ANNUAL REPORT 2025

A YEAR IN REVIEW

YCD
NANAIMO AIRPORT

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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.

OUR VISION

As "your most centrally located gateway between Vancouver Island and the World" we provide exemplary and sustainable passenger and aviation-related services that support regional economic development.

OUR MISSION

To manage the Nanaimo Airport's assets and relationships with our exceptional team to provide safe, financially sustainable, friendly, high-quality services to our customers, business partners and the community while contributing to our region's environmental, social and economic needs.

MESSAGE FROM OUR BOARD CHAIR & CEO

Six-Year Infrastructure and Safety Program Leading to Reduced Minimum Descent Altitude

Over the past six years, Nanaimo Airport has undertaken a coordinated series of airfield, lighting, safety, and operational initiatives designed to modernize infrastructure, enhance operational reliability, and improve approach and landing safety. Together, these investments directly supported the Airport's achievement of a reduced minimum descent altitude (MDA) to 250 feet in early 2026.

Foundational Infrastructure Improvements

Early investments focused on strengthening core airside and terminal infrastructure. February 2020 marked the official opening of the expanded Air Terminal Building, improving passenger flow and operational efficiency. While airport operations had slowed down as a result of the COVID-19 pandemic, the NAC used the reduction in operations to perform runway and taxiway rehabilitation, apron enhancements, improved runway lighting, and the addition of Runway End Safety Areas (RESAs), all of which established a stronger safety baseline. These projects were complemented with funding assistance received from the federal government.

Apron Rehabilitation

Significant apron rehabilitation replaced aging asphalt with durable concrete parking pads and resurfaced high-use taxi areas. These improvements reduced foreign object debris risk, enhanced aircraft maneuvering safety, and extended pavement life. The shift to a **pushback operating environment** further reduced the risk of ground conflicts while increasing aircraft parking capacity by 20 percent—supporting more predictable and orderly operations.

Aircraft Rescue and Fire Fighting Facility Expansion

In 2021, emergency response capability was substantially enhanced through the expansion of the Aircraft Rescue and Fire Fighting (ARFF) facility, the addition of a second ARFF truck, upgraded response equipment, and expanded staff training. These improvements allowed the Airport to maintain a CAT 6 fire safety classification, a critical requirement for supporting advanced instrument operations. Winter operations were also strengthened with the acquisition of dedicated snow-clearing equipment, improving runway availability during adverse weather.

Runway and Taxiway Rehabilitation and Runway End Safety Areas (RESA)

In 2022, the full resurfacing of the 6,602-foot runway and taxiways improved pavement stability, braking performance, and long-term reliability. The addition of runway grooving displaced surface water and reduced hydroplaning risk, directly improving landing safety in wet conditions. New gravel runway end safety areas at both runway thresholds provided additional margins of protection during landings and overruns.

Approach Lighting and Environmental Resilience

Recognizing the importance of visual guidance on final approach, the Airport invested in fortifying its Simplified Short Approach Lighting System (SSALS) following flood-related damage risks. Protective boulders, creek bank stabilization, and subsequent infrastructure fortification ensured uninterrupted operation of approach lighting in extreme weather.

Dave Devana
President & CEO

Garth Busch
NAC Board Chair

By 2023, planning and design commenced for the addition of Runway Alignment Indicator Lights (RAILs), transitioning the system to SSALR. This enhancement, once completed, will significantly improve pilot alignment, visibility, and situational awareness during low-visibility approaches—one of the most critical contributors to further lowering the approach minimum.

Operational Reliability and Equipment Modernization

Ongoing investment in airfield maintenance equipment—including sweepers, loaders, tractors, and an articulating lift—further improved runway condition monitoring, debris removal, and lighting maintenance. Fleet electrification initiatives supported the Airport's initiatives to achieve net zero by 2030.

Outcome: Reduced Minimum Descent Altitude

Collectively, these initiatives strengthened components contributing to reduced approach minimums: runway surface performance, approach lighting reliability, obstacle clearance protection, emergency response capability, and operational consistency in adverse weather. As a result, in **early 2026**, Nanaimo Airport successfully achieved a reduction of its **minimum descent altitude to 250 feet**, enhancing landing reliability, improving safety margins, and enabling more consistent air service under challenging conditions.

2025 ACCOMPLISHMENTS AND IMPROVEMENTS

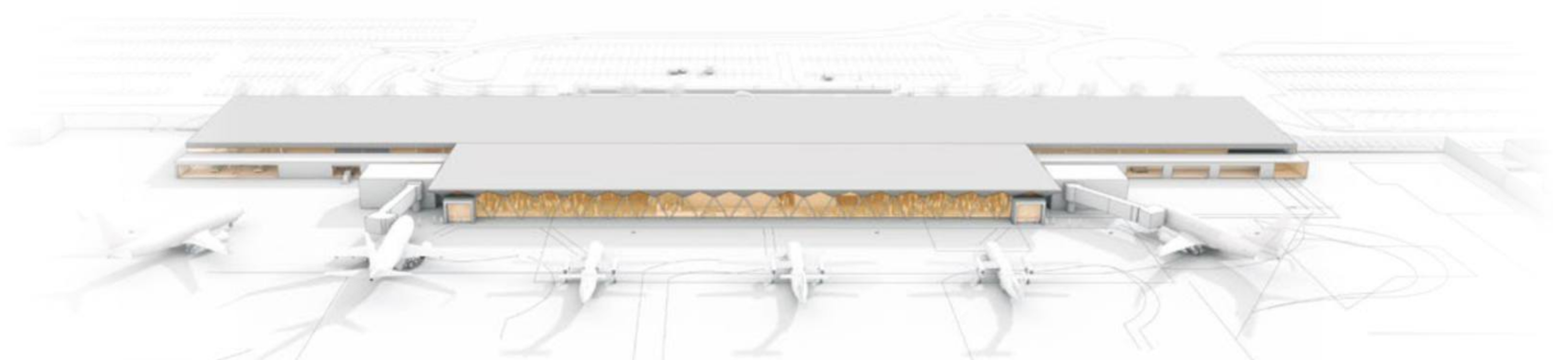
- Non-stop red-eye twice weekly service to Toronto
- Hosted the Royal Canadian Air Force (RCAF) Snowbirds
- Continued collaboration with the Nanaimo NightOwls
- Sponsorships and presence within the local community
- Entered into an agreement for the operation of a future FBO
- Signed partnership and relationship agreements with local First Nations
- Worked with NAV Canada to lower the Minimum Descent Altitude from 441' to 250', vastly increasing reliability
- Installed a digital highway billboard
- Continuous accessibility improvements with the completion of an outdoor pet relief area, digital paging, and a hearing loop

PASSENGER GROWTH

YCD continues to be on a growth trajectory to support one of Canada's top 5 fastest growing regions.

YEAR	PASSENGERS	% VARIANCE OVER PY
2019	491,499	10%
2020	174,287	-65%
2021	193,425	11%
2022	338,016	75%
2023	377,454	12%
2024	359,525	-5%
2025	355,639	-1%
2026	**375,000**	**5%**
2027	394,000	5%
2028	414,000	5%

FUTURE PROJECTS & IMPROVEMENTS



Key Infrastructure Investments Required over next 5 to 10 years

NAC Investments
- Transition from a non-precision runway approach to precision runway approach - +/- $5M
- Airport Terminal Building Expansion and enabling infrastructure +/- $110M
- NAV Canada conversion from Flight Service Station (FSS) to Air Traffic Control Tower (ATC) - $TBD
- Construction of 2 new airport entrances plus internal road network +/- $7.5M

Private Sector Investments
- Air Cargo processing facility +/- $8M
- Development of gateway commercial north area +/- $50M

ABOUT YCD

- Located in Cassidy British Columbia, approximately 15 minutes south of Nanaimo and 25 minutes north of Duncan on Vancouver Island.
- Operating within the traditional territory of Stz'uminus First Nation & Snuneymuxw First Nation.
- YCD is owned and operated by the Nanaimo Airport Commission (NAC), a not-for-profit entity under the Canada Corporations Act Part II, and is governed by a 9-member independent board of directors.
- YCD is less than a 2 hour drive for 98% of Vancouver Island's population.
- YCD has daily scheduled passenger service through Air Canada, WestJet and Pacific Coastal Airlines. Additionally, our campus facilitates charter flights, air cargo and freight-courier services, medical transportation and acts as an alternate airport for aircraft unable to land at other west coast airports.
- YCD is the only airport on Vancouver Island that could be serviced by passenger rail connecting Victoria and Nanaimo and is conveniently located 13 km away from the Duke Point deep sea marine cargo port.

GEORGE HANSON
Director
Nanaimo Chamber of Commerce

HARPREET MINHAS
Director
Regional District of Nanaimo

COLLEEN JOHEL
Past Chair
Cowichan Valley Regional District

GARTH BUSCH
Board Chair
Member at Large

MARK TAYLOR
Vice Chair
Member at Large

JANNA GILLICK
Board Secretary
City of Nanaimo

RALPH NILSON
Director
Member at Large

GORD HORTH
Director
Town of Ladysmith

BOARD OF DIRECTORS

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

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

JUSTINE LYVER
Chief Financial Officer

DON GOULARD
Vice President Operations,
Regulatory Affairs, and Infrastructure

BRANDON WIEBE
Senior Manager, Regulatory
Affairs and Infrastructure

OWEN BURT
Manager, Airport Operations

LAURIE HAWTHORNTHWAITE
Airport Terminal &
Customer Care Manager

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
Justine Lyver, Chief Financial Officer
Naomi Thomas, Executive Assistant
Christania Chantyman, Accounting Assistant / Payroll Administrator

OPERATIONS

Don Goulard, Vice President Operations, Regulatory Affairs, and Infrastructure
Brandon Wiebe, Senior Manager, Regulatory Affairs and Infrastructure
Owen Burt, Manager, Airport Operations
Laurie Hawthornthwaite, Airport Terminal & Customer Care Manager
Jarrod Edwards, Duty Manager
Marc Gregoire, Duty Manager
Amanda Nielsen, Superintendent, Safety & Security
Nick Creighton, Assistant Superintendent, Safety & Security
Megan Low , Operations Administrator
Shannon van Ossenbruggen , Operations Administrator

AIRPORT OPERATIONS SPECIALISTS

Jackson Hewer, Electrician
Kiefer O'Beirne, Mechanic
Aaron Page
Gord Medves
Jason Benedict
Josh Taylor
Kevin Needham
Kyle Evans
Kyle Rainone
Paul Cygan
Kelsey MacKay
Mike Loevenmark

CUSTOMER CARE REPRESENTATIVES

Savanah Broatch
Colton Coppens
Kirstin Marshall

2025 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 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 Committee and management to discuss their audit findings.

May 5, 2026

Dave Devanas
President & Chief Executive Officer

Justine Lyver
Chief Financial Officer

Independent Auditor's Report

To the Board of Nanaimo Airport Commission:

Opinion

We have audited the financial statements of Nanaimo Airport Commission (the "Commission"), which comprise the statement of financial position as at December 31, 2025, 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, 2025, 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Nanaimo, British Columbia

May 5, 2026

MNP LLP

Chartered Professional Accountants

Nanaimo Airport Commission

Statement of Financial Position

As of December 31, 2025

	2025	2024
Assets		
Current		
Cash	988,077	16,154
Accounts receivable	689,224	822,375
Prepaid expenses	368,778	414,026
Current portion of note receivable *(Note 3)*	27,107	24,932
	2,073,186	1,277,487
Notes receivable *(Note 3)*	37,287	64,453
Capital assets *(Note 4)*	51,402,570	51,726,491
Internally restricted cash and investments *(Note 5)*	1,583,529	2,231,533
	55,096,572	55,299,964
Liabilities		
Current		
Bank indebtedness *(Note 6)*	3,976,055	2,288,975
Bankers acceptances *(Note 6)*	1,404,836	2,096,113
Accounts payable & accrued liabilities	419,273	587,295
Unearned revenue	65,398	98,645
Current portion of long-term debt *(Note 7)*	5,759	19,222
	5,871,321	5,090,250
Long-term debt *(Note 7)*	-	5,762
Deferred capital contributions *(Note 8)*	21,614,975	23,177,304
Security deposits	13,296	13,296
	27,499,592	28,286,612
Subsequent events (Note 9)		
Net Assets		
Invested in capital assets	24,409,831	24,148,416
Internally restricted *(Note 5)*	1,583,529	2,231,533
Unrestricted	1,603,620	633,403
	27,596,980	27,013,352
	55,096,572	55,299,964

DIRECTOR

Approved on behalf of the Board of Directors

DIRECTOR

Nanaimo Airport Commission

Statement of Operations

For the year ended December 31, 2025

	2025	2024
Revenue		
Passenger fees	2,775,407	2,745,918
Vehicle parking	2,168,595	2,169,881
Terminal building	865,224	785,728
Property leases	535,914	518,692
Aviation & fueling fees	125,442	162,008
Other	5,644	8,274
	6,476,226	6,390,501
Expenses		
Operating, maintenance & administrative *(Note 10)*		
Wages & benefits	3,032,718	3,157,862
	3,188,838	2,995,005
	6,221,556	6,152,867
Excess of revenue over expenses from operations		
	254,670	237,634
Other revenue (expenses)		
Passenger facility fees	2,536,260	2,485,845
Amortization of deferred contributions *(Note 8)*	1,562,329	1,502,636
Amortization of capital assets	(3,502,658)	(3,370,168)
Loss on disposal of capital assets	2,452	(72,977)
Unrealized (loss) gain on bankers acceptance *(Note 6)*	417	(37,347)
Interest income	35,108	50,143
Interest on debt	(127,424)	(122,452)
First Nations revenue sharing	(177,526)	-
	328,958	435,680
Excess of revenue over expenses	583,628	673,314

The accompanying notes are an integral part of these financial statements

Nanaimo Airport Commission

Statement of Changes In Net Assets

For the year ended December 31, 2025

	Invested in Capital Assets	Internally Restricted *(Note 5)*	Unrestricted	2025	2024
Net assets, beginning of year	24,148,416	2,231,533	633,403	27,013,352	26,340,038
Excess of revenue over expenses	(1,940,329)	-	2,523,957	583,628	673,314
	22,208,087	2,231,533	3,157,360	27,596,980	27,013,352
Transfer of passenger facility fees to internally restricted fund	-	2,658,158	(2,658,158)	-	-
Transfer to fund interest and fees on debt	-	(127,424)	127,424	-	-
Transfer to fund purchase of capital assets	3,178,738	(3,178,738)	-	-	-
Transfer of funds to repay debt related to capital assets	710,085	-	(710,085)	-	-
Transfer of funds from proceeds of debt related to capital assets	(1,687,079)	-	1,687,079	-	-
Net assets, end of year	24,409,831	1,583,529	1,603,620	27,596,980	27,013,352

The accompanying notes are an integral part of these financial statements

Nanaimo Airport Commission
Statement of Cash Flows
For the year ended December 31, 2025

	2025	2024
Cash provided by (used for) the following activities:		
Operating		
Excess of revenue over expenses	583,628	673,314
Amortization of capital assets	3,502,658	3,370,168
Unrealized loss (gain) on bankers acceptance	(417)	37,347
Amortization of deferred capital contributions	(1,562,329)	(1,502,636)
	2,523,540	2,578,193
Changes in working capital accounts		
Accounts receivable	133,151	(104,541)
Grants receivable	-	10,714
Prepaid expenses and deposits	45,248	16,051
Accounts payable & accrued liabilities	(168,020)	56
Unearned revenue	(33,247)	(39,754)
	2,500,672	2,460,719
Financing		
Repayment of long-term debt	(19,225)	(18,678)
Decrease in security deposits	1,687,079	-
Repayment of bank indebtedness	-	(1,216,795)
Repayment of bankers acceptances	(690,860)	(690,860)
	976,994	(1,926,333)
Investing		
Purchase of capital assets	(3,178,738)	(3,791,522)
Repayment of notes receivable	24,991	21,840
Transfers to internally restricted cash	648,004	1,508,621
Deferred capital contributions received	-	799,343
	(2,505,743)	(1,461,718)
Increase (decrease) in cash	971,923	(927,332)
Cash, beginning of year	16,154	943,486
Cash, end of year	988,077	16,154

The accompanying notes are an integral part of these financial statements

Nanaimo Airport Commission
Notes to the Financial Statements
For the year ended December 31, 2025

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 south-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.

	Rate
Buildings	25 years
Vehicles	5 years
Equipment & apparatus	5 to 20 years
Furniture and fixtures	5 years
Infrastructure	5 to 50 years
Airspace	5 years

The accompanying notes are an integral part of these financial statements

Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2025

2. Significant accounting policies - *(Continued from previous page)*

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.

Derivative financial instruments

Derivative 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 enters into derivative contracts to manage its exposure to interest rate risks associated with its bank indebtedness. As at December 31, 2025, the Commission has one derivative financial instrument as disclosed in Note 6.

Financial instruments

The Commission recognizes financial instruments when the Commission becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Commission may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Commission has not made such an election during the year.

The Commission subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Commission's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses.

Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2025

2. Significant accounting policies - *(Continued from previous page)*

Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Commission assesses impairment of all its financial assets measured at cost or amortized cost. The Commission groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group, there are numerous assets affected by the same factor or no asset is individually significant. Management considers whether the issuer is having significant financial difficulty and whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Commission determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Commission reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Commission reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

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.

Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2025

2. Significant accounting policies - *(Continued from previous page)*

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.

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, 2025

3. Notes receivable

Note receivable consists of a promissory note with a face value of $64,394 (2024 - $89,385) due from an unrelated company. The note bears interest at prime plus 1%, the prime rate was 4.45% at December 31, 2025 (2024 - 5.45%) . The note is repayable in monthly instalments of $2,500 per month until the principal and interest is paid in full. The note is due on demand but the Commission has no intention of calling the note in the coming year.

4. Capital assets

	Cost	Accumulated Amortization	2025 Net Book Value	2024 Net Book Value
Land	3,944,359	-	3,944,359	3,944,359
Buildings	33,498,719	13,180,388	20,318,331	19,799,869
Vehicles	517,872	367,447	150,425	110,007
Equipment & apparatus	6,460,688	3,840,588	2,620,100	3,068,744
Furniture and fixtures	2,178,060	1,580,153	597,907	761,496
Infrastructure	35,235,801	14,690,474	20,545,327	21,582,263
Airspace	2,165,782	1,880,777	285,005	395,042
	84,001,281	35,539,827	48,461,454	49,661,780
Assets under development	2,941,116	-	2,941,116	2,064,711
	86,942,397	35,539,827	51,402,570	51,726,491

No amortization of the assets under development has been recorded during the year.

Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2025

5. Internally restricted cash and investments

	2025	2024
Cash held in operating accounts		
Cash held in bank accounts	720,301	1,402,819
Cash held in investment accounts		
RBC Dominion Securities	863,228	828,714
	1,583,529	2,231,533
Tangible Capital Asset Reserve		
Opening balance	1,363,890	2,888,639
Contributions	2,536,260	2,485,845
Acquisitions and development	(3,273,534)	(4,010,594)
Ending balance	626,616	1,363,890
Minimum Operating Reserve		
Opening balance	750,835	750,835
Ending balance	750,835	750,835
Regulatory Capital Reserve		
Opening balance	116,808	100,681
Contributions	121,898	119,508
Expenditures	(32,628)	(103,381)
Ending balance	206,078	116,808
	1,583,529	2,231,533

Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2025

6. 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, 2025 there were draws on the credit facilities as follows:

	2025	2024
Bank indebtedness		
Demand operating credit facility bearing interest at prime minus 0.40% or 4.85% (2024 -5.85%)	3,976,055	2,288,975
Bankers Acceptances		
Revolving capex term instalment loan in the form of a fixed rate bankers acceptance bearing interest at 3.47% (2024 - 3.47%) plus a stamping fee of 0.85%, with monthly instalments of $54,166 plus interest, maturing April 2027. See below on derivatives.	1,191,667	1,841,667
Revolving capex term instalment loan in the form of a variable rate bankers acceptance bearing interest at prime minus 0.40% or 4.85% (2024 - 5.85%) plus a stamping fee of 0.85%, with monthly instalments of $3,405 plus interest, maturing December 2030.	204,284	245,144
	1,395,951	2,086,811
Fair value adjustment on the fixed rate interest rate swap banker's acceptance	8,885	9,302
	1,404,836	2,096,113

Nanaimo Airport Commission
Notes to the Financial Statements
For the year ended December 31, 2025

6. Bank indebtedness - *(Continued from previous page)*

Bankers Acceptances cont.

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:

2026	690,860
2027	582,527
2028	122,564
	1,395,951

Derivative financial instruments

The Commission holds a fixed rate interest swap banker's acceptance that is not designated for hedge accounting. Accordingly, this derivative financial instrument is measured at fair value at each reporting date, with the related gain recognized in the excess of revenue over expenses. Fair value of the bankers acceptance is determined by a mark to market provided by the financial institution. The mark to market as of December 31, 2025 resulted in an unrealized gain of $417 (2024 - loss of $37,347).

The notional value of the derivative financial instruments and their related carrying values has been summarized and included in the table below.

	2025 Notional Amount	2025 Carrying Amount	2024 Notional Amount	2024 Carrying Amount
Bankers Acceptance	1,191,667	1,200,552	1,841,667	1,850,969

Nanaimo Airport Commission
Notes to the Financial Statements
For the year ended December 31, 2025

7. Long-term debt

	2025	2024
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 $0 (2024 - $4,745).	5,759	13,306
Ford Credit Canada Company: fully repaid during the year	-	11,678
	5,759	24,984
Less: current portion	5,759	19,222
	-	5,762

Interest on long-term debt amounted to $410 (2024 – $967).

8. Deferred capital contributions

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

	2025	2024
Balance, beginning of year	23,177,304	23,880,597
Capital grant funds received during the year	-	799,343
Less: Amounts recognized as revenue during the year	(1,562,329)	(1,502,636)
Balance, end of year	21,614,975	23,177,304

9. Subsequent events

On March 10, 2026, the Commission purchased a tent hangar for $235,000 and on March 12, 2026, the Commission sold a building for $605,000.

Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2025

10. Operating, maintenance & administrative expenses

	2025	2024
Advertising & promotion	78,506	134,255
Bank charges & fees	104,070	91,772
Computer and information systems	242,742	243,086
Discretionary funds	2,007	10,434
Environmental	165,763	261,685
Honoraria & allowances *(Note 11)*	118,653	112,432
Human resources & recruiting	5,823	13,405
Insurance	289,474	287,178
Legal & accounting	127,673	60,566
Licenses & permits	2,110	1,850
Meetings, hospitality & events	72,992	104,653
Memberships, dues, & subscriptions	23,841	23,113
Office & administrative	27,321	35,354
Property taxes	1,073	113
Repairs & maintenance	651,871	608,389
Scholarships, sponsorships & donations	138,598	94,396
Subcontract, consultant	308,342	416,553
Supplies, materials & small equipment	81,421	58,634
Training & development	72,710	95,775
Travel & mileage	56,019	78,093
Utilities & communications	330,247	318,837
Volunteer	7,600	7,818
Winter maintenance	123,862	99,471
	3,032,718	3,157,862

Nanaimo Airport Commission

Notes to the Financial Statements

For the year ended December 31, 2025

11. Director stipends

The total remuneration paid to directors at December 31, 2025 is $113,003 (2024 - $107,079).

12. Remuneration of employees & contractors

The total remuneration incurred for the top ten employees and contractors over $75,000 at December 31, 2025 is $3,726,052 (2024 - $3,412,892)

13. 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 $434,456 (2024 - two customers, $332,819).

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument may be adversely affected by a change in the interest rates, which may result in an effect on the cash flows associated with some financial assets and liabilities. The Commission is exposed to interest rate risk primarily on its investments, notes receivable, bank indebtedness, bankers acceptance and debt.

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