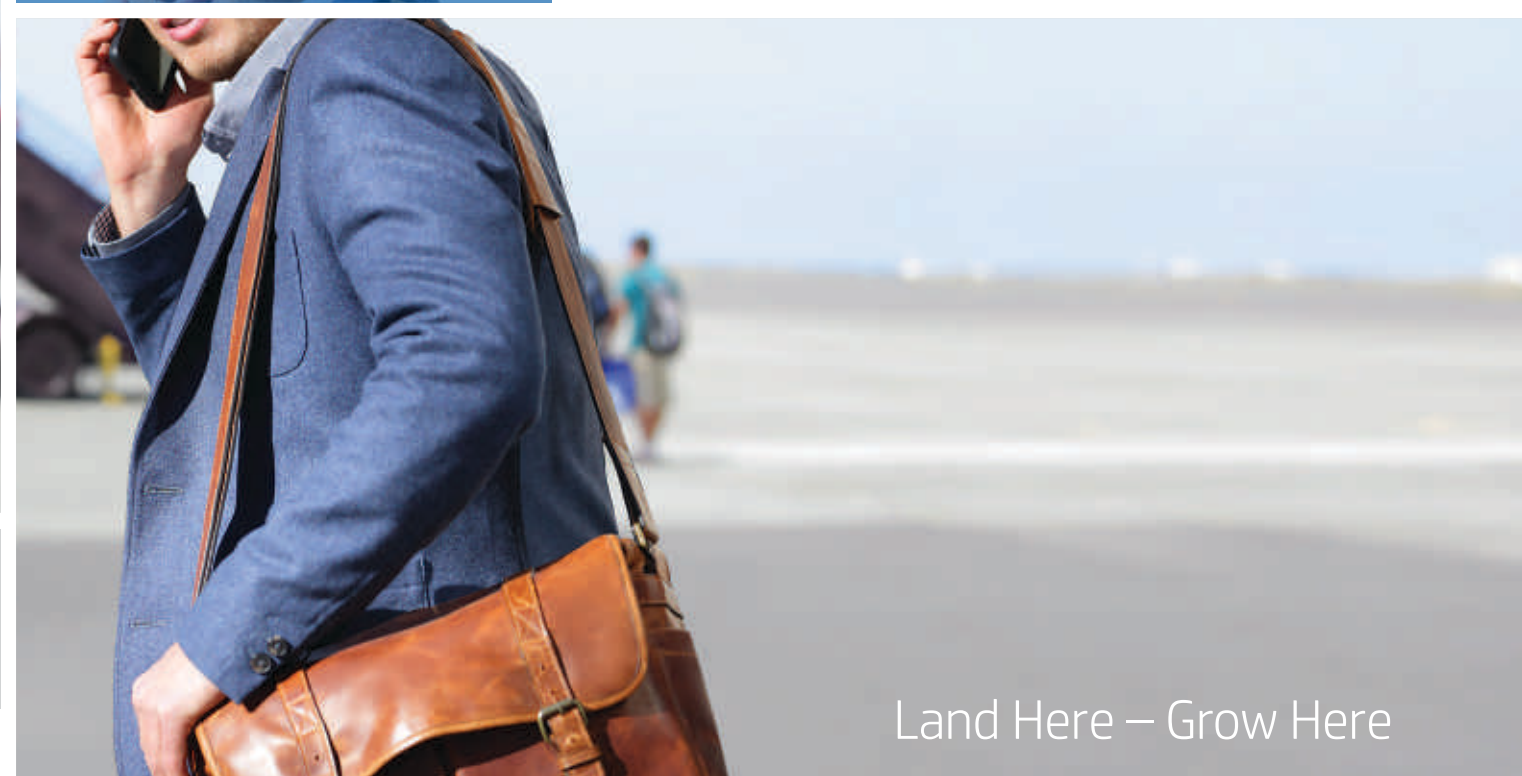


2015 nanaimo airport commission
annual report



Land Here – Grow Here



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NANAIMO AIRPORT COMMISSION

2015 ANNUAL REPORT

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Land Development

2015 Highlight Projects

- Community Engagement

- Environmental Stewardship



Our 2015 theme of “Land Here, Grow Here” can translate simply to: “You can do business here.” This year’s theme provides some insight into Nanaimo Airport Commission’s vision. Development and expansion is needed in the coming decades to keep up with the growth that has made us one of Canada’s fastest growing airports.



Board Members from left to right: Director Al Tully; Director Alex Stuart; Director Wendy Clifford

Mission, Vision and Overview

Nanaimo Airport Commission Overview

The Nanaimo Airport Commission was incorporated in August 1990, as a not-for-profit authority. In 1992, the Commission assumed management and operation of the Airport from Transport Canada. In 1996, the Commission was granted fee-simple title to the Airport lands by way of the National Airport Policy transfer initiative.

The Commission is comprised of up to nine Directors and a past Chair, all appointed by the Commission. Four of the Directors represent the community at large. The other five directors are nominated by:

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

Nominees are then appointed by the sitting Directors as provided by the Commission bylaws.

mission

To provide a safe, efficient and financially viable airport, offering excellent service and value to all users while fostering economic development.

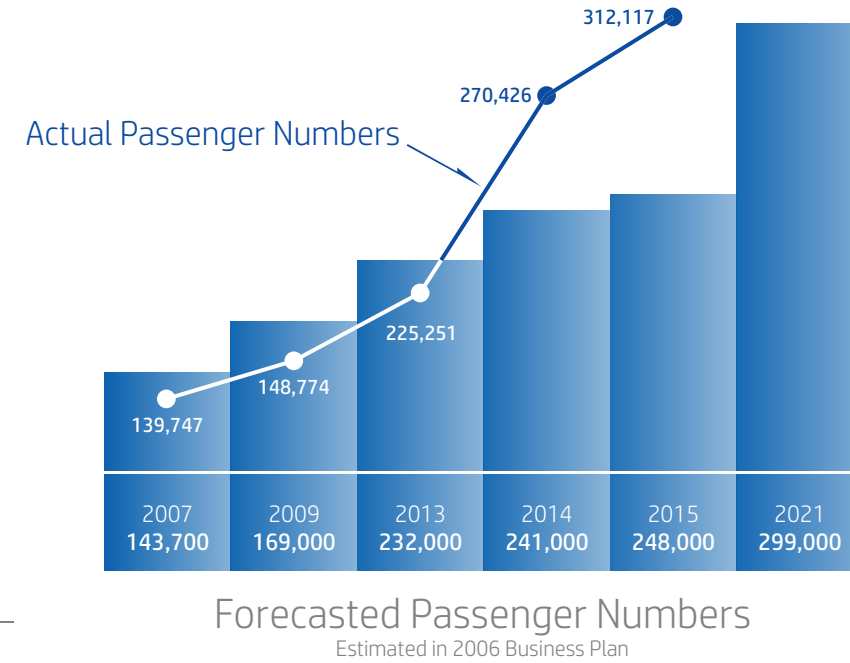
vision

The Nanaimo Airport will be a safe, reliable, air services gateway effectively meeting customers' needs.

YCD at a glance

312,117 Passengers in 2015

15.4% increase in passenger numbers



6 Record-Breaking Years

10 Years Ahead of Passenger Forecasts

98% Over 98% Weather Reliability

OVER 1,300

direct and indirect jobs generated by YCD activities



\$97.8 million

annually in direct and indirect economy contribution to the region from YCD

Although the Nanaimo Airport is a major generator of economic prosperity through the direct and measurable economic contribution, the most important function is the role the Nanaimo Airport plays in securing accessibility that allows other businesses to develop.

Message from the Board Chairman

You can do business here!

That is our theme throughout this report. We continued to be a region where business can thrive and the airport has been an important portal to our area. We are proud of our region's partners, the active Chambers of Commerce, the Vancouver Island University, the Nanaimo Economic Development Corporation, the local, regional and provincial tourism organizations and the forward looking municipal governments. Of special note is our neighbour, the Stz'uminus First Nation, with which we signed a Memorandum of Understanding to jointly peruse business opportunities.

Also, right here on the airport we have completed some great business initiatives. We landed several new opportunities that contributed to another year of record-breaking commercial activity at the airport, and to growth in our neighbouring communities.

Our major commercial airline partners expanded their services, giving central Island residents even more choice of travel destinations and schedules. Air Canada added service to Calgary while Westjet added flights to Edmonton. All the new connections made it even easier for residents to conveniently and affordably do business with the world.

Our cargo operations continued to grow as well. Federal Express, for example, moved into new, larger hanger space to accommodate increasing demand. The cargo that moved every day in and out of our airport was integral to the success of businesses in our area. It also was an essential service for the increasing number of local online shoppers.

We continued to implement our 20-year land development plan, a key tool to drive growth in the central Island. We aggressively marketed the many business opportunities available on our property.

All told, airport operations injected nearly \$100 million into the local economy last year. As we carefully develop our available land, that contribution to regional growth will increase, and hundreds of new jobs will be created.

We clearly demonstrated that you can do business here. And we did it while maintaining our commitment to being a good neighbour and careful stewards of the environment.

"You can do business here" was more than a theme for Nanaimo Airport in 2015. It became our mantra in carrying out our long-term vision of enhancing the quality of life for current and future generations in our service area.

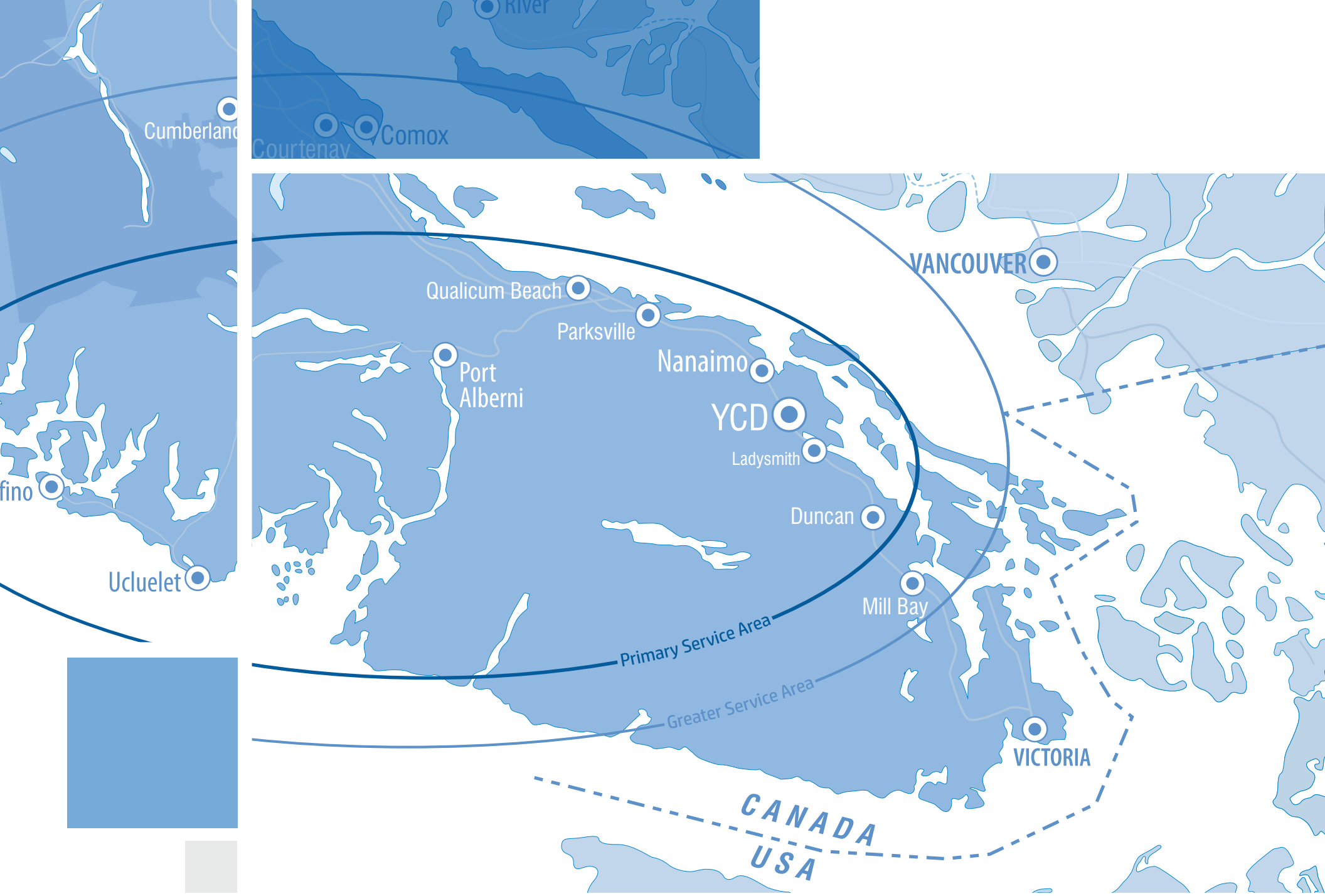
Sincerely



John Craig

Our Board

Chairman	John Craig Cowichan Valley Reg. District
Vice Chair	Lucie Gosselin Member at Large
Director	Dave Witty Nanaimo Chamber of Commerce
Director	Al Tully Reg. District of Nanaimo
Director	Alex Stuart Town of Ladysmith
Director	Mike Kandert City of Nanaimo
Director	Dixon Kenny Member at Large
Director	Ray Gauthier Member at Large
Director	Wendy Clifford Member at Large



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

Service Area

The primary service area is defined as people living within an area in which residences have approximately two hours of transport by bus, car or train to an airport.

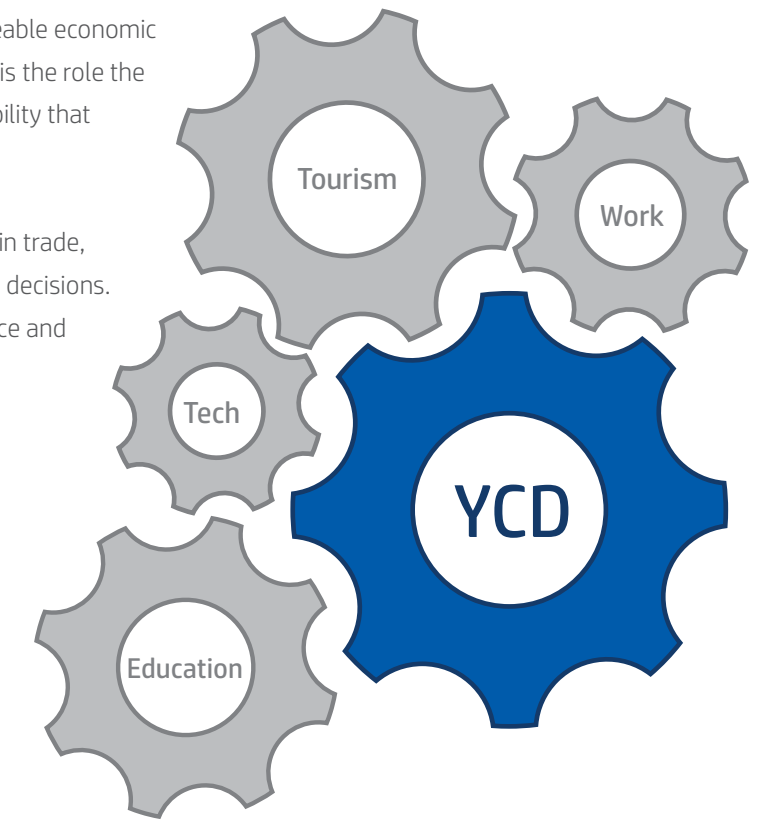
The airport's primary service area illustrated on the map includes a population greater than 253,000.

The greater service area includes the Regional Districts of Comox-Strathcona and Mount Waddington for an additional population base of 150,000.

Working together in our community

Although the Nanaimo Airport is a major generator of economic prosperity through the direct and measureable economic contribution, the most important function is the role the Nanaimo Airport plays in securing accessibility that allows other businesses to develop.

Air transportation plays an important role in trade, tourism, investment and business location decisions. And there's a strong link between air service and employment and economic growth.



President and CEO Report

More people than ever rely on Nanaimo Airport to connect them to the rest of the world, creating a new record for passengers using YCD in 2015.

It's a responsibility that motivates us to continue providing friendly, efficient aviation service and infrastructure that ensures everyone using our airport travels safely.

We took safety to new heights in 2015 with the addition of the Aircraft Rescue Fire Fighting (ARFF) vehicle. Capable of applying 800 litres of water per minute, the vehicle and a Team specifically trained to use it provide on-site response within a 3-minute window.

We also improved operational safety through the Safety Management System, a robust tool that gives us a solid safety foundation and helps identify potential safety items that can be addressed before an incident occurs.

Our commitment to being a good neighbour was again fulfilled by careful stewardship of the environment, and by our continued work with the people who live nearby to discuss options that will help mitigate noise from our operations. We are fortunate to enjoy the cooperation of people who want the best for our region.

Our major airline partners, Air Canada and WestJet, presented travellers with many more choices of destinations thanks to connections that truly make Nanaimo Airport a gateway to the world.

YCD is a major economic engine for the region, generating over 1,300 direct and indirect jobs in 2015 and >\$100 million to the regional economy. As we continue to expand our business at the Nanaimo Airport, future projections grow these numbers to over 2,000 jobs by 2020 and >\$150 million added to the regional economy each year.

All of this is possible due to the work of the YCD Team here at the airport including the Board, Staff, Volunteers, Air Carriers, Government Agencies, Contractors, Consultants and many others. I would like to personally thank everyone for the excellent effort in 2015!

Together we are building a better future for everyone.

Sincerely



Michael Hooper



We took safety to new heights in 2015 with the addition of the Aircraft Rescue Fire Fighting (ARFF) vehicle. Capable of applying 800 litres of water per minute, the vehicle and a Team specifically trained to use it provide on-site response within a 3 minute window.





Management Responsibility for Financial Statements

The accompanying financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

The Commission's accounting procedures and related systems of internal control are designed to provide reasonable assurance that its assets are safeguarded and its financial records are reliable. These statements include some amounts based on Management's best estimates and judgments.

Management is satisfied that the financial statements have been prepared within reasonable limits of materiality.

The Board of Directors appoints a Governance and Audit Committee consisting of four Directors. This Committee meets periodically with Management and auditors to review significant accounting, internal control and audit matters. The Committee also reviews and approves annual financial statements and the independent auditor's report before it is submitted to the Board of Directors for final approval.

Audited financial statements contained within this report are consistent with information presented in the full set of financial statements, available at the Airport Office.

Michael K. Hooper
President, CEO
Nanaimo Airport

Nanaimo, BC
March 28, 2016

Partners
Lorana LaPorte, CPA, CA, CFP*
Grant McDonald, CPA, CA*
*incorporated



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Report on the Financial Statements

We have audited the accompanying financial statements of the Nanaimo Airport Commission, which comprise the statements of financial position as at December 31, 2015, and the statements of revenue and expenses, changes in net assets, and cash flows for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Nanaimo Airport Commission as at December 31, 2015 and its financial performance and its cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Nanaimo, B.C.
March 28, 2016



CHURCH PICKARD
Chartered Professional Accountants

Nanaimo Airport Commission
Statement of Financial Position

For the year ended December 31, 2015

	2015	2014
Assets		
Current		
Cash	\$ 2,358,813	\$ 1,714,676
Short-term investments - Note 3	345,350	186,270
Prepaid expenses and operational supplies	108,278	85,651
Accounts receivable	607,216	678,238
	<u>3,419,657</u>	<u>2,664,835</u>
Long-term investments - Note 3	1,352,373	917,885
Deferred leasing costs	12,672	13,269
Property and equipment - Note 2	27,846,248	27,821,193
Internally restricted cash	940,000	-
	<u>\$ 33,570,950</u>	<u>\$ 31,417,182</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 327,073	\$ 298,167
Deferred lease revenue	58,464	46,922
Current liabilities before callable debt	<u>385,537</u>	<u>345,089</u>
Callable debt - Note 4	2,287,006	2,629,636
	<u>2,672,543</u>	<u>2,974,725</u>
Deferred contributions related to property and equipment - Note 5	16,679,236	16,683,225
Security deposits	19,771	19,771
	<u>19,371,550</u>	<u>19,677,721</u>
Net Assets		
Invested in property and equipment	8,880,006	8,508,335
Internally restricted - Note 7	1,822,000	882,000
Unrestricted	<u>3,497,394</u>	<u>2,349,126</u>
Net assets	<u>14,199,400</u>	<u>11,739,461</u>
	<u>\$ 33,570,950</u>	<u>\$ 31,417,182</u>
Commitments - Note 9		

APPROVED:


DIRECTOR


DIRECTOR

	Budget 2015	2015	2014
(Unaudited Note 8)			
Revenue			
Passenger	\$ 1,667,418	\$ 1,741,133	\$ 1,454,491
Vehicle parking	742,160	816,489	712,070
Regulatory recovery fee - Note 1	413,801	545,307	-
Lease, licence, and concession	427,695	496,658	398,793
Land lease and licence	321,942	314,795	324,581
Airside facility lease concession and fees	72,281	89,136	69,246
Interest and miscellaneous income	22,800	57,059	47,797
	<u>3,668,097</u>	<u>4,060,577</u>	<u>3,006,978</u>
Expenses			
Administration and management	768,689	648,388	725,191
Safety and security services	486,783	481,514	331,723
Operations and maintenance ATB	386,600	396,852	338,744
Operations and maintenance airfield	566,900	318,447	373,713
Marketing	265,156	233,396	216,960
Airport commission	157,993	157,902	150,643
Community engagement	106,400	111,770	91,539
Property taxes and miscellaneous expenses	108,920	101,134	115,170
Planning and development	85,700	87,780	107,020
Insurance	70,010	53,802	44,589
	<u>3,003,151</u>	<u>2,590,985</u>	<u>2,495,292</u>
Revenue in excess of expenses before other revenue (expenses)	<u>664,946</u>	<u>1,469,592</u>	<u>511,686</u>
Other revenue (expenses)			
Passenger facility fee	1,441,732	1,509,415	1,316,574
Amortization of deferred contributions related to property and equipment	960,236	820,433	805,380
Interest on demand loan	(90,804)	(77,370)	(92,672)
Amortization of property and equipment	(1,319,133)	(1,262,131)	(1,228,134)
	<u>992,031</u>	<u>990,347</u>	<u>801,148</u>
Revenue in excess of expenses	<u>\$ 1,656,977</u>	<u>\$ 2,459,939</u>	<u>\$ 1,312,834</u>

Nanaimo Airport Commission
Statement of Revenue and Expenses
For the year ended December 31, 2015

Nanaimo Airport Commission
 Statement of Changes In Net Assets

For the year ended December 31, 2015

	Invested in Property and Equipment	Internally Restricted <small>(Note 7)</small>	Unrestricted	Total 2015	Total 2014
Balance, beginning of the year	\$ 8,508,335	\$ 882,000	\$ 2,349,126	\$ 11,739,461	\$ 10,426,627
Revenue in excess of expenses net of unrealized gain	-	-	2,459,939	2,459,939	1,312,834
Amortization of deferred contributions related to property and equipment	820,433	-	(820,433)	-	-
Amortization of property and equipment	(1,262,131)	-	1,262,131	-	-
Net transfers	-	940,000	(940,000)	-	-
Repayment of debt	342,630	-	(342,630)	-	-
Purchase of property and equipment, net of disposals	1,287,183	-	(1,287,183)	-	-
Grant funds received	(816,444)	-	816,444	-	-
Balance, end of the year	\$ 8,880,006	\$ 1,822,000	\$ 3,497,394	\$ 14,199,400	\$ 11,739,461

	2015	2014
Cash provided (used):		
Operating activities		
Revenue in excess of expenses	\$ 2,459,939	\$ 1,312,834
Items not involving cash		
Amortization of property and equipment	1,262,131	1,228,134
Amortization of deferred contributions related to property and equipment	(820,433)	(805,380)
Gain on disposal of equipment	(583)	-
	2,901,054	1,735,588
Changes in non-cash operating accounts		
Decrease (increase) in accounts receivable	71,021	(232,783)
Increase in prepaid expenses and operational supplies	(22,627)	(17,244)
Decrease in deferred leasing costs	597	596
Increase in accounts payable and accrued liabilities	28,908	80,298
Increase in deferred lease revenue	11,542	1,390
	2,990,495	1,567,845
Financing activities		
Decrease in callable debt	(342,630)	(327,327)
Investing activities		
Purchase of property and equipment	(1,291,104)	(839,636)
Proceeds from disposal of property and equipment	4,500	-
Capital contributions	816,444	179,158
(Increase) decrease in short-term investments	(159,080)	58,698
Increase in long-term investments	(434,488)	(397,865)
	(1,063,728)	(999,645)
Increase in cash	1,584,137	240,873
Cash, beginning of the year	1,714,676	1,473,803
Cash, end of the year	\$ 3,298,813	\$ 1,714,676
Cash is defined as:		
Cash	\$ 2,358,813	\$ 1,714,676
Cash - internally restricted	940,000	-
	\$ 3,298,813	\$ 1,714,676

Nanaimo Airport Commission
 Statement of Cash Flows

For the year ended December 31, 2015

Nature of operations

The Nanaimo Airport Commission is registered as a non-profit society which was incorporated under the Society Act of British Columbia and files as a non-profit organization under the Income Tax Act. The commission operates the Nanaimo airport facility which serves individuals travelling to and from central Vancouver Island. On December 2, 1996, all airport land, buildings, and improvements were transferred to the commission from the Ministry of Transport for \$10. Under the terms of the transfer agreement, the commission must continue to operate the airport until December 2, 2046. If the commission ceases to operate or manage the airport, the Ministry of Transport has the option to reacquire the facilities for \$1. This option expires December 2, 2046.

Prior to the transfer, the commission operated the airport through a head lease from the Ministry of Transport.

1 Significant accounting policies

- Basis of accounting
These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.
- Cash and cash equivalents
Cash and cash equivalents consist of cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.
- Deferred leasing charges
Deferred leasing charges are amortized over the life of the lease.
- Property and equipment
Purchased property and equipment are recorded at cost at date of transfer and amortized. Contributed property and equipment are recorded at fair market value (as per property assessments) at the date of transfer and amortized.

Amortization is recorded on a straight-line basis over the estimated useful life of the property and equipment as follows:

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

In the year of acquisition, amortization is recorded at one-half of these rates.

1 Significant accounting policies - cont.

- Revenue recognition
The commission follows the deferral method of accounting for operating grants. Operating grants are recognized as revenue in the year in which the related expenses are incurred. Capital grants are deferred when received and amortized over the useful life of the corresponding assets.

Revenue is recognized as follows:

- Landing and general terminal fees are recognized as revenue when airport facilities are utilized.
- Passenger facility fee revenue is recognized at passenger departure.
- Concession revenue is recognized monthly based on the relevant agreements.
- Parking concession revenue is recognized as the lot is used.
- Revenue from leases is deferred and recognized into revenue over the life of the lease.
- Regulatory recovery fee was implemented during the year to offset the new onsite emergency response, and the environmental infrastructure and associated costs. A fee of \$3.50 per enplaned passenger is charged.
- Investments
Short-term and long-term investments consisting of term deposits and GICs are recorded initially and subsequently measured at fair value. Changes in fair value are recognized in net income in the period incurred.
- Use of estimates
The preparation of the financial statements in accordance 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 revenue and expenditure during the reporting period. Significant areas requiring the use of management estimates relate to the determinations of the collectibility of accounts receivable, the amortization of property and equipment, and provisions for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

2 Property and equipment

	Cost	Accumulated Amortization	Net 2015	Net 2014
Land	\$ 3,666,779	-	\$ 3,666,779	\$ 3,656,503
Buildings and improvements	13,732,797	4,420,436	9,312,361	9,571,310
Runway, airfield, and parking lot improvements	20,541,667	7,046,054	13,495,613	14,011,664
Heavy aviation support equipment	806,287	20,157	786,130	-
Fence	281,618	227,833	53,785	63,066
Mobile equipment	238,878	23,888	214,990	230,915
Furniture, equipment, and computer hardware	722,875	597,962	124,913	111,580
Vehicles	1,128,859	971,239	157,620	155,683
Computer software	78,958	44,901	34,057	20,472
	<u>\$ 41,198,718</u>	<u>\$ 13,352,470</u>	<u>\$ 27,846,248</u>	<u>\$ 27,821,193</u>

Included in property and equipment is \$127,716 of assets which have not yet been put into use, and are therefore not being amortized.

Included in property and equipment is the airport facility acquired by way of the transfer agreement described in the nature of operations. The transfer was recorded at \$7,000,000 (\$2,600,000 for the land, \$2,600,000 for buildings and improvements, and \$1,800,000 for the runway, airfield, and parking lot improvements).

3 Short-term and long-term investments

The short-term investments consist of several term deposits and GICs, having interest rates ranging from 1.90% to 3.3% and maturing at various dates from February 22, 2016 to May 30, 2016. The long-term investments consist of several term deposits and GICs as well, having interest rates ranging from 1.90% to 2.75% and maturing at various dates from February 21, 2017 to June 18, 2020. As a condition of its callable debt (Note 4), the commission must maintain a minimum of \$210,000 in GICs or cash in its investment account.

	2015	2014
Short-term investments	\$ 345,350	\$ 186,270
Long-term GICs	\$ 1,352,373	\$ 917,885

4 Callable debt and line of credit

	2015	2014
- Callable debt		
Royal Bank of Canada - interest payable at prime plus 0.30% requiring blended, monthly payments of \$35,000; repayable in full on May 12, 2016	\$ 2,287,006	\$ 2,629,636

The debt is secured by a general security agreement on all property of the commission. Debt is further secured by a collateral mortgage in the amount of \$875,000 constituting a first fixed charge on certain lands and improvements. In addition, there is a collateral mortgage including first ranking assignment of all rents in the amount of \$6,300,000 constituting a first fixed charge on certain lands and improvements.

When the loan becomes due, it is management's intent to renew the demand loan for an additional 12-month period.

- Line of credit		
The line of credit is a \$100,000 operating line of credit with the Royal Bank of Canada. Interest is payable at prime plus 0.50% on the outstanding balance. There was no outstanding balance at December 31, 2015.		

5 Deferred contributions related to property and equipment

Deferred contributions related to property and equipment represent contributed property and equipment and capital grant contributions with which the airport buildings and various other property and equipment were acquired. These contributions are amortized into revenue at the same rates as the related property and equipment are amortized. The changes in the deferred contribution balance for the year are as follows:

	2015	2014
Balance, beginning of the year	\$ 16,683,225	\$ 17,309,447
Capital grants funds realized	816,444	179,158
Amortized to revenue	(820,433)	(805,380)
	<u>\$ 16,679,236</u>	<u>\$ 16,683,225</u>

6 Government remittances

The commission has the following amounts owing for government remittances at December 31, 2015. These amounts are included in accounts payable and accrued liabilities.

	2015	2014
GST	\$ 16,181	\$ 19,712
Worksafe BC	\$ 1,719	\$ 1,557
Source deductions	\$ 21,277	\$ 23,960

7 Internally restricted

	2015	2014
Tangible capital asset reserve	\$ 1,722,000	\$ 882,000
Regulatory recovery fee reserve	100,000	-
	\$ 1,822,000	\$ 882,000

8 2015 budget

The 2015 budget figures presented in these financial statements are based on the accounting budget as approved by the Board of Directors on December 15, 2014.

9 Commitments

- Operating commitments

The commission has entered into various operating agreements for the lease of office equipment. Agreements have also been made for various construction contracts. The aggregate minimum payments, excluding applicable taxes, due in the next two years are as follows:

2016	\$ 210,778
2017	942
	\$ 211,720

9 Commitments cont.

The commission entered into a five-year agreement with a fuel supplier as of October 1, 2013. If the supplier's gross profit is less than \$11,500 per month, the commission is required to pay the shortfall to the supplier. As of December 31, 2015, there was no amount payable to the supplier as a result of this obligation (2014 - \$0).

10 Subsequent events

The commission has signed various agreements subsequent to the year-end for \$114,735 for capital projects.

11 Comparative figures

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

12 Financial risk and concentration of risk

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The commission is exposed to interest rate risk as the interest rate on its demand loan floats with market interest rates. A 1% increase in interest rates would increase the commission's interest expense by approximately \$22,870 per year based on the financing held at the year-end. The commission does not use derivative instruments to reduce its exposure to interest risk.

- Credit risk

The commission is exposed to credit risk from its carriers, tenants, and licensees. The commission has a significant number of diverse tenants and licensees which reduce the concentration of credit risk; however, at the year-end there were only two major scheduled carriers, which increases the amount of credit risk as the carriers create the largest portion of revenue. At December 31, 2015, receivables included \$239,785 (2014 - \$271,175) from the commission's largest customers.

- Currency risk

There were no significant accounts receivable or accounts payable denominated in foreign currency at the year-end. The US\$ cash balance was \$21,238 CAD at December 31, 2015 (2014 - \$13,644). The commission does not use hedging to minimize their risk to foreign exchange fluctuations as they do not consider this risk to be significant.



Board Members from left to right: Director Mike Kandert; Director David Witty; Director Ray Gauthier

The Future

What will Nanaimo Airport look like 20 years from now?

Our 2015 theme of Land Here, Grow Here provides some insight into Nanaimo Airport Commission's vision. Development and expansion is needed in the coming decades to keep up with the passenger demand that has made us one of Canada's fastest growing airports.

We've already created a 20-year land use plan to harness the tremendous potential of our site. We're working to attract a mix of businesses that will not only increase the services available to airport users, but also create jobs and millions of dollars in economic spin-off for residents throughout the entire Central Island.

At the same time, we've begun working on a 20-year terminal expansion project. Our facilities need to be enlarged to keep up with the unprecedented increase in passengers we've experienced.

We're also continuing our efforts to attract more airlines and more routes to serve the needs of our customers.

Responsible development for the Central Island's benefit

Our land use planning strategy is expected to generate revenue by developing the property with a focus on future generations' aviation needs, and on benefits to the surrounding communities.

Any and all development will exceed regulatory requirements and be governed by our stringent corporate standards. We have established the following principles to guide our decisions:

- Take a long-term view but focus specifically on what can be accomplished in the short-term;
- Partner with the community;
- Be environmentally responsible;
- Make the highest and best use of land;
- Be "business-flexible," adapting our plans to changing market conditions.

These principles help us balance the sustainability of the airport with the needs of our neighbouring communities.

Thanks to this commitment by the Nanaimo Airport Commission, our value as a major driver of community economic development could nearly double over the next decade as we capitalize on the many opportunities created.

Expansion to meet the Central Island's needs

As a transportation hub, Nanaimo Airport plays a critical role in the economic development of the communities we serve. As such, airport improvements and expansion create significant benefits for tourism, business and regional growth.

That's why Nanaimo Airport Commission has begun

planning an expansion of our air terminal facilities. We're looking to increase our terminal building's size, to accommodate more passengers and provide them with even more services and comfort. We're also planning a larger security area, to enhance passenger safety and move people through their pre-flight routine even faster.

These upgrades are needed. We last expanded five years ago, bringing us up to industry standards, and already our infrastructure is challenged to keep up with demand.

By addressing the need for expansion, the airport will deliver to the Central Island:

- Further regional economic growth and diversification, driven by increased airport capacity;
- More tourism opportunities, which are a cornerstone of Central Vancouver Island's economic future;
- Business opportunities for land development at the airport, which will create hundreds of new jobs and millions of dollars in new spending;
- The opportunity, and resulting economic benefits, for attracting additional airlines, flights and industry services;
- Air travel that is even safer than it is today.

More choices for Central Island travellers

As the Central Island's airport of choice, we've broken passenger records in each of the last 6 years. As a result, we're able to make a strong business case for attracting other airlines and developing new routes.

We'll build on the remarkable successes we've had with Air Canada and WestJet. Of all the options they had available, they chose us because of the prospect of profitable routes, and a great experience for their passengers.

Our partnership with them has made Nanaimo Airport the Central Island's gateway to the world. It puts destinations around the globe easily accessible.

That's not only good for travellers, but it's also good for businesses in our region. The easy, affordable connections available through our airport open up new market opportunities, and bring additional businesses to our region.

The connections also allow investors to easily visit our area, looking for opportunities. Calgary, which has more national business headquarters than any other Canadian city outside Toronto, is now less than two hours away from us by air.

We've already created a 20-year land use plan to harness the tremendous potential of our site

Land Development

Our 2015 theme of Land Here, Grow Here can translate simply to: "You can do business here."

We're showcasing to the world Nanaimo Airport's unique mix of prime land development opportunities that are ideal for strategic entrepreneurs and investors.

We offer one of the largest available land masses for airside and groundside development of any B.C. airport in close proximity to Vancouver. More than 50 hectares of our approximately 200-hectare site has prime business potential.

We also have a thoroughly researched 20-year land use plan to guide development on our property. It's an essential tool that for the next generation will help the Nanaimo Airport Commission fulfill its mandate to develop, manage, and operate the airport.

The plan identifies several promising opportunities for aviation and commercial businesses, and ensures they are all compatible with the airport's Master Plan and with the surrounding community.

“One of the possibilities is a mixed commercial/light industrial centre to serve airport passengers, employees, the nearby community”

We're ready to attract investment

A competitive analysis carried out while researching our land use plan ranked us within the top two positions in terms of aerospace strengths and readiness to attract aviation investments. The research also identified the top five commercial development sectors for us to pursue.

They are:

- Hangars (private and corporate);
- Fixed Based Operators (FBO), including aviation fuel suppliers;
- Aircraft sales;
- Maintenance Repair and Overhaul (MRO) services, including a/c conversions, interiors, painting, etc.

Armed with that insight, we are already aggressively marketing to aviation-based businesses such as:

- Freight and courier operations
- Terminal retail and services
- Aviation support services
- Aircraft related suppliers
- Aerospace education and training
- Air transport dependant businesses
- Aircraft storage and maintenance
- Airport compatible business operations
- Restaurant for airport users
- Retail for airport users
- Ground transportation services

We offer endless possibilities

We're fortunate to possess an extensive inventory of lands with airside access. It allows us flexibility in determining the shape of development.

More than 15 hectares of undeveloped lands along the north portion of the parallel taxiway is ideal for any of the airside uses we envision. Hangars, FBOs, aircraft sales, and MRO services are all potential users.

The hangar lots to the south of the flight service station are well suited for an FBO, while our groundside lands could be used for large, aviation related projects.

One of the possibilities is a mixed commercial/light industrial centre to serve airport passengers, employees, the nearby community, and traffic at our main access/roundabout. Commercial activities would complement current airport activities and provide the services needed to support our long-term growth and financial sustainability.

In all cases, we will only consider proposals that benefit our communities and respect our values of superior corporate and environmental stewardship.

We can create benefits for our region

Responsible development of our land will have direct and indirect benefits for residents throughout Central Vancouver Island.

The most immediate positive impact would come from employment opportunities. Construction jobs



Board Members from left to right: Director Dixon Kenny; Vice Chair Lucie Gosselin; Board Chairman, John Craig

would be first, as new facilities are built. Then an increase in full- and part-time staff jobs created by the aviation related businesses locating here. And on an ongoing basis, we'd see more money spent in our communities for the supplies these firms would require.

Finally, the additional services made possible by development could help the airport attract more carriers, which would mean additional and easier travel options for residents. Factors such as investments by new firms, and an increased ability to serve passengers, would strengthen the business case for airlines to add more flights to and from Nanaimo.

We provide competitive advantages for investors and entrepreneurs

Locating at Nanaimo Airport is a sound business investment for many reasons. Here are some of the advantages we offer:

- Easy air access to undeveloped airside land, including taxiway lots, and larger areas of unimproved land.
- Ample land with general access for the public and restricted access for aircraft operations
- Modern infrastructure that includes an Instrument Landing System, on-site aircraft rescue and firefighting, a full service Air Terminal Building with Customs and passenger screening facilities.
- An airport management team that has decades of aviation industry experience.
- Growing customer traffic, with a projection of over 330,000 passengers passing through our gates in 2016.
- A strategic location at the hub of the regional economy, with high-visibility land paralleling the Island's main highway.
- Easy access to markets, both on and off Vancouver Island. Competitive lease rates thanks to our affordable commercial fees.



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2015 Highlight Projects

2015 truly was the year of "more" at Nanaimo Airport: more flights, more passengers, more parking and more service for the hundreds of thousands of residents and visitors who passed through our terminal.

Fulfilling the theme of Grow Here, Land Here, we completed numerous initiatives that benefited the region we serve while further improving safety, reliability, environmental stewardship, passenger convenience, and our commercial potential.

All of our accomplishments tied into our goal of meeting the needs of our communities today and into the future.

Here are some of the highlights:

More choices for passengers

Our communities have been asking for more service, and both of our major airline partners responded. Air Canada and WestJet each added new flights, giving Central Island residents more options for travelling.

Air Canada introduced direct service to its Calgary hub, giving passengers connections to more than 25 domestic and international flights within a four-hour window. The new Nanaimo-to-Calgary came in addition to the airline's existing daily Nanaimo-Vancouver flights.

WestJet, meantime, started new non-stop daily service from Nanaimo to Edmonton, connecting travellers to its network of 60 non-stop flights from there to destinations around the world. The new route complements the airline's existing Nanaimo-to-Calgary daily flights.

More passengers making trips

Whether it was for business or pleasure, travellers went through our arrival and departure gates at a record pace. The total of 312,117 passengers marked the sixth straight year in which we broke our own record, and puts us six years ahead of projections for passenger traffic.

Such tremendous support from our communities continues to make us one of Canada's fastest growing airports.

More plans for expansion

Due to ever-increasing demand, and to continue to meet the needs of our region, we began working on plans for our next expansion. The multi-million-dollar project calls for our Air Terminal Building, baggage area, and security screening area all to be enlarged.

More places to park

We've been able to boost our short- and long-term parking on site to 655 stalls, and keep our affordable rates in place. That means travellers can count on finding a spot for their vehicle, without breaking their budget. Our long-term parking plan calls for more stalls to be created as necessary.

More customer service

Our volunteer ambassador program, the Blue Navigators, grew to a team of more than 40 blue-vested volunteers. Combined they provided 4,500 hours of assistance to airport users, answering questions, providing directions and helping passengers get the most out of their travel experience.

More safety measures

In keeping with our priority of safety for all who use our airport, we used trend analysis to reduce risks and moved to the auditing and testing phases of our Safety Management System. This system's rigorous requirements help us detect and reduce safety hazards in our daily operations. Our staff has been trained to be on the lookout for any safety issue, regardless of how big or small it may be, and to report it immediately so it can be addressed.

2015 also saw us put into service the new Oshkosh Striker 4 x 4 Aircraft Rescue Fire Fighting (ARFF) vehicle, and a trained team to offer initial response in the event of on-site emergencies.

Fulfilling the theme of Grow Here, Land Here, we completed numerous initiatives that benefited the region we serve while further improving safety, reliability, environmental stewardship, passenger convenience, and our commercial potential.



2015 Highlight Projects: Community Engagement

As a community-based non-profit organization, Nanaimo Airport highly values the relationships we have built with all of our surrounding communities.

We believe strongly in being a good corporate citizen and neighbour, and supporting the people who make Central Vancouver Island their home. We often participate in projects that contribute to the well-being of our region.

Here are some of the ways in which we connect with our communities:

Sharing information at public presentations

To keep residents in our service area updated on our many activities, and to get their input, we travelled around the region to participate in over 50 public venues. The feedback and questions we received about airport operations were valuable, and helped us as we formed our plans for the future.

Sharing information at our Open House and online

Every year we host an Open House for the community, for visitors to learn about our operations and equipment, and to meet members of the Nanaimo Airport Team.

We also communicate regularly with our neighbours throughout the Central Island on our Facebook page and blog.

Becoming a sponsor of the Festival of Lights

We welcomed the opportunity to participate in the Ladysmith Festival's Adopt a Tree program, starting a five-year sponsorship of the Chuck Perrin Memorial Tree. The tree, the focal point of the annual celebration, symbolizes the tradition of community spirit that makes Ladysmith the Light-up Capital of Vancouver Island.

Our sponsorship helped fund energy-saving LED bulbs for the tree, and a modern starburst effect approximately eight feet high by five feet wide that crowns it.

Hosting a noise mitigation roundtable

Every year we invite neighbours and representatives from the Nanaimo Flying Club, area Pilots, Nav Canada and airport staff to roundtable meetings to discuss airport noise.

The sessions provide a balanced forum where parties with an interest in noise mitigation issues can be heard. It also offers some education about aviation regulations and procedures, to help everyone better understand the issues being discussed.

As has been the case for many years, noise exposure in inhabited areas around the airport in 2015 remained well below Transport Canada guidelines.

Supporting the Ladysmith Chamber of Commerce

The Chamber's mission, like ours, is to make its

community better for everyone. We helped with that mission by providing assistance to the Chamber.

Helping the Kinsmen help kids

We provided assistance to Ladysmith Kinsmen to help them build a fundraising raffle to finish the children's playground at Transfer Beach. The service club had built the original playground there 25 years ago, and raised more than \$150,000 in total to replace the worn-out equipment.

Celebrating youth achievements

We again hosted the Annual Review for the 205 Collishaw Nanaimo Squadron of Air Cadets, in conjunction with the Nanaimo Flying Club.

The ceremony is the most important event of the squadron's training year. Cadets display their skills to their families and guests, and receive various merit awards.

The cadet program focuses on social development, decision-making and leadership while developing knowledge of Canadian history and democracy.

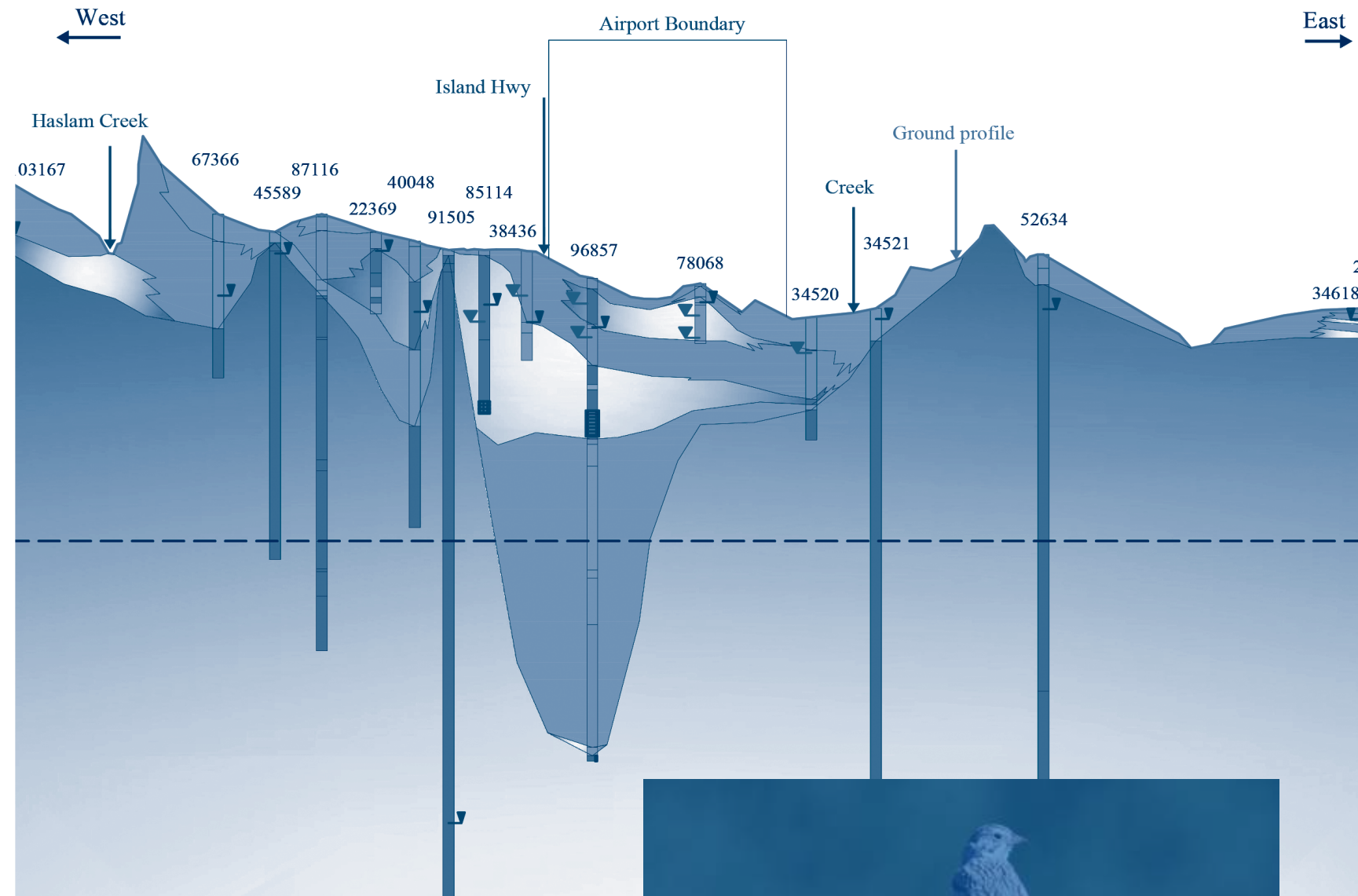
Assisting the aviators of tomorrow

We serve as the base for air cadet glider training twice a year. On six consecutive weekends in both spring and fall, senior air cadets build flying experience as part of their training for a private pilots' licence.

Every cadet has a chance to participate in flight activities, and every year some top senior cadets earn a scholarship towards their pilot's licence.



Historical water level measurements



2015 Highlight Projects: Environmental Stewardship

Protecting our environment is one of Nanaimo Airport Commission's key corporate values, and a pillar of our sustainability. Our environmental responsibilities are major factors in all of our business decisions.

We are proud to have designed and implemented unparalleled programs and policies to protect the airport ecosystem. Our programs are in addition to our compliance with all federal environmental laws and regulations.

With eco-friendly practices that include everything from conserving habitat to recycling materials and by devoting substantial staff time and resources we have created an environmentally-aware culture.

Here are some of the ways in which we help to preserve our environment:

Following a pro-active Environmental Management Plan

Using a "Plan, Do, Check, and Act" model, our Environmental Management Plan (EMP) sets priorities and direction for improving our environmental performance.

It covers all of our water and land resources, natural habitat, aeronautical noise, energy use, and waste management. The plan controls and documents airport activities through an integrated environmental management system. This ensures that we are pro-actively protecting the environment.

Guided by our EMP, we monitor and correct risks before they result in unsafe conditions, accidents or harm to the environment.

Monitoring and protecting water resources

We conduct ongoing sampling from eight monitoring locations as part of our duty to protect the Cassidy Aquifer, which lies under the airport. The data helps operational staff and our consulting Team of scientist to better understand water flow and quality items.

And to further protect surface and groundwater resources, we have management strategies for preventing leaks and spills of substances.

Enhancing fish habitat

For 10 years we have been part of a very successful environmental partnership with community organizations to enhance fish habitat in the lower reaches of Haslam Creek. The work helps ensure the sustainability of coho, pink, and chum salmon as well as cutthroat and rainbow trout that live in the 25-km creek, which is a major tributary to the Nanaimo River.

We support, monitor and maintain the restoration project through careful stewardship of the land. Our involvement is part of our work to balance the maintenance of a safe airfield with the management of the land as a habitat for species that can safely coexist with aviation.

Managing bird habitat

We have actively assisted the conservation of the habitat and population of the Coastal Vesper Sparrows, ever since the birds were first spotted years ago on the airport site.

Our partners in this mission over the years include Canadian Wildlife Services (CWS), the Vertebrates-at-Risk Recovery Action Group of the Garry Oak Ecosystem Recovery Team, and other local interest groups.

Our staff helped CWS develop a conservation and enhancement guide that plans and manages protection activities for the sparrows, a species that intersects with airport operations and aviation safety. We provide the aviation expertise needed to facilitate species monitoring.

Carefully managing vegetation

Our ongoing vegetation management program continued in 2015 with work concentrated on the east side of the airport, which includes the Cottonwood Golf Course property. The program protects our flight path to enhance safety, and sets strict guidelines to ensure the sustainability of our environment.

As part of our efforts, we use a re-vegetation strategy that sees new trees planted for the ones removed. We use slower growing trees and shrubs, to allow a transition from poplars that grow more than three metres per year. This will help reduce the need to top trees in the future.

Keeping our shorelines clean

A team of Nanaimo Airport volunteers annually makes a difference in our community by participating in the Great Canadian Shoreline Cleanup. Doing their part in the national program to eliminate shoreline trash, our team scours the upstream area of Haslam Creek.

Their work prevents trash from entering the water way and the fragile aquatic ecosystems.

