

2022
ANNUAL
REPORT



FLIGHT PATH TO NET ZERO



TABLE OF CONTENTS

INTRODUCTION

First Nations Acknowledgement	3
Joint Message from CEO and Chair	4-5

ABOUT NANAIMO AIRPORT

Vision, Mission, Key Values & Guiding Principles	6-7
History, Air Operations & Scheduled Air Service	8-9

YEAR IN REVIEW

Airport Statistics	10-11
Environmental Sustainability	12-13
Safety	14-15
Capital Projects	16-17
Marketing	18-19
Customer Service	20-21
Community Engagement & Support	22-23

FUTURE INVESTMENT

Future Projects	24-25
-----------------	-------

ORGANIZATIONAL LEADERSHIP

Board of Directors	26-27
Administration & Staff	28-29

FINANCIAL REPORT

Management Responsibility Letter	32
Independent Auditor's Report	33-35
Financial Statements	36-39
Notes to the Financial Statements	40-50

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.



David Witty
 David Witty
 NAC Board Chair

Dave Devana
 Dave Devana
 President & CEO

MESSAGE FROM OUR BOARD CHAIR & CEO

Our Path to Sustainability Brings Generational Benefits

The Nanaimo Airport Commission (“NAC”) will deliver environmental and economic benefits to our region for the next generation.

The NAC is focused on our goal of Net Zero carbon emissions by 2030. In fact, this year we were net climate positive, thanks to our environmental management and the use of carbon offsets. We approved our progressive Climate Change Action Plan and achieved Airport Carbon Accreditation Level 1. Over the coming years we will further reduce our emissions by electrifying our fleet and other decarbonization initiatives to achieve net zero for our operations by 2030 or earlier.

Sustainability is about the people we serve in our communities. It enables robust economic growth for the region while preserving the natural environment that makes our Island one of the world's most desirable locations. Along with safety, environmental sustainability is a cornerstone of our decision-making.

Over the last decade our many progressive programs have addressed climate change, noise and environmental impacts, ecosystem preservation, aquifer and other groundwater protection, and other issues. Now we've brought them all together in a comprehensive environmental management system. It recognizes that everything we do is interconnected as we monitor our performance and emphasize continuous improvement.

The return of Air Canada's seasonal non-stop flight to Toronto, and WestJet's non-stop flight to Edmonton, helped propel post pandemic growth in our passenger volume. Approximately 340,000

people passed through our gates, doubling the number we served in 2021. The investment in these routes by our airline partners reflects the confidence they have in YCD and our strong working relationship.

We were well prepared for people returning to travel, thanks to a \$14.2-million investment in infrastructure we completed this year. We resurfaced the runway and taxiways to ensure our airside infrastructure is ready for the next 25 years. We installed concrete infill panels on our main apron that improved and expanded airplane parking (4 stands to 5) around the terminal building. This improvement expanded our capacity by 20% without expanding the footprint of our main apron.

All this work and planning has long-term benefits. In the next five years we expect to see the aviation industry continue its evolution in a post pandemic aviation industry. We are ready for this evolution as we seek to serve our communities with world class services in a financially, socially and environmentally responsible manner.

One of the tools that will guide us along this exciting flight path is our 2023-2027 Strategic Plan that we plan to release in early 2023. It will help us target our resources, strengthen our core business, and diversify our revenue streams. It will position us as a regional champion for climate change action, and it makes partnership and reconciliation with the First Nations people integral to our decision-making.

We are deeply committed to serving our communities and look forward to a bright future.

COMMITTED TO BEING THE BEST WE CAN BE

Nanaimo Airport (YCD) is a not-for-profit authority owned and operated by the Nanaimo Airport Commission. The airport is a 15-minute drive south of downtown Nanaimo on 224 hectares (550 acres).



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 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

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.

The airline staff and security people are very friendly and kind. I saw them be so understanding of a couple who probably haven't travelled much (or maybe since COVID).

- Social Media Review, July 2022



ABOUT THE NANAIMO AIRPORT

History

The Nanaimo Airport ("YCD") was created in 1942 as a Royal Canadian Air Force glider pilot training facility and wartime emergency airfield when the Department of National Defence purchased the airport lands from Thomas Cassidy. Soon after the war, the City of Nanaimo leased the airfield from the federal government and assumed responsibility for airport operations. Approximately 20 years after the City took over airport operations, 150 aircraft used the airstrip in a six-month period and people began to see the Airport's growth potential. However, little investment had been put into the airfield and during the 1970s the airstrip had fallen into such bad need of repair that half of the airstrip had to be closed as wooden drainage had rotted out making it unsafe to land on.

In 1975 the City of Nanaimo appointed two alderman to be responsible for the Airport. The two worked towards obtaining the necessary grants to resurface, repair, and improve the airstrip plus install runway lighting. In 1985 a Flight Service station was constructed by the Federal Government and in 1990 a new airport terminal building plus improved road access and parking areas were constructed. These improvements were necessary to support the increasing scheduled passenger service.

In 1990, the Government of Canada offered to sell the airport to both the City of Nanaimo and the Regional District of Nanaimo. With neither party being interested, a group mainly comprised of general aviation enthusiasts from the Nanaimo Flying Club incorporated the Nanaimo Airport Commission ("NAC") as a not-for-profit authority. In 1992 the NAC assumed management of the Airport under a 30-year lease from the Federal Ministry of Transportation. By 1994 the NAC purchased the airport lands for \$1 and was granted fee simple title through the National Airport Policy transfer initiative in December 1996.

Since the NAC took over management and ownership of YCD, the terminal building has been expanded 4 times to meet the growing passenger demands of Vancouver Island, with the last expansion being completed in February 2020.

A key project undertaken in 2009 extended the runway to its current length of 6,602 feet plus high-intensity lighting and an Instrument Landing System ("ILS") were installed. These improvements set YCD up for the future to allow for the airport to accommodate more frequent and larger narrow body aircraft as well as be more reliable in poor weather conditions.

Air Operations

Today our commercial aviation facilities and services include both regular scheduled and chartered flights, air cargo and freight-courier services, Canadian Border Services Agency (CBSA), aircraft refueling and maintenance, medical transportation, and flight training, as well as aircraft parking and hangars.

YCD regularly facilitates aircraft movements for BC Air Ambulance, RCMP, BC Forest Fighting, corporate jets, diplomats, civilian search and rescue, angel flights, and military aircraft. We also act as an alternate airport for aircraft unable to land at other West Coast airports.

Scheduled Air Service

Located 15 km south of downtown Nanaimo, YCD is Vancouver Island's most centrally located airport with 98% of the Island's 840,000 residents living less than a 2-hour drive from YCD.

In addition to being the most centrally located airport on Vancouver Island, YCD also provides easy global access through regular scheduled flights offered by Air Canada and WestJet to:

- YVR – Vancouver International Airport
- YYC – Calgary International Airport
- YEG – Edmonton International Airport, and
- YYZ – Toronto Pearson International Airport (Seasonally)

This ability to easily get to Canada's "Hub" airports means that travellers have access to hundreds of connecting flights. You can fly out of YCD in the morning and arrive at your global destinations the same day.

YCD is truly the most central gateway that connects the world with Vancouver Island.



“ The YCD staff are very friendly and helpful. I forgot to pay for my long term parking and was out of town. They left a note saying please pay when you get back. No towing, no fines. Great people! ”
 - Social Media Review, July 2022

2022 YEAR AT A GLANCE

Passenger Volumes Double as Air Travel Rebounds

Passenger traffic at Nanaimo Airport (YCD) nearly doubled this year compared with the 2021 year as air travel continued to rebound from the pandemic.

Nearly 340,000 people used the Nanaimo Airport in 2022, compared to 193,425 in 2021 and was more than two-thirds of the total of our pre-COVID record.

Passenger Movements

6,648 Total scheduled service Aircraft movements

338,016 2022 Passengers

325,000 2022 Budgeted

491,499 2019 Benchmark

Routes

- Non-stop Edmonton (YEG) service began October 2022
- Regular scheduled service to Vancouver, Calgary, and Edmonton plus Toronto seasonally.

Major Infrastructure

- Completed runway & taxiway pavement overlay.
- Apron converted from asphalt to concrete.
- Runway end safety areas constructed.
- Transitioned to a push back environment and went from 4 aircraft parking stands to 5

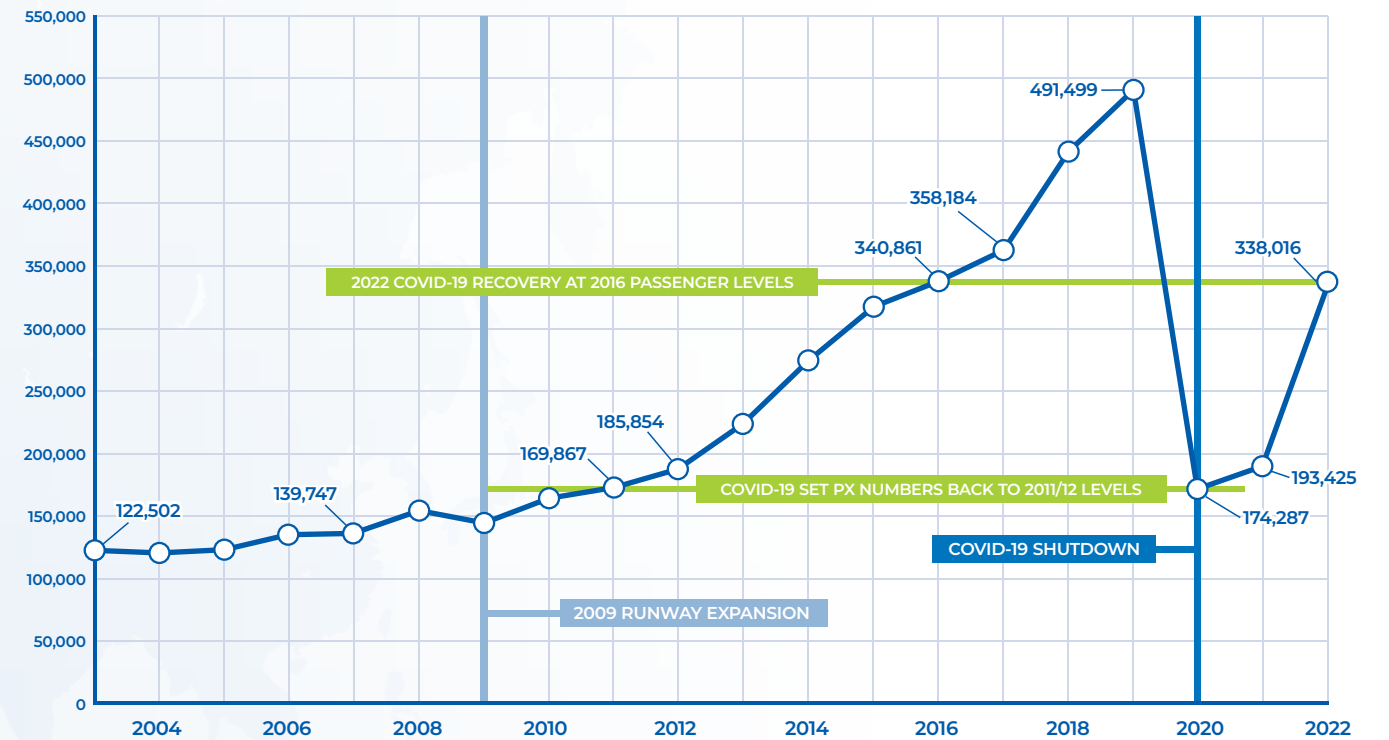
You're the best airport. I live in Duncan. I will always travel through you.

- Social Media Review, December 2022

Carbon Accreditation

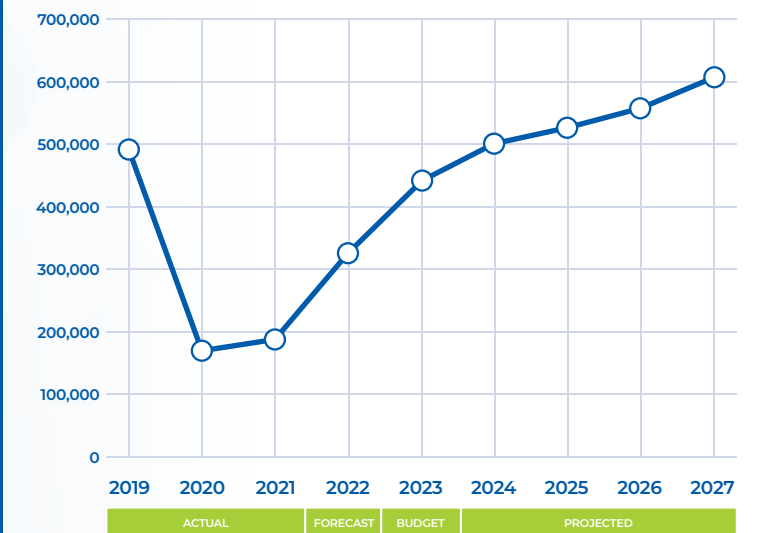
2022		Level 1 Carbon footprint
2023		Level 2 Managing and reducing footprint
2024		Level 3 Managing others and measuring their emissions
2026-2040		Level 3+ Offsetting residual scope 1 and 2 emissions
		Level 4 Extending carbon footprint, absolute emissions reductions in line with the Paris Agreement, enhancing 3rd party engagement
		Level 4+ Offsetting residual scope 1 and 2 emissions

20 Year Annual Passenger Report 2003-2022



Budget 2023 - Passenger Numbers

YEAR	PASSENGERS	% VARIANCE	% OF 2019
2019	491,499	10%	100%
2020	174,287	-65%	35%
2021	193,425	11%	39%
2022	325,000	68%	66%
2023	440,000	35%	90%
2024	500,000	14%	102%
2025	535,000	7%	109%
2026	570,000	7%	116%
2027	605,000	6%	123%



TAKING A LEADERSHIP ROLE ON CLIMATE CHANGE

Sound environmental stewardship policies are one of the pillars to YCD's long-term sustainability and connects our business values to our social responsibilities. We embrace the trust that has been bestowed on us to protect biodiversity and preserve our Airport ecosystem, not only for today but for future generations. We factor our environmental responsibilities into every business decision we make, to ensure a balance between the maintenance of a safe and efficient airport and the management of our land as a habitat for species that can safely coexist with aviation.

Airport Carbon Accreditation

In 2019 we registered in the Airport Carbon Accreditation Program through Airports Council International, the only institutionally endorsed global standard for carbon management at airports. While COVID-19 had a largescale impact on the operations at YCD, we remained committed to this program and continued to track the CO2 emissions from the direct activities of the NAC's operations. Because of our commitment, we obtained our Level 1 Airport Carbon Accreditation status in 2022 and are on track to achieve Level 2 accreditation in 2023.

Flight Path to Net Zero

During the year, we approved our progressive Climate Change Action Plan, laying out the flight path to net zero by 2030. We are proud to be net climate positive from 2019-2022 through our support of the Great Bear Rainforest Carbon Offset Project. We will continue to support carbon offset projects to remain net climate positive while we take necessary steps to decarbonize our own operations to achieve net zero.

Working with Pollinators Partnership Canada

We were the first airport in Canada to work with Pollinators Partnership Canada ("PPC"), a registered charity, dedicated to the protection and promotion of pollinators and their ecosystems

though conservation, education, and research. The NAC worked with PPC and Satinflower Nurseries to create a pollinator garden near the main entrance of the Airport Terminal Building by replacing non-native vegetation with local and native species.

The first year of our project was very successful. 137 native bees were observed over two 15-minute periods in the pollinator garden versus 6 bees in the ornamental garden over the same time period.



Updated Environmental Management System

In 2022 we updated our Environmental Management Plan ("EMP") with an overarching Environmental Management System ("EMS"). As with the old EMP, the EMS uses the "Plan, Do,

Check, and Act" model and requires us to proactively manage potential environmental impacts by monitoring and correcting risks before they result in unsafe conditions, accidents, or environmental harm. It sets priorities and direction for our environmental performance and makes sure environmental stewardship remains a top priority. Critical components of our EMS include climate change, energy and emissions, water and effluents, materials and waste, biodiversity and ecosystem, and community and noise.

Groundwater Management

We remain committed to careful, responsible management of both surface and ground water. The Cassidy aquifer stretches under YCD so we conduct regular and ongoing sampling from numerous, on-site, monitoring locations. The data collected from these samples assists the airport to better understand the aquifer's water quantity and quality is maintained over time.

Flight Path Protection

Protecting our flight path from any kind of encroachment enhances safety for all airport users.

To accomplish this, we follow a vegetation management program, designed by professionals, that sets out strict guidelines and promote environmental sustainability. We are also working with regional local governments to ensure land uses are compatible with the airport.

Noise Management

Our noise mitigation program aims to reduce and mitigate aircraft noise disturbance, where possible. During 2022 we were able to host our noise mitigation round table meetings in person once again with representatives from neighbourhoods and communities directly surrounding YCD. Pilots are reminded to avoid flying over noise sensitive areas, as set out in the Canada Flight Supplement and input on these supplements are informed by our noise mitigation roundtable.

The Nanaimo Airport Commission does not have any enforcement authority over aircraft flying in or around the region's airspace. Any concerns regarding Canadian Aviation Regulations should be directed to Transport Canada Civil Aviation Enforcement for further investigation.



Carbon Footprint

Results of the first 4 Years of our Pathway to Net Zero by 2030 Plan

4 Year Total CO2 Emissions	655
EV Station Credits	(58)
Carbon Offset Credits	(666)
Net Climate Positive	(69)



SAFETY, SECURITY AND TRAINING

Safety remains YCD's top priority as we chart our flight path to Net Zero. We invest in training to ensure all employees, customers and guests feel safe and secure on the airport campus.

Live Emergency Exercise

Transport Canada requires airports across Canada to regularly perform live training simulations. During 2022, YCD hosted a multi-agency emergency exercise with the simulated downing of an aircraft. This was designed to not only test YCD's response to an emergency, but also the response of local emergency services and inter-agency coordination.

The exercise involved YCD ARFF staff and response vehicles, the Cranberry and North Cedar volunteer fire departments, Ladysmith RCMP, B.C. Ambulance Service paramedics, Regional District of Nanaimo staff and air carriers. NAC staff activated, coordinated, and managed an Emergency Operations Centre ("EOC") to centralize all information and communication between air carriers and emergency response units. Observers from Transport Canada, the Joint Rescue Coordination Centre Victoria, Canadian Armed Forces Joint Task Force Pacific, the B.C. Office of the Fire Commission, and Nanaimo Fire Rescue were also present.

The scenario involved 55 passengers and crew onboard a plane that suddenly banked to the left after takeoff and fell hard back onto the runway before catching fire. The flight crew also reported an explosive device may have brought down the plane. Emergency personnel dealt with simulated casualties and injuries amongst the chaos while also coping with simulated leaking fuel and other hazards. Local emergency responders engaged bomb handling units to ensure the safety of the terminal building and all occupants. Airport and security personnel helped manage distraught families, media representatives, uninjured passengers, and the general public.

The hard work and support of emergency responders, airport business partners, our Blue Navigators and other volunteers, and the YCD team made the exercise a success and the learnings from the event can be put into practice should a real time incident ever occur.



Aircraft Rescue Fire Fighting

Under Canadian Aviation Regulations, YCD is a Category 6 airport and as such is required to have a minimum of 2 Aircraft Rescue Fire Fighting ("ARFF") response vehicles. YCD has two Oshkosh Striker ARFF trucks fully equipped with 1,500 gallons of water and firefighting eco-foam, plus a backup Sterling ARFF truck. NAC operations staff are trained and certified on the use of the trucks and undergo both instructor lead and self-paced ARFF training. Additionally, our aircraft rescue fire fighters attend annual live fire training in approved facilities where they are put in real life simulations of aircraft fires.

Training & Development

Each year, the NAC's team undergoes significant training and professional development to ensure staff are up to date with airport regulations and standards. This continuous training and development of our staff is key to keeping YCD operating effectively, efficiently and in a safe and reliable manner. In 2022, staff engaged in over 3,275 hours of training and professional development.



Runway Safety

As part of keeping the runway safe, we regularly perform bird and wildlife checks as well as assessments of runway and taxiway conditions. These conditions are reported to pilots and airlines to guide and assist them with their landing and departure to and from YCD. The runway and taxiways are continuously monitored for Foreign Object and Debris ("FOD") to minimize hazards and allow for the safe landing of aircraft.

Winter Maintenance

The NAC has a fleet of runway sweepers, plows, trucks, and snowblowers, plus well-trained staff and contractors to deal with snow and ice events at YCD. In partnership with Transport Canada, the NAC recently invested in a Larue T60 single-engine self-propelled snow blower capable of moving 2,500 to 3,400 tons of snow per hour. A new plow truck and runway sweeper have also been ordered to keep the runway and taxiway safe for aircraft to land and takeoff in the winter months.



2022 CAPITAL PROJECTS AND IMPROVEMENT HIGHLIGHTS

NAC's flight path to the future helps ensure critical infrastructure is ready to meet the needs of our communities, passengers, and airport business partners. With sound financial management practices in place and 50% funding from Transport Canada's Airports Capital Assistance Program ("ACAP"), we were able to substantially complete \$14.2 million of airfield infrastructure improvements during 2022. This reinvestment in the airport enhances safety for the hundreds of thousands of people and their cargo that land and take off each year at YCD setting YCD up for another 25 years of growth.

We will now focus on airside development and improvements such as an expanded Airport Terminal Building and improving our parking lots and internal road network.

Runway and Taxiway Rehabilitation

Our 6,602-foot runway and associated taxiways were resurfaced with new asphalt, providing for better stability and a longer working life. The NAC team and our contractors worked with air carriers and other airport business partners to arrange a resurfacing work schedule where only portions of the runway were shut down at any time which minimized disruptions to flight operations. This project will be fully completed in 2023 when the runway will be grooved. Grooving the runway will

help to displace water and reduce hydroplaning to provide increased braking action.

Runway End Safety Areas

We added a new gravel safety zone at each end of the runway as an additional safety measure for aircraft landings. The large flat area was covered with recycled milled asphalt from our apron and runway projects, after the existing organic material was removed.

Apron Improvements and Rehabilitation

A large portion of our outer apron was resurfaced with asphalt and our inner apron, where aircraft park to enplane and deplane passengers, was converted from asphalt to concrete. The conversion to concrete provides a sturdier and more durable surface for aircraft to park on and prevents rutting from landing gear, especially in the warm summer months.

Move to a "Push Back Environment"

With the conversion of the inner apron to concrete, we took the opportunity to change the way aircraft are staged while on our apron. Historically, aircraft would arrive and depart the apron under their own power, however, with the improvements made in 2022, aircraft now arrive on their own power but a tug is used to push the aircraft back when departing. This operating tactic improves safety by reducing the chance of aircraft potentially clipping wings while turning in a tight radius and aids with

on-time performance of departing planes.

A secondary benefit to the new push back environment is that we were able to increase aircraft parking capacity from four parking stands to five without increasing the size of our apron. This 20% capacity growth positions us to handle additional aircraft for future expanded routes.

Approach Lighting Fortification

Extensive rains and the subsequent flooding of Haslam Creek during the fall of 2021 and winter of 2022 pushed fallen trees and debris into the creek, dangerously close to our Simplified Short Approach Lighting System ("SSALS"). To remain operational, we installed large protective boulders around the bases of our SSALS infrastructure. Additionally, we worked with federal, provincial, and local agencies to stabilize the banks of Haslam Creek to minimize the risk of flood damage to our lighting system until the SSALS can be installed on concrete piles in 2023.



2022 MARKETING INITIATIVES

In 2022 YCD celebrated its 80th year in operation while the world started to recover from the COVID-19 pandemic that saw global restrictions unlike those ever previously seen in aviation history. 2022 saw the lifting of numerous restrictions, including travel bans and mask mandates, and we started to return to a new post pandemic world. The pandemic taught us the importance of connections, both to family, friends, and community and with nature and the environment.



Reconnecting Vancouver Island with the World

To help people reconnect in 2022, YCD created the [#Reconnect with Canada – Coast-to-Coast](#) campaign. This #Reconnect campaign symbolizes all of Canada coming together, post-pandemic, through air travel and was designed to reconnect Canadian residents to family, friends and loved ones. We partnered with air carriers, other airports, sports teams, museums, and hotels for the campaign to be successful.

#Reconnect and Explore Central Vancouver Island

YCD partnered with the Halifax Stanfield International Airport (“YHZ”) and ran a campaign open to residents of Atlantic Canada that would bring two people to the west coast to explore central Vancouver Island. The winner, drawn at random, was a nurse that had served on a COVID ward who used this trip for her honeymoon. The trip included return flights from YHZ to YCD using a recently started, non-stop Halifax – Vancouver flight, (courtesy of Air Canada), three nights stay in Parksville, (courtesy of Parksville Beach Club

Resort), three nights stay in Tofino, (courtesy of Long Beach Lodge Resort), and a car rental (courtesy of National Car Rental of Nanaimo). The winner also received two wildlife and whale watching excursions before returning to YCD from Tofino by charter helicopter.

This campaign earned international industry recognition as a finalist for an Airport Council International North America Excellence in Airport Marketing, Communications, and Customer Experience Awards. The Nanaimo – Halifax airports were the smallest airports to make the finals for the Best Airport Partnership Award. Eventually the Vancouver – Seattle partnership was announced as the winner, but we were proud to be in the finals along with the Denver – Milwaukee airports.



#Reconnect Family Friendly Getaway

In 2022 YCD partnered with the Nanaimo Night Owls, WCL Baseball team. We offered prize giveaways for two parties of four, for a weekend getaway to Toronto to see a Toronto Blue Jays game and attend the Fantastic Beasts™: the Wonder of Nature exhibit at the Royal Ontario Museum.

Airport Branding Refreshed

With the world coming out of a pandemic, YCD turned its attention to airport decarbonization, and the development of our progressive Climate Change Action Plan. 2022 was also a year to rebrand the airport with a fresh, modern look and a new logo was designed. Our new branding features our assigned International Air Transport Association (“IATA”) three-letter Airport Code “YCD”, with a creative twist on the use of a paper airplane. The blue and green colour scheme represents the land, air, and water that

The Nanaimo Airport logo has gone through an evolution over the years:



GUESTS AT YCD CAN COUNT ON OUR TEAM

YCD's flight path to success would not be possible without a team of dedicated people providing support. At YCD, we rely on our Blue Navigator Ambassadors and our Customer Care team to provide outstanding customer service and hospitality and enhance the overall airport experience. Our goal is to provide a positive, stress-free experience for all guests in a safe, secure, and friendly environment.

Blue Navigators

Our Blue Navigator Ambassador team provides invaluable customer service while creating a comfortable and friendly atmosphere for all guests visiting and travelling through the airport terminal. They may be found at the visitor information center or out with the passengers offering physical or directional assistance, answering basic questions, or greeting newcomers to the Nanaimo area while offering tourism information.

This group of thirty volunteers contributed 3,383 hours of support to YCD in 2022. Many of our Blue

Navigators have a long record of commitment to YCD. Seven of them have served for 10 years, including four who joined when the program started on May 5, 2012. Twelve of the volunteers have individually logged between 1,000 and 2,000 hours with one surpassing 2,100 hours of service.

We celebrate the success of the team and their commitment with an annual anniversary celebration and recognition gifts throughout the year. We also recognize the diversity of knowledge and experience they bring to the team, including Kurt Miller who piloted the inaugural flight of the Dash 7 into YCD in 1983.

Customer Care

The YCD Customer Care team includes a team of four staff who provide onsite assistance, answer phone inquiries and emails, provide information and updates on our social media platforms, and assist in providing a safe environment for all our guests. They can be located at the customer service desk from 4:00 am – 10:30 pm seven days a week.

Enhanced Services in Air Terminal Building

We continue to make enhancements to improve guest comforts and conveniences throughout the terminal. In 2022, we installed a Canadian Air Transport Security Authority (liquid, aerosol, gel) station. This station provides information and

supplies to help passengers better prepare to comply with safety regulations that may limit or restrict certain items from allowance in their carry-on bags. We also installed beverage disposal units in two convenient locations. Passengers can now enjoy their beverages until just prior to entering the security screening. Two water filling stations are available in the departure lounge for passengers with refillable beverage containers. Additional Flight Information Displays ("FIDs") have been mounted in the departure lounge located for easy viewing of updated flight information.

The seating options in the arrivals area of the airport terminal now include three areas with tables to relax and enjoy lunch or a snack while waiting. They also offer a great option for those looking for a short-term workstation while waiting to greet an arriving guest.



Just completed check-in and security for first leg of flight to England. All very efficient and pleasant. Wish all airports were this nice.

- Social Media Review, March 2022



GIVING BACK ENRICHES THE COMMUNITIES WE SERVE

Our flight path to success includes supporting the communities who support us. Our operations touch the everyday lives of people throughout Vancouver Island – from being their travel gateway with the world, to being the shipping centre their cargo and online orders flow through, and to creating employment and investment opportunities that support their families.

Community Donations and Sponsorships

YCD is a proud supporter of both the Nanaimo & District Hospital Foundation and the Cowichan District Hospital Foundation. Many of the medical transportation and angel flights to and from YCD directly support the hospitals associated with these foundations.

In 2022 we contributed almost \$40,000 in community-based sponsorships. Our sponsorship includes sports events, arts festivals, conferences and achievement awards.

YCD supported community food drives such as the Cowichan Valley Pallet Challenge – Stuff the Truck and the Nanaimo Loaves and Fishes holiday food drive.

Over the holiday season we sponsored the Nanaimo News Now 2022 Christmas Lights Map, giving residents a map of some of the best Christmas light displays in the city. We also partnered with Vista Radio to bring the "Gift of Christmas" - 30 hours of non-stop, classic holiday jingles, stories, and memories.

Scholarships for students

Our scholarship and bursary program reward deserving students from Vancouver Island University, high school students graduating from within our service area, and other aviation related studies within the province. Annually, \$14,000 in scholarships and bursaries are offered to students wishing to obtain their commercial or private pilot's licence or are studying in the fields of aviation maintenance, aerospace or other engineering, sciences and trades programs, or related airport services including tourism, business administration and airport management.

Supporting the Hidden Disabilities Sunflower Lanyard Scheme

We support this program for people with disabilities that are not immediately obvious. These include chronic pain, mental health conditions, mobility and speech impairments, speech, sight and hearing loss. People living with these hidden disabilities often face barriers in their lives. Participants wear the Hidden Disabilities Sunflower Lanyard to discreetly identify that they may need the assistance of our Blue Navigators, staff and business partners.



People were friendly. We were able to efficiently deplane, collect our luggage, obtain our rental car, and start our adventure.

- Social Media Review, September 2022

WELL-PLANNED DEVELOPMENT HELPS SECURE OUR FUTURE

With our airside infrastructure being significantly updated in 2022, YCD's airfield infrastructure is set to meet demands for the next 20 to 25 years. This allows us to now invest in other airport infrastructure to meet the growing demands and population of one of the fastest growing regions in Canada while taking a leadership role in decarbonizing our airport operations. Our flight path into the future will see significant investment in key airport infrastructure including our airport terminal building, parking areas, and surplus development lands all while minimizing our environmental impact.

Runway Lights

One of our top priorities is flood-proofing our Simplified Short Approach Lighting System ("SSALS"). These high-intensity lights allow a pilot to locate our runway at night and during inclement weather. Severe rain and flooding in the fall of 2021 and winter of 2022 changed the course of Haslam Creek, eroding the bank and pushing debris dangerously close to our SSALS. To protect our existing lights, and thereby ensure safety for aircraft to land and take-off, we will install our SSALS lights on top of a 3-metre concrete pilings in 2023.

In 2024 we will be installing Simplified Short

Approach Lighting System with Runway Alignment Indicator Lights ("SSALR").

Environmental Projects

We will continue implementing our Climate Change Action Plan to ensure that we meet decarbonization goals and achieve Net Zero by 2030. While we are currently climate positive through carbon offset credits, we recognize that relying on these carbon offset credits to be climate positive is a transitional measure and not a long-term solution in combating climate change. We will continue to green our vehicle fleet, advance through our Airport Carbon Accreditation

Program, and engage in other decarbonization initiatives.

We will remain active in emerging green aviation technology and make strategic alliances and partnerships in the sustainable aviation sector. YCD will support developing a sustainable aviation sector.

Airport Terminal Building

With air travel beginning to return in 2022, it was time for the NAC to review the design of the Airport Terminal Building ("ATB") and begin to plan for the next expansion phase. Phase 1 of the ATB expansion was completed in February 2020, one month before COVID restrictions decimated revenues and passenger travel demands. To ensure that YCD is ready for growth in passenger travel, we reviewed the 2016 ATB design and made improvements to ensure it will meet future customer demands.

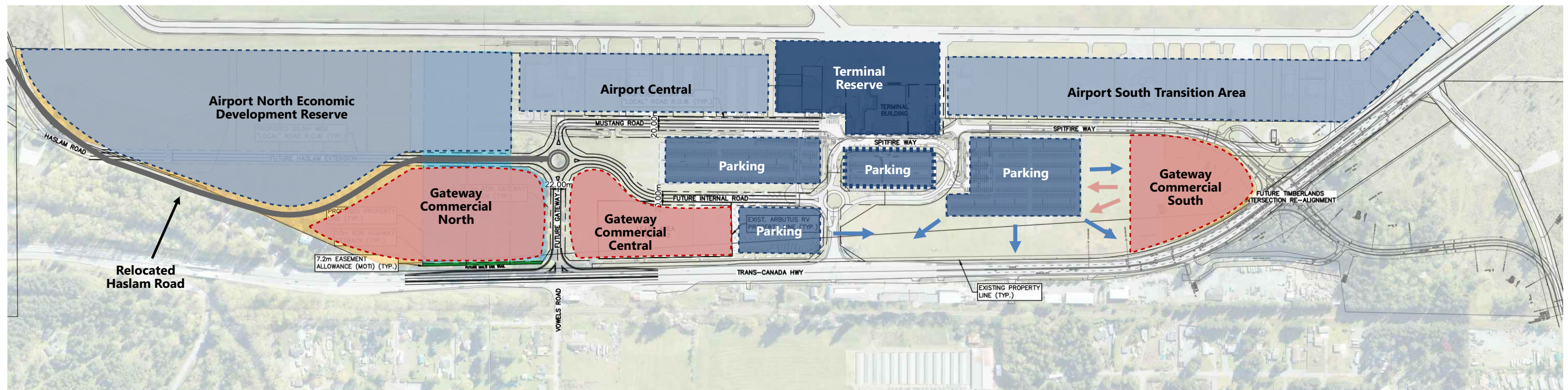
The redesigned ATB is planned to handle up to 6 simultaneous parked aircraft, and target one million passengers annually. The next critical phase will see an increased check-in hall, improvements to makeup baggage, increased passenger lounge

seating capacity, and food and beverage concessions. Once these improvements are complete, we can then look to increasing our customs processing area to attract US and sun destinations. All phases will be completed with guidance from our Climate Change Action Plan.

Land Development

Due to the effect that COVID-19 had on the aviation and tourism sectors, YCD must diversify its revenue base by developing available lands airside and groundside lands along the Trans-Canada Highway. It is envisioned that we will move our main entrance further south to support passenger access and we will create a second highway access to the north of Spitfire Road to support our cargo and gateway zones. The plans include improvements to our internal road network, re-design, and improved parking areas, and creating new gateway economic zones.

Our focus within the gateway economic zones will be focused on airport-related and airport-dependent businesses. These improvements will provide jobs and economic prosperity to central Vancouver Island and will be constructed with necessary measures in place to ensure the protection of the Cassidy Aquifer.



 = Airside
 = Landside
 = Terminal Reserve
 = Parking Reserve

BOARD OF DIRECTORS



MARK TAYLOR
Director
Member at Large

GARTH BUCSH
Director
Member at Large

JANNA GILICK
Director
City of Nanaimo

DAVE WITTY
Board Chair
Nanaimo Chamber of Commerce

COLLEEN JOHEL
Vice Chair
Cowichan Valley Regional District

ALEX STUART
Board Secretary
Town of Ladysmith

HARPREET MINHAS
Director
Regional District of Nanaimo

MIKE BROWN
Director
Member at Large

The Nanaimo Airport Commission is comprised of up to nine Directors, all appointed by the NAC. Four Directors are selected to represent the community at large and the following five entities provide to the NAC a short list of nominees whose appointment is then subject to the consideration of the Directors as provided by the NAC's Bylaws.

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



A huge thank you from a wheelchair passenger in departures for the amazing care and attention Kathleen, the volunteer, gave her.

- Social Media Review, January 2022

LEADERSHIP TEAM

Our leadership team is a group of professionals who oversee our daily operations. They carry out the strategic direction of the NAC and report to the Board of Directors. They have backgrounds in administration, financial management, the aviation sector, and customer service. Our leadership team takes pride in developing 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
VP Operations &
Regulatory Affairs



BRANDON WIEBE
Senior Manager
Of Operations



LAURIE HAWTHORNTHWAITE
Airport Terminal &
Customer Care Manager



JUSTINE LYVER
Financial Controller

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
- Justine Lyver, Financial Controller
- Christania Chantyman, Accounting Assistant / Payroll Administrator
- Naomi Thomas, Executive Assistant

OPERATIONS

- Don Goulard, VP Operations & Regulatory Affairs
- Brandon Wiebe, Senior Manager of Operations
- Laurie Hawthornthwaite, Airport Terminal & Customer Care Manager
- Owen Burt, Duty Manager
- Darren Krivoshein, Duty Manager
- Doug Fern, Superintendent, Safety & Security
- Clint Babcock, Assistant Superintendent, Safety & Security
- Megan Low, Operations Administrator

AIRPORT OPERATIONS SPECIALISTS

- | | |
|----------------------------|-------------------|
| Jarrod Edwards, Mechanic | Derrick Kunstmann |
| Jackson Hower, Electrician | Gord Medves |
| Jason Benedict | Kevin Needham |
| Benn Calverley | Aaron Page |
| Kyle Evans | Kyle Rainone |
| Jason Granlund | Joshua Taylor |
| Marc Gregoire | |

CUSTOMER CARE REPRESENTATIVES

- | | |
|-----------------|----------------|
| Savanah Broatch | Nick Creighton |
| Colton Coppens | Tom Hajduk |





2022 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.

April 5, 2023



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, 2022, 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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

Other Information

Management is responsible for the other information which consists of the Annual Report.

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

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

Independent Auditor's Report cont.

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

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

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor's Report cont.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

Nanaimo, British Columbia
April 5, 2023

MNP LLP
Chartered Professional Accountants

Nanaimo Airport Commission Statement of Financial Position

As of December 31, 2022

	2022	2021
Assets		
Current		
Cash	811,425	503,984
Accounts receivable	614,863	612,998
Funding receivable (Note 3)	2,720,053	1,317,942
Prepaid expenses	411,544	352,631
Current portion of note receivable (Note 4)	21,015	25,010
	<u>4,578,900</u>	<u>2,812,565</u>
Capital assets (Note 5)	50,908,407	47,341,496
Note receivable (Note 4)	111,031	131,016
Internally restricted cash and investments (Note 6)	2,419,892	1,679,857
	<u>58,018,230</u>	<u>51,964,934</u>
Liabilities		
Current		
Bank indebtedness (Note 7)	7,125,693	2,934,795
Accounts payable & accrued liabilities (Note 8)	1,286,428	1,278,152
Unearned revenue	99,539	262,925
Current portion of long-term debt (Note 9)	18,145	17,629
Current portion of capital lease obligations (Note 10)	20,969	24,949
	<u>8,550,774</u>	<u>4,518,450</u>
Long-term debt (Note 9)	43,662	61,807
Capital lease obligations (Note 10)	-	20,969
Deferred capital contributions (Note 11)	23,560,233	21,858,552
Security deposits	18,871	19,771
	<u>32,173,540</u>	<u>26,479,549</u>
Net Assets		
Invested in capital assets	20,139,706	22,422,795
Internally restricted (Note 6)	2,419,892	1,679,857
Unrestricted	3,285,092	1,382,733
	<u>25,844,690</u>	<u>25,485,385</u>
	<u>58,018,230</u>	<u>51,964,934</u>


DIRECTOR

Approved on behalf of the Board of Directors


DIRECTOR

Nanaimo Airport Commission Statement of Operations

For the year ended December 31, 2022

	Budget 2022 (Note 15) Unaudited	2022	2021
Revenue			
Passenger fees	2,485,100	2,592,925	1,518,134
Vehicle parking	1,795,200	2,072,802	1,100,321
Terminal building	478,300	730,867	517,302
Property leases	413,500	404,401	363,076
Aviation & fueling fees	172,200	156,771	184,930
Operating grants & subsidies (Note 12)	360,200	610,690	1,463,025
Other	-	9,614	772
	<u>5,704,500</u>	<u>6,578,070</u>	<u>5,147,560</u>
Passenger facility fees	1,444,000	1,558,945	829,622
	<u>7,148,500</u>	<u>8,137,015</u>	<u>5,977,182</u>
Expenses			
Operating, maintenance & administrative (Note 18)	3,502,000	3,430,846	2,357,319
Wages & benefits	2,778,350	2,731,300	2,322,143
Interest on debt	121,700	45,422	8,861
	<u>6,402,050</u>	<u>6,207,568</u>	<u>4,688,323</u>
Excess of revenue over expenses before other revenue (expenses)	<u>746,450</u>	<u>1,929,447</u>	<u>1,288,859</u>
Other revenue (expenses)			
Amortization of deferred capital contributions (Note 11)	1,308,400	1,244,728	1,187,075
Amortization of capital assets	(3,104,200)	(2,821,444)	(2,504,598)
Interest income	8,000	6,574	7,472
Loss on disposal of capital assets	-	-	(560)
	<u>(1,787,800)</u>	<u>(1,570,142)</u>	<u>(1,310,611)</u>
Excess (deficit) of revenue over expenses	<u>(1,041,350)</u>	<u>359,305</u>	<u>(21,752)</u>

Nanaimo Airport Commission Statement of Changes In Net Assets

For the year ended December 31, 2022

	Invested in Capital Assets	Internally Restricted <i>(Note 6)</i>	Unrestricted	2022	2021
Net assets, beginning of year	22,422,795	1,679,857	1,382,733	25,485,385	25,507,137
Excess (deficit) of revenue over expenses	(1,576,717)	-	1,936,022	359,305	(21,752)
	20,846,078	1,679,857	3,318,755	25,844,690	25,485,385
Transfer of passenger fees to internally restricted fund	-	1,673,813	(1,673,813)	-	-
Transfer to fund interest and fees on debt	-	(45,422)	45,422	-	-
Transfer to fund purchase of capital assets	6,388,356	(6,388,356)	-	-	-
Transfer of funds received on debt related to capital assets	(4,340,090)	-	4,340,090	-	-
Transfer of funds to repay debt related to capital assets	191,771	-	(191,771)	-	-
Transfer of funds received as deferred capital contributions	(2,946,409)	-	2,946,409	-	-
Transfer to internally restricted fund	-	5,500,000	(5,500,000)	-	-
Total transfers	(706,372)	740,035	(33,663)	-	-
Net assets, end of year	20,139,706	2,419,892	3,285,092	25,844,690	25,485,385

Nanaimo Airport Commission Statement of Cash Flows

For the year ended December 31, 2022

	2022	2021
Cash provided by (used for) the following activities:		
Operating		
Excess (deficit) of revenue over expenses	359,305	(21,752)
Amortization of capital assets	2,821,444	2,504,598
Loss on disposal of capital assets	-	560
Amortization of deferred capital contributions	(1,244,728)	(1,187,075)
	1,936,021	1,296,331
Changes in working capital accounts		
Accounts receivable	2,907	(250,987)
Funding receivable	(1,402,111)	(1,017,953)
Prepaid expenses	(58,912)	(66,759)
Accounts payable & accrued liabilities	3,505	750,955
Unearned revenue	(163,386)	194,176
	318,024	905,763
Financing		
Repayments of capital lease obligations	(24,949)	(24,717)
Repayment of long-term debt	(17,629)	(17,129)
Decrease in security deposits	(900)	-
Increase in bank indebtedness	4,190,897	2,567,071
	4,147,419	2,525,225
Investing		
Purchase of capital assets	(6,388,356)	(5,578,172)
Repayment of notes receivable	23,980	8,638
Advances of restricted cash & investments	(740,035)	(905,205)
Proceeds (cost incurred) on disposal of capital assets	-	18,925
Deferred capital contributions received	2,946,409	3,299,208
	(4,158,002)	(3,156,606)
Increase in cash	307,441	274,382
Cash, beginning of year	503,984	229,602
Cash, end of year	811,425	503,984

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2022

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, 2022

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, 2022

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

Hedging financial instruments

Hedging financial instruments are financial contracts whose value changes in response to a change in an underlying variable, such as specified interest rate, financial instrument or commodity price, or foreign exchange rate. The Commission entered into a hedging contract to manage its exposure to interest rate risks associated with its bank indebtedness. As at December 31, 2022, the Commission has one hedging financial instrument.

3. Funding receivable

At December 31, 2022, \$2,720,053 (2021 - \$1,317,942) was receivable from government agencies relating to asset acquisition and development.

4. Note receivable

Note receivable consists of a promissory note with a face value of \$132,046 (2021 - \$156,026) due from an unrelated company. The note bears interest at prime plus 1%, the prime rate was 6.45% at December 31, 2022 (2021 - 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.

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2022

5. Capital assets

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Land	3,877,200	-	3,877,200	3,877,200
Airspace	2,297,621	1,682,505	615,116	725,217
Buildings & improvements	30,541,475	9,747,763	20,793,712	21,789,565
Equipment & apparatus	4,678,544	2,414,513	2,264,031	2,547,481
Furniture, equipment & computers	1,787,678	784,136	1,003,542	703,626
Infrastructure	32,534,593	10,950,247	21,584,346	16,809,081
Vehicles	331,123	223,064	108,059	124,755
	<u>76,048,234</u>	<u>25,802,228</u>	<u>50,246,006</u>	<u>46,576,925</u>
Equipment under capital lease	102,133	20,427	81,706	91,920
Assets under development	<u>580,695</u>	<u>-</u>	<u>580,695</u>	<u>672,651</u>
	<u>76,731,062</u>	<u>25,822,655</u>	<u>50,908,407</u>	<u>47,341,496</u>

No amortization of the assets under development has been recorded during the current year because it is currently under development.

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2022

6. Internally restricted cash and investments

	2022	2021
Cash held in operating accounts		
Cash held in bank accounts	2,167,007	1,427,347
Cash held in investment accounts		
RBC Dominion Securities	252,885	252,510
	<u>2,419,892</u>	<u>1,679,857</u>
Tangible Capital Asset Reserve		
Opening balance	850,828	-
Contributions	1,558,944	829,621
Acquisitions and development	(6,240,715)	(5,528,793)
Transfer from unrestricted funds	5,500,000	5,550,000
	<u>1,669,057</u>	<u>850,828</u>
Minimum Operating Reserve		
Opening balance	750,835	750,835
	<u>750,835</u>	<u>750,835</u>
Regulatory Capital Reserve		
Opening balance	78,194	23,817
Contributions	114,868	112,616
Expenditures	(196,063)	(58,239)
	<u>-</u>	<u>78,194</u>
Ending balance	<u>2,419,892</u>	<u>1,679,857</u>

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2022

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.

The facilities have been secured by:

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

As at December 31, 2022 there were draws on the credit facilities as follows:

	2022	2021
Demand operating credit facility bearing interest at prime minus 0.4% or 6.05% (2021 -2.05%)	3,657,162	2,567,071
Revolving capex term installment loan in the form of a fixed rate bankers acceptance bearing interest at 3.47% (2021 - nil) plus a stamping fee of 0.85%, with monthly installments of \$54,166 plus interest, maturing April 2027. See below on hedging activities	3,141,667	-
Revolving capex term installment loan in the form of a variable rate bankers acceptance bearing interest at prime minus 0.4% or 6.05% (2021 - 2.05%) plus a stamping fee of 0.85%, with monthly installments of \$3,405 plus interest, maturing December 2030.	326,864	367,724
	<u>7,125,693</u>	<u>2,934,795</u>

The demand operating credit facility is a revolving line of credit with no specific repayment terms. Principal repayments on the revolving capex term credit facilities in each of the next five years, assuming all term debt is repaid subject to contractual terms of repayment are estimated as follows:

2023	690,860
2024	690,860
2025	690,860
2026	690,860
2027	705,091
	<u>3,468,531</u>

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2022

7. Bank indebtedness - cont.

Hedging activities

The nature of the Commission's activities exposes it to interest rate risk. The following summarizes the Commission's application of hedge accounting:

Qualifying hedge of interest-bearing liability:

On October 3, 2022 the Commission entered into a fixed rate interest swap banker's acceptance. The Commission uses an interest rate swap to reduce its exposure to fluctuations in interest rates related to its bankers acceptance. The bankers acceptance bears interest at 3.47% plus a stamping fee of 0.85%. The interest rate swap requires the Commission to make monthly variable interest rate payments using the applicable posted rate, in exchange for monthly fixed interest rate payments of 3.47% until its maturity date.

During the year, the Commission recorded interest of \$17,174 on the fixed rate bankers acceptance calculated at its stated interest rate.

The notional value and accrued interest amounts relating to the Commission's interest rate swap has been summarized in the table below:

	2022 Notional Amount	2022 Carrying Amount	2021 Notional Amount	2021 Carrying Amount
Bankers Acceptance	3,130,420	3,141,667	-	-

8. Accounts payable & accrued liabilities

Accounts payable & accrued liabilities consists of the following:

	2022	2021
Accounts payable & accrued liabilities	1,171,063	1,201,456
Wages payable	115,365	76,696
	<u>1,286,428</u>	<u>1,278,152</u>

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2022

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 \$23,725 (2021 - \$33,214).

	2022	2021
	27,958	35,068

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 \$32,837 (2021 - \$45,975).

	33,849	44,368
--	--------	--------

	<u>61,807</u>	<u>79,436</u>
--	---------------	---------------

Less: current portion

	<u>18,145</u>	<u>17,629</u>
--	---------------	---------------

	<u>43,662</u>	<u>61,807</u>
--	---------------	---------------

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

2023	18,145
2024	18,677
2025	19,222
2026	5,763
	<u>61,807</u>

Interest on long-term debt amounted to \$2,014 (2021 - \$2,515).

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 \$81,707 (2021 - \$91,920).

	2022	2021
	20,969	45,918

	<u>20,969</u>	<u>45,918</u>
--	---------------	---------------

Less: current portion

	20,969	24,949
--	--------	--------

	<u>-</u>	<u>20,969</u>
--	----------	---------------

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

2024	21,060
	21,060
Less: imputed interest	(364)
	20,696
Less: current portion	(20,696)
	<u>-</u>

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2022

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:

	2022	2021
Balance, beginning of year	21,858,552	19,746,419
Capital grant funds received during the year	2,946,409	3,299,208
Less: Amounts recognized as revenue during the year	<u>(1,244,728)</u>	<u>(1,187,075)</u>
Balance, end of year	<u>23,560,233</u>	<u>21,858,552</u>

12. Operating grants & subsidies

Operating grants & subsidies consist of the following:

	2022	2021
BC COVID Airport Relief	120,000	540,000
Canada Emergency Wage Subsidy	134,230	590,552
Regional Air Transportation Initiative	350,768	332,473
Summer Student Program	<u>5,692</u>	<u>-</u>
	<u>610,690</u>	<u>1,463,025</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.

During the year, the Commission claimed and received \$134,230 (2021 - \$590,552) of CEWS related to eligible remuneration paid during the year.

Nanaimo Airport Commission Notes to the Financial Statements

For the year ended December 31, 2022

12. Operating grants & subsidies - cont.

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.

13. Director stipends

The total remuneration paid to directors at December 31, 2022 is \$97,369 (2021 - \$82,701).

14. Remuneration of employees and contractors

The total remuneration incurred for the top ten employees and contractors over \$75,000 at December 31, 2022 is \$6,494,525 (2021 - \$4,911,653).

15. 2022 Budget

The 2022 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.

16. 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 \$298,053 (2021 - \$265,321).

17. Comparative figures

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

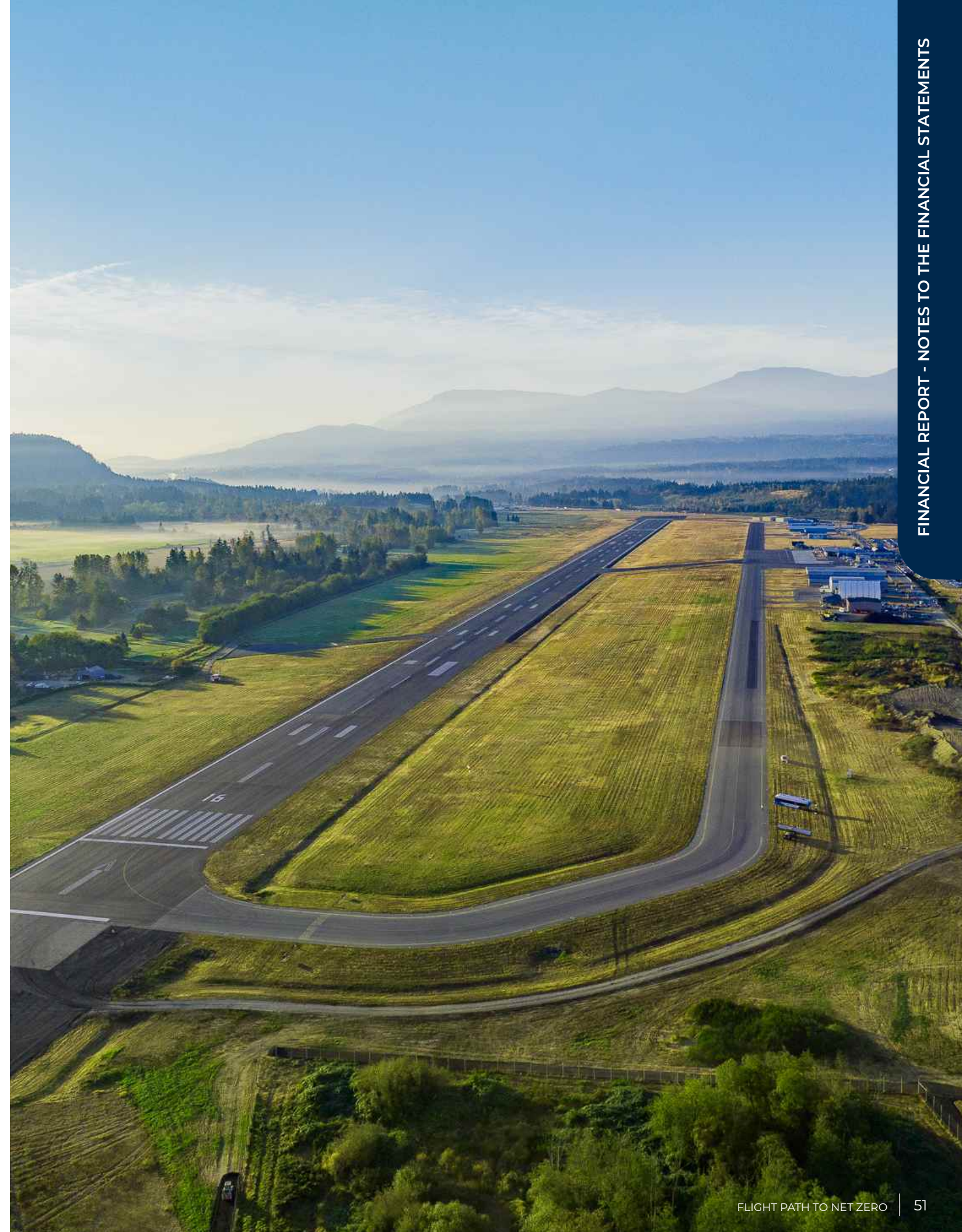
Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2022

18. Operating, maintenance & administrative expenses

	Budget	2022	2021
Advertising & promotion	212,500	201,339	52,670
Bad debts recovered	-	-	(572)
Bank charges & fees	80,100	83,347	46,587
Computer and information systems	218,100	213,310	157,006
Discretionary funds	14,600	4,856	3,396
Environmental	228,300	233,201	219,584
Honoraria & allowances	124,000	102,237	86,905
Human resources & recruiting	1,500	5,967	1,884
Insurance	279,700	243,151	233,301
Legal & accounting	61,800	52,827	29,473
Licenses & permits	9,000	2,121	1,342
Meetings, hospitality & events	59,100	67,216	11,984
Memberships, dues, & subscriptions	18,300	15,116	13,033
Office & administrative	62,400	39,478	41,187
Property taxes	2,000	4,663	1,374
Repairs & maintenance	588,500	730,773	435,870
Scholarships, sponsorships & donations	40,000	12,000	12,320
Subcontract, consultant & casual labour	731,900	559,957	451,253
Supplies, materials & small equipment	108,800	80,932	48,660
Training & development	130,000	117,447	38,431
Travel & mileage	69,900	54,035	855
Utilities & communications	311,500	330,116	302,248
Volunteer	15,000	6,798	3,015
Winter maintenance	135,000	269,959	165,513
	<u>3,502,000</u>	<u>3,430,846</u>	<u>2,357,319</u>





NANAIMO AIRPORT

3350 Spitfire Road, Cassidy, B.C. V0R 1H0

Tel: (250) 245-2157 - Fax: (250) 245-4308

info@ycd.ca

www.ycd.ca