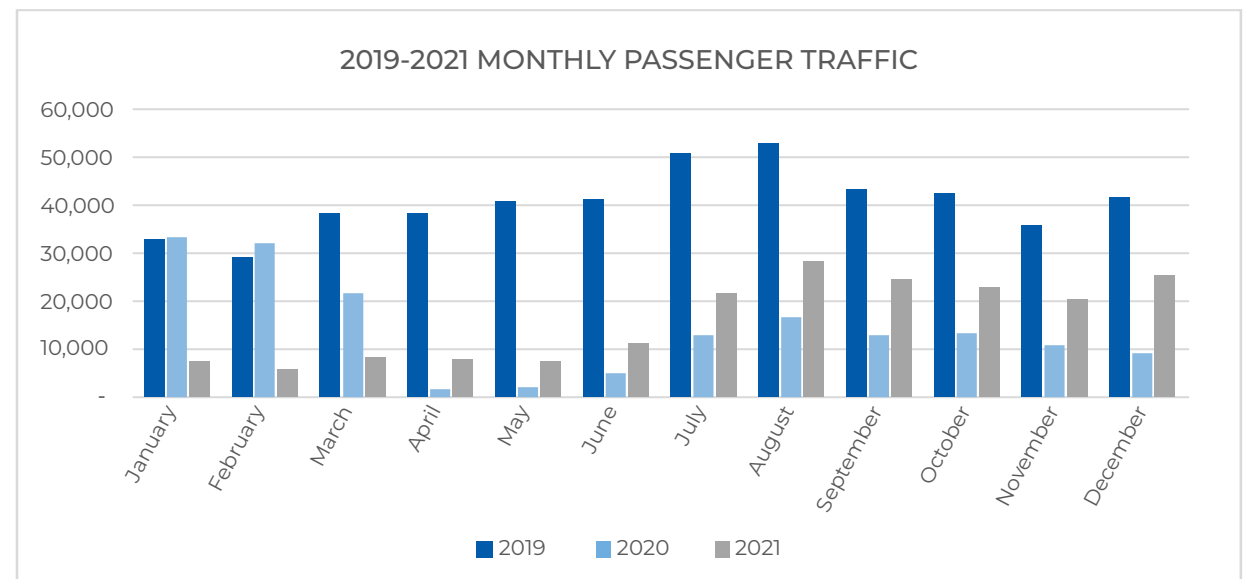
Nanaimo Airport passenger numbers in 2021 followed global trends, showing a gradual recovery. Air travel increased steadily throughout the year thanks to vaccinations and other measures. By year-end the airport had surpassed its budget but was still far below 2019 levels.

10 YEAR ANNUAL PASSENGER TRAFFIC



* Forecasted passenger numbers

2019-2021 MONTHLY PASSENGER TRAFFIC



COVID-19 SAFETY

Our COVID 19 action plan puts people first

Safety has long been our top priority. Our continued safe operation is one of our key values and factors into all our business decisions—today and for the future.

When the pandemic hit, we introduced comprehensive measures to help ensure passenger safety. Our airline partners did the same. Our additional precautions helped to reduce the risk of the virus spreading. They also helped keep our facilities safe and hygienic.

We continued our investment in COVID safety during 2021, to ensure we could welcome passengers back once they were ready to travel. We collaborated with our communities and business partners to ensure travel and cargo shipping could safely take place.

Our pandemic plan includes:

1 Commitment to federal and Public Health Office policies

We are guided by scientific expertise and so closely monitored and adopted the policies as they evolved. As a federally-regulated organization, we followed the federal government requirements for face masks and other measures.

2 Increased disinfecting

We increased the cleaning and disinfecting of common touch points such as luggage carts, gate counters, and bathrooms.

3 Additional hand sanitizers

For customer convenience, we set up hand sanitizing units throughout the terminal.

4 Social distancing

We installed plexiglass barriers throughout the Air Terminal Building. Floor markers were added to help passengers keep two metres apart.

5 Reduced touchpoints

We introduced the Honk mobile app for our customers. It allows them to pay for parking on their phone, without having to touch a meter or paystation.

6 On-site testing

A health care firm set up a testing hub to provide antigen and RT-PCR tests for passengers, making it easier for them to meet federal travel requirements.

Air Canada and WestJet safety measures include defogging planes with hospital-grade disinfectant and screening passengers before boarding. Airplane HEPA filters can remove more than 99 per cent of bacteria and viruses. They circulate new air into the cabin 20 to 30 times per hour.

COMMUNITY ENGAGEMENT

Supporting our communities

We exist to serve our communities and know that by investing in them, we are investing in the region's future. While safe, reliable air travel is our most high-profile demonstration of that commitment, we provide support in a number of other ways too.

In 2021 our community engagement included:

Promoting Vancouver Island tourism

The recovery of the air travel and tourism sectors go hand in hand. In 2021 we worked with our airline partners to help secure more routes. Our efforts resulted in a seasonal non-stop flight to Toronto and a new flight to Edmonton. Both made it easier for travellers to visit Vancouver Island. We also continued to invest in marketing to attract more tourists.



"Our focus on the community is our airport's future"

Welcoming back the Blue Navigators

Our volunteer ambassadors in their distinctive blue vest are an integral part of our customer service. So we were very happy to be able to welcome them back this year, after suspending the program as a safety precaution when the pandemic first hit. Passengers in our terminal know they can count on the Blue Navigators for assistance to make travel more convenient.

Honouring our volunteers

We marked International Volunteers Day by saluting all of our Blue Navigators ambassadors. The celebration included special recognition for volunteer Kurt Miller. He has a unique and long-standing connection with us. Kurt piloted the inaugural flight of the Dash 7 into the airport in 1983.

Supporting future aviators

The Nanaimo Airport Commission annual scholarship program helps ease the financial pressures faced by local students pursuing post-secondary studies. Four awards are available to students going on to Vancouver Island University in an eligible field of study. Fields include commercial or private pilot, aviation maintenance, engineering or aerospace engineering, and related services such as tourism, business administration, airport management, trades programs and the sciences. Students are eligible from all Central Island school districts: Nanaimo-Ladysmith, Qualicum, Alberni and Cowichan Valley.

Supporting community organizations

We were an enthusiastic participant in the first Vancouver Island Toss the Boss fundraiser. The event raised money for the Nanaimo Brain Injury Society and Victoria Brain Injury Society. Keith Granbois, our vice-president and chief financial officer, was one of the bosses who bungee jumped at Wild Play.



SUSTAINABILITY

Our leadership team is committed to sustainable development and to creating a high performance airport. Both are essential to the region's economic growth today and into the future.

In 2021, work continued on a path we've been following for more than a decade.

Our environmental management system

We began crafting a progressive environmental management system with comprehensive sustainability plan. Over the years our many progressive programs have addressed climate change, environmental impacts of our operations, ecosystem preservation, groundwater protection, and other issues.

The new system will coordinate them all and add new eco-friendly policies covering everything from drinking water, to vegetation, to wildlife management. The system will then position us for continuous improvement.

Nanaimo Airport Commission is working on the plan with environmental scientists including engineers, a hydrogeologist, and an eco-system health consultant. All of the firms are based in the Central Island.

In 2021 we also expanded our wastewater treatment system.

Pollinator Habitat

This area provides food, nesting, and resting for pollinators

Learn how to make your own pollinator habitat at pollinatorpartnership.ca



Pollinator Project

We collaborated this year with Pollinator Partnership Canada to create a habitat in front of our terminal building for native pollinators such as bees. Replacing an existing ornamental garden, the habitat is valuable for natural ecosystems and food production. An estimated one-third of the food we eat is a result of an animal pollinator. And bees are the most important contributors.

The habitat augments current plants with native plants that support pollinators such as bees. Signage explains the project for airport users and lets them know how they can help pollinators too.



CLIMATE ACTION PLAN

Taking the lead in climate action

In keeping with our environmental leadership role, we're investing for the future of our region and the world around us.

The climate action plan we are building has a goal of net-positive rather than net-zero. We intend to create an environmental benefit by removing additional carbon dioxide from the atmosphere. Many other organizations are striving to make their carbon emissions net-zero, meaning they will strive to balance their emissions.

To reach our goal, we will look to affect change in areas that are under our control and influence. Even though the plan is still being developed, we've already seen benefits from some of our activities.

Reduced greenhouse gases

Four electric vehicle charging stations opened in January and in their first year of operation they prevented 57,888 kg of greenhouse gas (GHG)

emissions. That is the equivalent of planting 1,484 trees and letting them grow for 10 years. It's also the equivalent of preventing the GHG emitted by nearly eight residential homes in the region for one year. We jointly funded the stations in partnership with Natural Resources Canada's Electric Vehicle and Alternative Fuel Infrastructure Deployment Initiative and the provincial CleanBC Go Electric Program.

Greening some of our fleet

We invested in zero-emission utility task vehicles and a hybrid van.

Planting more local and native species

Removing non-native vegetation and replacing them helps ensure continued carbon removal while eliminating a threat to the local eco-system.

Converting lighting

We switched to low-energy LED lights in our new Airport Operations Centre.

CAPITAL PROJECTS

Investment continues with an eye to the future

We have a long history of investing in infrastructure. It helps us fulfill our mission of providing safe, financially sustainable, friendly, high quality airport services and facilities that enhance economic prosperity and meet the needs of the communities we serve. Infrastructure improvements provide lasting benefits for generations of airport users.

Despite the challenging financial situation facing us in 2021, we invested in several projects with the help of our government partners.

The work included:

Expansion of emergency services

We expanded our Aircraft Rescue and Fire Fighting ("ARFF") shelter for our second ARFF truck and upgraded the ARFF emergency response trailer. Additional staff were trained to bolster our emergency services crew. Our ARFF capacity allows us to maintain a CAT6 safety grouping used by the aviation industry.

Our fleet also acquired a self-propelled snowblower truck to enhance our snow-clearing services for the safety of all airport users.

Apron concrete panels

We replaced the ageing asphalt with enhanced concrete pads where aircraft park, load, unload, and refuel. The concrete pads are better suited to accommodate the weight of the fleet of aircraft using the Airport.

The upgrade to concrete pads also presented an opportunity for the airport to move to a "pushback" environment from a "power out" environment. This change increases the number of aircraft parking stalls on the main apron from 4 to 5 without actually increasing the size of the apron.

Apron mill and fill

We invested in a major upgrade to the main apron, where aircraft taxi through to get to the parking position. The area that we replaced was over 30-years old, deteriorating, and had long surpassed the service life of the asphalt. The result is this area is safer, free of foreign object debris and able to serve the growing needs of the airport for decades to come.



FUTURE PROJECTS

Investment will enhance infrastructure, environment

As air traffic makes a gradual recovery, we recognize the need for further investment to prepare us for the anticipated demand. So in 2021 we put the finishing touches on planning for several projects for next year. The work, when completed, will provide a significant, lasting return on investment by enhancing our infrastructure and environment.

Infrastructure projects include:

Rehabilitation of runways and taxiways

In 2022 we plan to resurface runway 16/34, taxiway alpha, and taxiway bravo. After sufficient cure time, we will groove the runway and repaint new runway markings in the fall, which will improve plane braking, rainwater drainage, and visibility. The work will further enhance our reliability. The work had been planned for 2021 but was postponed due to a paint shortage caused by supply chain issues.

Enhanced safety

Runway end safety areas (RESA) will also be installed at each end of the runway during the runway rehabilitation project.

Approach lighting

We are in the planning and engineering stages to upgrade our approach lighting to a Simplified Short Approach Lighting System (SSALS) with Runway Alignment Indicator Lights. During an instrument approach landing, this system helps pilots align their aircraft with the centerline of the runway and to establish vertical orientation. Three intensity settings allow the approach to be used under changing weather conditions. Works are anticipated to begin in the next couple of years.

Groundside development

We have engaged an inter-disciplinary team to help guide the redesign of our groundside area. Following a plan that will be phased in, the team will help us allocate space for our current commercial partners, new roads and commercial operations, and airport parking. The team is led by Herold Engineering.

Environmental projects include:

Climate Action Plan

We will create a steering committee dedicated to developing the Airport's Climate Action Plan. The committee will analyze our operations to identify strategies we can use to limit our carbon footprint. The plan will also be developed in cooperation with our partners and stakeholders.

ACERT

We will be joining a select group of Canadian airports in the use of Airport Council International's airport carbon emissions reporting tool (ACERT). It allows us to calculate our own greenhouse gas emissions inventory. We've already gathered the data needed to use the tool and we're implementing carbon reduction techniques.

Haslam Creek

Two heavy floods in 2021 extensively damaged the area, bringing down hundreds of trees and affecting the riparian area. As part of our environmental stewardship, we'll work with biologists and hydrologists on a plan to restore the habitat.

Pollinator Project

We will move into the next phase of the project, which began with a habitat garden in 2021. Future work will create more habitat for native pollinators and other wildlife to support biodiversity, mitigate climate change, and enhance the ecosystem.

TERMINAL EXPANSION

We're ready for the future

The airport sector forecasts a gradual recovery that will see passenger volumes return to their usual levels by 2024. To ensure we're ready, we'll continue to implement our 20-year Master Development Plan for the Airport Terminal Building.

It calls for a substantial investment that will benefit every corner of the Vancouver Island region we serve.

The plan addresses three critical priorities for the Nanaimo Airport Commission:

- Regional economic development
- Economic stimulus through infrastructure construction
- Meeting escalating demand for air service through the next decade

The current Airport Terminal Building opened in 2020 just as the COVID pandemic started. It was designed for expansion in modules that can be added as passenger volumes warrant and additional funding is secured.



BOARD OF DIRECTORS



Janna Gillick

DIRECTOR

Mark Taylor

DIRECTOR

Colleen Johel

VICE CHAIR

Dave Witty

BOARD CHAIR

Alex Stuart

BOARD SECRETARY

Mike Brown

DIRECTOR

Garth Busch

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

LEADERSHIP TEAM

Our senior executives are a team of professionals who oversee our daily operations. They carry out the strategic direction of the Nanaimo Airport Commission and report to the Board of Directors.

They have backgrounds in administration, financial management, and the aviation sector. Our executive takes pride in delivering good governance that helps ensure our airport continues to be independently operated, well managed, dependable, reliable and fiscally sustainable.



Dave Devana
PRESIDENT &
CHIEF EXECUTIVE OFFICER



Keith Granbois
CHIEF FINANCIAL OFFICER &
VP OF BUSINESS DEVELOPMENT



Don Goulard
VICE PRESIDENT OPERATIONS
& REGULATORY AFFAIRS



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 & Chief Executive Officer

Keith Granbois, Chief Financial Officer & VP of Business Development

Yuko Matsushima, Marketing & Community Engagement Coordinator

Christania Chantyman, Accounting Assistant / Payroll Administrator

OPERATIONS

Don Goulard, Vice President Operations & Regulatory Affairs

Brandon Wiebe, Senior Manager of Operations

Megan Low, Operations Administrator

Owen Burt, Duty Manager

Darren Krivoshein, Duty Manager

Doug Fern, Superintendent, Safety & Security

Clint Babcock, Assistant Superintendent, Safety & Security

Jackson Hower, Airport Operations Specialist - Electrician

Jarroed Edwards, Airport Operations Specialist - Mechanic

Aaron Page, Airport Operations Specialist

Gord Medves, Airport Operations Specialist

Jason Benedict, Airport Operations Specialist

Joshua Taylor, Airport Operations Specialist

Kevin Needham, Airport Operations Specialist

Curtis Gregoire, Airport Operations Specialist

Benn Calverley, Airport Operations Specialist

CUSTOMER SERVICE

Laurie Hawthornthwaite, Airport Terminal & Customer Care Manager

Tiffany Braun, Customer Service Representative

Savanah Broatch, Customer Service Representative

2021 NAC FINANCIAL STATEMENTS

Management responsibility for financial statements

To the Board of Directors of 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.

May 25, 2022



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, 2021, 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, 2021, 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.

Independent Auditor's Report cont.

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.
- 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.

Nanaimo, British Columbia
March 25, 2022


Chartered Professional Accountants

Nanaimo Airport Commission Statement of Financial Position

As of December 31, 2021

	2021	2020
Assets		
Current		
Cash	503,984	229,602
Accounts receivable	612,998	362,011
Funding receivable (Note 4)	1,317,942	299,989
Prepaid expenses	352,630	285,872
Current portion of note receivable (Note 3)	<u>25,010</u>	<u>8,637</u>
	<u>2,812,564</u>	<u>1,186,109</u>
Capital assets (Note 5)	47,341,496	44,287,408
Note receivable (Note 3)	131,016	156,027
Internally restricted cash and investments (Note 6)	<u>1,679,857</u>	<u>774,652</u>
	<u><u>51,964,933</u></u>	<u><u>46,404,196</u></u>
Liabilities		
Current		
Bank indebtedness (Note 7)	2,934,795	367,724
Accounts payable & accrued liabilities (Note 8)	1,278,151	527,196
Unearned revenue	262,925	68,749
Current portion of long-term debt (Note 9)	17,629	17,129
Current portion of capital lease obligations (Note 10)	<u>24,949</u>	<u>24,716</u>
	<u>4,518,449</u>	<u>1,005,514</u>
Long-term debt (Note 9)	61,807	79,436
Capital lease obligations (Note 10)	20,969	45,919
Deferred capital contributions (Note 11)	21,858,552	19,746,419
Security deposits	<u>19,771</u>	<u>19,771</u>
	<u>26,479,548</u>	<u>20,897,059</u>
Significant Event (Note 12)		
Net Assets		
Invested in capital assets	22,422,795	24,006,066
Internally restricted (Note 6)	1,679,857	774,652
Unrestricted	<u>1,382,733</u>	<u>726,419</u>
	<u>25,485,385</u>	<u>25,507,137</u>
	<u><u>51,964,933</u></u>	<u><u>46,404,196</u></u>



DIRECTOR

Approved on behalf of the Board of Directors



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, 2021

	Budget 2021 (Note 16)	2021	2020
Revenue			
Passenger fees	1,406,200	1,518,134	1,354,752
Vehicle parking	790,100	1,100,321	827,680
Terminal building	315,100	517,302	378,670
Property leases	344,100	363,076	310,507
Aviation & fueling fees	124,900	184,930	119,587
Miscellaneous & other	-	772	29,625
Operating grants & subsidies (Note 13)	<u>474,000</u>	<u>1,463,025</u>	<u>877,892</u>
	<u>3,454,400</u>	<u>5,147,560</u>	<u>3,898,713</u>
Passenger facility fees	<u>830,300</u>	<u>829,622</u>	<u>782,487</u>
	<u>4,284,700</u>	<u>5,977,182</u>	<u>4,681,200</u>
Expenses			
Operating, maintenance & administrative (Note 19)	2,909,400	2,357,319	2,451,924
Wages & benefits	2,486,200	2,322,143	2,601,985
Amortization of capital assets	2,510,800	2,504,598	2,054,200
Interest on long-term debt	<u>45,700</u>	<u>8,861</u>	<u>330</u>
	<u>7,952,100</u>	<u>7,192,921</u>	<u>7,108,439</u>
Deficit of revenue over expenses before other revenue (expenses)	<u>(3,667,400)</u>	<u>(1,215,739)</u>	<u>(2,427,239)</u>
Other revenue (expenses)			
Amortization of deferred capital contributions	1,129,700	1,187,075	983,538
Interest income	11,100	7,472	-
Loss on disposal of capital assets	-	(560)	(8,945)
	<u>1,140,800</u>	<u>1,193,987</u>	<u>974,593</u>
Deficit of revenue over expenses	<u>(2,526,600)</u>	<u>(21,752)</u>	<u>(1,452,646)</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, 2021

	Invested in Capital Assets	Internally Restricted <i>(Note 6)</i>	Unrestricted	2021	2020
Net assets, beginning of year	24,006,066	774,652	726,419	25,507,137	26,959,783
Excess(deficit) of revenue over expenses	(1,317,522)	933,377	362,393	(21,752)	(1,452,646)
Transfer to fund purchase of capital assets	5,578,172	(5,578,172)	-	-	-
Transfer of funds received on debt related to capital assets	(2,567,071)	-	2,567,071	-	-
Transfer of funds to repay debt related to capital assets	41,845	-	(41,845)	-	-
Transfer of grants received related to capital assets	(3,299,209)	-	3,299,209	-	-
Transfer from unrestricted fund	(19,486)	5,550,000	(5,530,514)	-	-
Net assets, end of year	22,422,795	1,679,857	1,382,733	25,485,385	25,507,137

The accompanying notes are an integral part of these financial statements

Nanaimo Airport Commission Statement of Cash Flows

For the year ended December 31, 2021

	2021	2020
Cash provided by (used for) the following activities:		
Operating		
Deficit of revenue over expenses	(21,752)	(1,452,646)
Amortization of capital assets	2,504,598	2,054,200
Loss on disposal of capital assets	560	8,945
Amortization of deferred capital contributions	(1,187,075)	(983,538)
	<u>1,296,331</u>	<u>(373,039)</u>
Changes in working capital accounts		
Accounts receivable	(250,987)	750,132
Funding receivable	(1,017,953)	1,127,088
Prepaid expenses	(66,759)	(90,847)
Accounts payable & accrued liabilities	750,955	(1,561,903)
Unearned revenue	194,176	(9,681)
	<u>905,763</u>	<u>(158,250)</u>
Financing		
Advances of capital lease obligations	-	74,732
Repayments of capital lease obligations	(24,717)	(4,097)
Advances of long-term debt	-	98,286
Repayment of long-term debt	(17,129)	(1,721)
Increase in bank indebtedness	2,567,071	367,724
	<u>2,525,225</u>	<u>534,924</u>
Investing		
Purchase of capital assets	(5,578,172)	(3,158,812)
Repayment of notes receivable	8,638	1,618
Advances of restricted cash & investments	(905,205)	-
Repayments of restricted cash & investments	-	1,880,656
Proceeds (cost incurred) on disposal of capital assets	18,925	(8,945)
Deferred capital contributions received	3,299,208	801,069
	<u>(3,156,606)</u>	<u>(484,414)</u>
Increase (decrease) in cash	274,382	(107,740)
Cash, beginning of year	229,602	337,342
Cash, end of year	503,984	229,602

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, 2021

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.

Airspace	5 to 50 years
Buildings & improvements	25 years
Equipment & apparatus	5 to 20 years
Equipment under capital lease	5 years
Furniture, equipment & computers	5 years
Infrastructure	10 to 50 years
Vehicles	5 years

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2021

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, 2021

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. Note receivable

Note receivable consists of a promissory note with a face value of \$156,026 (2020 - \$164,644) due from an unrelated company. The note bears interest at prime plus 1% or 3.45% at December 31, 2021 (2020 - 3.45%). 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.

4. Funding receivable

At December 31, 2021, \$1,317,942 (2020 - \$299,989) was receivable from government agencies relating to asset acquisition and development.

Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2021

5. Capital assets

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Land	3,877,200	-	3,877,200	3,812,582
Airspace	2,297,621	1,572,404	725,217	-
Buildings & improvements	30,425,034	8,635,469	21,789,565	23,190,998
Equipment & apparatus	4,632,426	2,084,945	2,547,481	-
Furniture, equipment & computers	1,236,237	532,611	703,626	765,476
Infrastructure	26,793,305	9,984,224	16,809,081	13,543,035
Vehicles	306,099	181,344	124,755	2,101,628
	<u>69,567,922</u>	<u>22,990,997</u>	<u>46,576,925</u>	<u>43,413,719</u>
Equipment under capital lease	102,133	10,213	91,920	63,971
Assets under development	<u>672,651</u>	<u>-</u>	<u>672,651</u>	<u>809,718</u>
	<u><u>70,342,706</u></u>	<u><u>23,001,210</u></u>	<u><u>47,341,496</u></u>	<u><u>44,287,408</u></u>

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2021

6. Internally restricted cash and investments

	2021	2020
Cash held in operating accounts		
Canadian Imperial Bank of Commerce	1,427,347	368,410
Cash held in investment accounts		
RBC Dominion Securities	252,510	232,684
Bank of Nova Scotia - GIC - Due March 24, 2021 bearing interest at 2.25%	-	87,500
National Bank - GIC - Due February 25, 2021 bearing interest at 2.17%	-	86,058
	<u>1,679,857</u>	<u>774,652</u>
Tangible Capital Asset Reserve		
Contributions	829,621	782,487
Acquisitions and development	(5,528,793)	(2,764,337)
Transfer from unrestricted funds	5,550,000	1,082,685
Transfer from minimum operating reserve	-	899,165
	<u>850,828</u>	<u>-</u>
Minimum Operating Reserve		
Opening balance	750,835	2,655,308
Transfer to unrestricted funds	-	(1,005,308)
Transfer to tangible capital reserves	-	(899,165)
	<u>750,835</u>	<u>750,835</u>
Regulatory Capital Reserve		
Opening balance	23,817	-
Contributions	112,616	110,407
Expenditures	(58,239)	(86,590)
	<u>78,194</u>	<u>23,817</u>
Ending balance	<u>1,679,857</u>	<u>774,652</u>

Unrestricted accrued interest is included in accounts receivable on these balances in the amount of \$Nil (2020 - \$18,939).

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2021

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, 2021 there were draws of \$2,934,795 (2020 - \$367,724).

Bank indebtedness at year end includes a bankers acceptance amounting to \$367,724 (2020 - \$367,724) drawn on the revolving capex term installment loan. This balance bears interest prime minus 0.4% or 2.05% at December 31, 2021 (2020 - 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.

8. Accounts payable & accrued liabilities

Accounts payable & accrued liabilities consists of the following:

	2021	2020
Accounts payable & accrued liabilities	1,232,621	454,010
Wages payable	45,530	53,805
Employer Health Tax Payable	-	19,381
	<u>1,278,151</u>	<u>527,196</u>

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2021

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 \$33,214(2020 - \$42,704).

	2021	2020
	<u>35,068</u>	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 \$45,875(2020 - \$59,124).

	<u>44,368</u>	54,527
	<u>79,436</u>	96,565
Less: current portion	<u>17,629</u>	17,129
	<u>61,807</u>	<u>79,436</u>

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

2022	17,629
2023	18,145
2024	18,677
2025	19,222
2026	5,763
	<u>79,436</u>

Interest on long-term debt amounted to \$2,515 (2020 - \$329).

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 \$91,920 (2020 - \$63,971)

	2021	2020
	<u>45,918</u>	70,635
	<u>45,918</u>	70,635

	<u>24,949</u>	24,716
Less: current portion	<u>20,969</u>	<u>45,919</u>

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2021

10. Capital lease obligations Cont.

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

2022	24,949
2023	<u>21,060</u>
	46,009
Less: imputed interest	<u>(91)</u>
	45,918
	70,635
Less: current portion	<u>(24,949)</u>
	<u>20,969</u>

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:

	2021	2020
Balance, beginning of year		
Capital grant funds received during the year	<u>19,746,419</u>	19,928,887
Less: Amounts recognized as revenue during the year	<u>3,299,208</u>	801,069
Balance, end of year	<u>(1,187,075)</u>	<u>(983,537)</u>
	<u>21,858,552</u>	<u>19,746,419</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.

Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2021

13. Operating grant & subsidies

	2021	2020
BC COVID Airport Relief	540,000	-
Canada Emergency Wage Subsidy	590,552	877,892
Regional Air Transportation Initiative	<u>332,473</u>	<u>-</u>
	<u>1,463,025</u>	<u>877,892</u>

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.

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 \$590,552 (2020 - \$877,892) of CEWS related to eligible remuneration paid during the year. Of this amount, \$590,552 (2020 - \$766,862) was received during the year and \$Nil (2020 - \$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

Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2021

14. Director stipends

The total remuneration paid to directors at December 31, 2021 is \$82,701 (2020 - \$104,314).

15. Remuneration of employees and contractors

The total remuneration incurred for the top ten employees and contractors over \$75,000 at December 31, 2021 is \$4,911,653 (2020 - \$2,801,815).

16. 2021 Budget

The 2021 budget figures presented in these financial statements are based on the Financial Operating Plan approved by the Board of Directors. The figures presented are unaudited.

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 customers comprised the largest portion of receivables in total \$265,321 (2020 - \$81,285).

18. Comparative figures

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

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2021

19. Operating, maintenance & administrative expenses

	Budget	2021	2020
Advertising & promotion	100,700	52,670	105,170
Bad debts (recovery)	-	(572)	1,690
Bank charges & fees	41,200	46,587	36,974
Computer & information systems	192,200	157,006	159,023
Discretionary funds	14,600	3,396	589
Environmental	168,800	219,584	154,778
Honoraria & allowances	119,500	86,905	107,454
Human resources & recruiting	1,500	1,884	46,924
Insurance	240,800	233,301	203,622
Legal & accounting	68,400	29,473	61,112
Licenses & permits	9,000	1,342	18,598
Meetings, hospitality & events	50,100	11,984	24,580
Memberships, dues, & subscriptions	17,000	13,033	-
Office & administrative	67,200	41,187	66,994
Property taxes	14,400	1,374	9,316
Repairs & maintenance	577,300	435,870	488,767
Scholarships, sponsorships & donations	35,000	12,320	40,359
Snow & ice management	135,000	165,513	163,321
Subcontract, consultant & casual labour	458,800	451,253	348,155
Supplies, materials & small equipment	144,800	48,660	85,165
Training & development	106,500	38,431	64,035
Travel & mileage	49,100	855	18,499
Utilities & communications	290,000	302,248	238,438
Volunteer	7,500	3,015	8,361
	<u>2,909,400</u>	<u>2,357,319</u>	<u>2,451,924</u>





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