



YOUR VANCOUVER ISLAND GATEWAY



YQQ

COMOX VALLEY AIRPORT COMMISSION
2010 ACCOUNTABILITY REPORT

A close-up photograph of the front fuselage of a large white airplane, likely a Boeing 737. The aircraft is parked on a tarmac under a clear blue sky. A metal boarding ladder is propped up against the side of the plane's fuselage. The number "600" is visible on the side of the fuselage. The cockpit windows are visible at the top left.

» The Comox Valley
Airport is the fastest
growing airport on
Vancouver Island, and
one of the fastest
growing in Canada.

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CORPORATE
PROFILE



CHAIRMAN OF THE BOARD MESSAGE

- » Airports around the world faced a challenging economic climate this past year, and ours was no exception.

Rather than succumb to the general atmosphere of doom and gloom, however, we chose instead to view this period as a unique opportunity for reflection, strategic planning, and growth.

At both the operations and board levels, the Comox Valley Airport Commission has been hard at work developing new structures and processes that will ensure future decisions are made with clarity of purpose, enhanced professionalism, and a strong commitment to customer service. We've updated our corporate bylaws to better align the Commission with accepted best practices.

We've implemented enhanced financial reporting on the remuneration of our management team in order to become more transparent and accountable. And we've established a new communications protocol that will streamline the sharing of information between the Commission, our community partners and our nominating entities.

As we continue to grow as an organization, our task is to never lose sight of our ultimate responsibility to serve the people of the Comox Valley and Vancouver Island. That's why we've enacted a Stakeholder Air Service Development Committee that will ensure future route development is built upon broad-based community support.

While on the topic of community support, I'd be remiss not to acknowledge the contributions of our nominating entities, which have once again been integral to the Commission's accomplishments over the past year.

Of course, our continued success is ultimately built upon the firm foundation of our greatest asset – our staff. The men and women who work at the Comox Valley Airport continually ensure that every customer experience is a positive one. They're the reason YQQ has received the highest customer satisfaction scores of all participating airports for six years running, based on data compiled by InterVISTAS Consulting Group.

Worthy of particular recognition is Ian Heselgrave, our Manager of Operations, who stepped in as acting CEO for nine months. His contributions, like those of our entire staff, are greatly appreciated.

As we move forward under the leadership and direction of Shirley de Silva, our new CEO, there could be no team more capable of ensuring our continued success than the hardworking staff of the Comox Valley Airport.

KEN DAWSON

CHAIRMAN OF THE BOARD



CHIEF EXECUTIVE OFFICER MESSAGE

» It is an exciting time to be CEO in the Comox Valley Airport.

The past year was a challenging and highly unusual one for the Comox Valley Airport and its staff, made even more so by the lingering effects of the global financial crisis.

Nonetheless, this was also a time of economic rejuvenation. By June 2009 we had begun to see a recovery in passenger traffic; by January 2010, passenger loads were already up 12 per cent year-over-year. Indeed, CVAC emerged in 2010 well positioned to benefit from a new period of opportunity and renewal.

Although the economic downturn prompted us to put some of the projects we'd planned for 2009 on hold, we nonetheless effected some exciting operational changes over the past 12 months. Our new fuel facility went on-line in February 2010 providing an efficient and cost effective service to airlines. In addition, we improved our web site capabilities to allow for a more efficient flow of information between airport personnel, and to provide effective and improved communication with our nominating entities, community stakeholders and the public.

The Comox Valley Airport provides a gateway for tourists, business travelers and goods, and we see our efforts as economic building blocks for the entire community. As such, we constantly strive to remain one of the most cost-effective airports; it's one of the reasons we haven't raised our aeronautical fees since 1996.

When combined with our reputation for outstanding customer service, the incredible support we continue to receive from the community, and our strategic position as the gateway to a burgeoning Vancouver Island market, I see but optimism for the year ahead.

I'd like to acknowledge the contributions and dedication of our staff and volunteers over the past year. Whether serving our customers and making YQQ one of the most enjoyable airports to visit, or ensuring seamless operation from behind the scenes, our staff and volunteers have repeatedly demonstrated that they are without a doubt our most precious resource.

I look forward to continuing to work with directors, staff, and the entire CVAC team as we foster partnerships that contribute to the viability of the airport and the socio-economic growth of the community.

SHIRLEY DE SILVA

CHIEF EXECUTIVE OFFICER

INTRODUCTION

» The Comox Valley Airport Commission is the governing authority for the operation of the Comox Valley Airport.

Comprised of nine directors, the Commission is broadly representative of the Comox Valley community and is a federally incorporated, non-profit entity. It was established through letters patent in 1996.

THE COMOX VALLEY AIRPORT COMMISSION (CVAC)

The Comox Valley Airport Commission (CVAC) operates civilian aviation facilities at the Comox Valley Airport. The land upon which CVAC facilities sit is held under a 25-year lease from the Department of National Defence.

The Commission's board of directors is comprised of nine directors, nominated as follows:

- Five members are nominated by local government (City of Courtenay, Town of Comox, Village of Cumberland and Comox Valley Regional District). At least one member must reside in Courtenay; at least one must reside in Comox;
- One member is nominated by the Comox Valley Chamber of Commerce;
- One member is nominated by Comox Valley Economic Development Society;
- Two members are appointed by the Board

THE COMOX VALLEY AIRPORT (YQQ)

The Comox Valley Airport (YQQ) is located in the Town of Comox at 19 Wing (CFB) Comox. The Department of National Defence (DND) maintains responsibility for the airfield and associated systems, which are provided for civil aviation at the discretion of DND in exchange for landing fees. The Comox Valley Airport serves a catchment area of 343,600 people on central and northern Vancouver Island.

» “We have been flying into Comox Airport for a number of years and are very impressed with the improvements made to this airport over the years. Keep up the good work!”

– YQQ customer



» OUR VISION

“To be Vancouver Island’s preferred gateway.”

We continually strive to meet the evolving needs of the traveling public, and to offer a strategic and cost-effective option to our airline partners.

» OUR MISSION

“To operate safe, secure and efficient civil aviation facilities and services which consistently exceed the expectations of our customers and communities.”

We take very seriously our responsibilities as a good corporate citizen and a contributor to the socio-economic growth of the region.

» OUR CORE VALUES

SAFETY

The safety and security of our customers, staff, facilities, and environment are our primary concern in every aspect of doing business.

QUALITY

Motivated by customer expectations, we provide quality facilities and services in a customer-sensitive and service-driven manner.

ACCOUNTABILITY

We are accountable for everything that we do, including financial management, and we show integrity in our business relations, utilization of resources, treatment of our customers and staff, and in the general conduct of our business.

ECONOMIC DEVELOPMENT

We work to support the economic development of the region.

REVIEW & OUTLOOK



» The Comox Valley Airport serves nearly 350,000 people on central and northern Vancouver Island



AQUOS

YQQ Departures
12:54:29 PM
Thursday, June 18, 2009

Airline	Flight #	Destination
WESTJET	WS 550	Calgary
Pacific Coastal	705	Vancouver
CMA	CMA 336	Vancouver
WESTJET	WS 296	Edmonton
Pacific Coastal	709	Vancouver
CMA	CMA 338	Vancouver
Pacific Coastal	713	Vancouver
WESTJET	WS 178	Calgary
CMA	339	Vancouver
CMA	343	Campbell River



INTRODUCTION

- » **289,978 passengers traveled through YQQ in 2009.**

Although this figure represents a 4.6 per cent decline from the previous year, comparatively speaking, YQQ did better than many other Canadian airports. The average decline across North America in 2009 was 5.9 per cent.*

2009 saw the busiest July on record for YQQ (more than 30,800 passengers), and early 2010 numbers indicate passenger numbers are already back on an upward trajectory.

The Comox Valley Airport Commission's projections for 2010 forecast continued growth in consumer demand, projecting an overall increase in passenger traffic of four per cent. So far this year, we have exceeded our expectations. In January alone, passenger loads at YQQ were up 12 per cent year-over-year, and 7.3 per cent through the first quarter of 2010.

* Airports Council International, May 2010

» In spite of the past year's challenging economic climate, 2009-10 nonetheless represented a unique opportunity to re-evaluate priorities, examine corporate policies, and grow as an organization.

Within this context of introspection and increased financial vigilance, the Comox Valley Airport Commission effected some exciting and noteworthy operational developments.

2009-10 HIGHLIGHTS

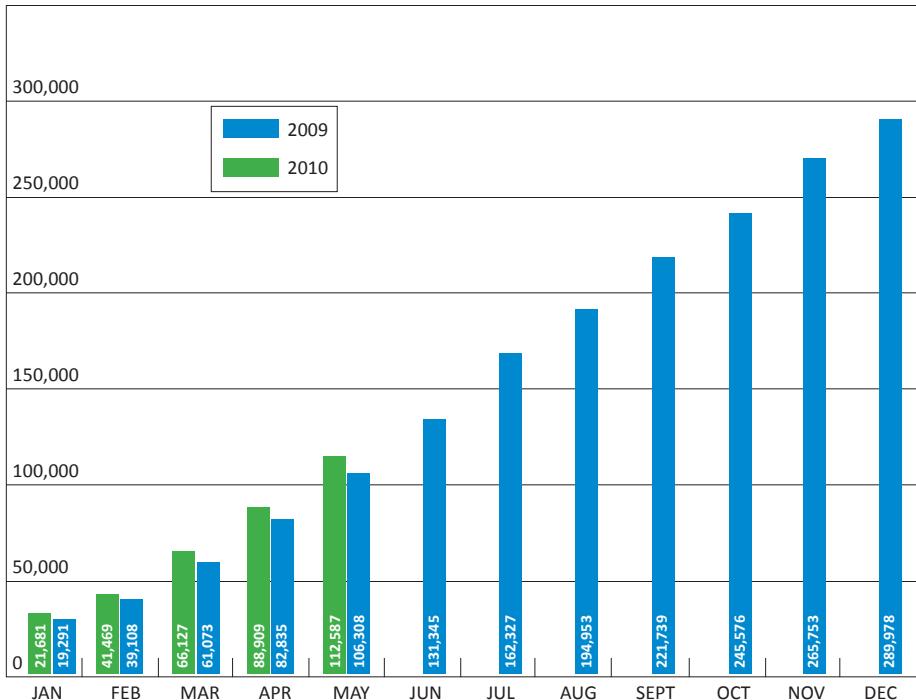
- February 2010 saw the completion of the new aircraft fueling facility, in partnership with Shell Canada Ltd. The new facility has become an integral part of operations and has enabled the Commission to provide a more comprehensive package of essential services to air carriers.
- More than 30,800 passengers passed through our passenger terminal in July 2009, making it the airport's busiest July on record.
- CVAC was awarded the WestJet Ground Support Equipment Maintenance contract.
- CVAC implemented an Airside Vehicle Operating Program (AVOP) for staff and ramp attendants operating vehicles on leased airside areas.

• After several years of Olympic anticipation, the Commission provided support to 19 Wing Comox in conjunction with Operation Podium during the 2010 Olympic Games. For approximately 10 weeks, CVAC helped accommodate military aircraft and personnel and worked with the Department of National Defence to ensure that the security posture met the needs of the operation.

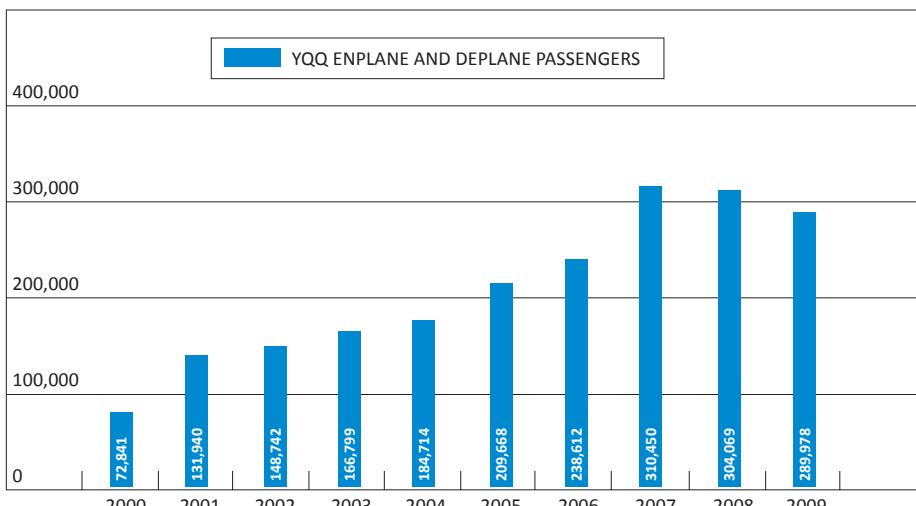
2010-11 OUTLOOK

- Implementation of new tenant guidelines, and the compilation of relevant processes and protocols into an accessible tenants' manual. This initiative will improve communication between the CVAC and its tenants.
- To update the Commission's Strategic Business Plan in order to take advantage of changing market conditions and enhance CVAC's role as a contributor to the socio-economic growth of its partners and the community.
- A Strategic Planning Process will get underway to examine the Commission's objectives for the next five years and to adapt our priorities to a new economic context.

YQQ ACCUMULATED PASSENGER NUMBERS



REVIEW & OUTLOOK



» When it comes to providing excellent customer service, many talk the talk, but few walk the walk quite like the staff and management of the Comox Valley Airport.

In 2009, YQQ earned the highest customer satisfaction scores of all participating airports for the sixth straight year, based on data compiled by InterVISTAS Consulting Group. And we're only getting better.

- On the Fly Café, located inside the Comox Valley Airport, came under new ownership and now offers extended hours of operation, a revitalized look and a brand new menu to indulge passengers and guests.

2009-10 HIGHLIGHTS

- Exemplary customer service scores on its benchmark study, and the highest rating of participating airports for the sixth straight year.
- Our Ambassador Volunteer Program, comprised of 50 red-vested volunteers that greet and assist passengers and guests, continued to play an important role in the success of the airport.
- In June 2009, CVAC was recognized for achieving success in the provincial government's "10 by 10 Challenge," a program dedicated to increasing employment of persons with disabilities by 10 per cent by 2010.
- All our volunteers, and more than 60 per cent of our staff, have completed Tourism BC's WorldHost program, designed to prepare customer service professionals to welcome the world.

2010-11 OUTLOOK

- A number of exciting new projects will enhance the customer experience. Among them are a drinking fountain, a high definition television, and coffee service in the departure lounge, as well as larger display screens for flight information.
- The Comox Valley Airport passenger terminal will continue to be a forum for public art by displaying works by local artists on a rotational basis in collaboration with the Comox Valley Arts Council.



» The Comox Valley Airport has earned the highest customer service rating of all participating airports for six years straight.

» Our mission statement begins with a promise to operate safe, secure and efficient facilities; safety and security are at the heart of everything that we do.

That's why we voluntarily initiated a site-wide Safety Management System, in line with the latest Transport Canada guidelines, that will improve the identification and mitigation of potential risks within the context of continuous improvement.

2009-10 HIGHLIGHTS

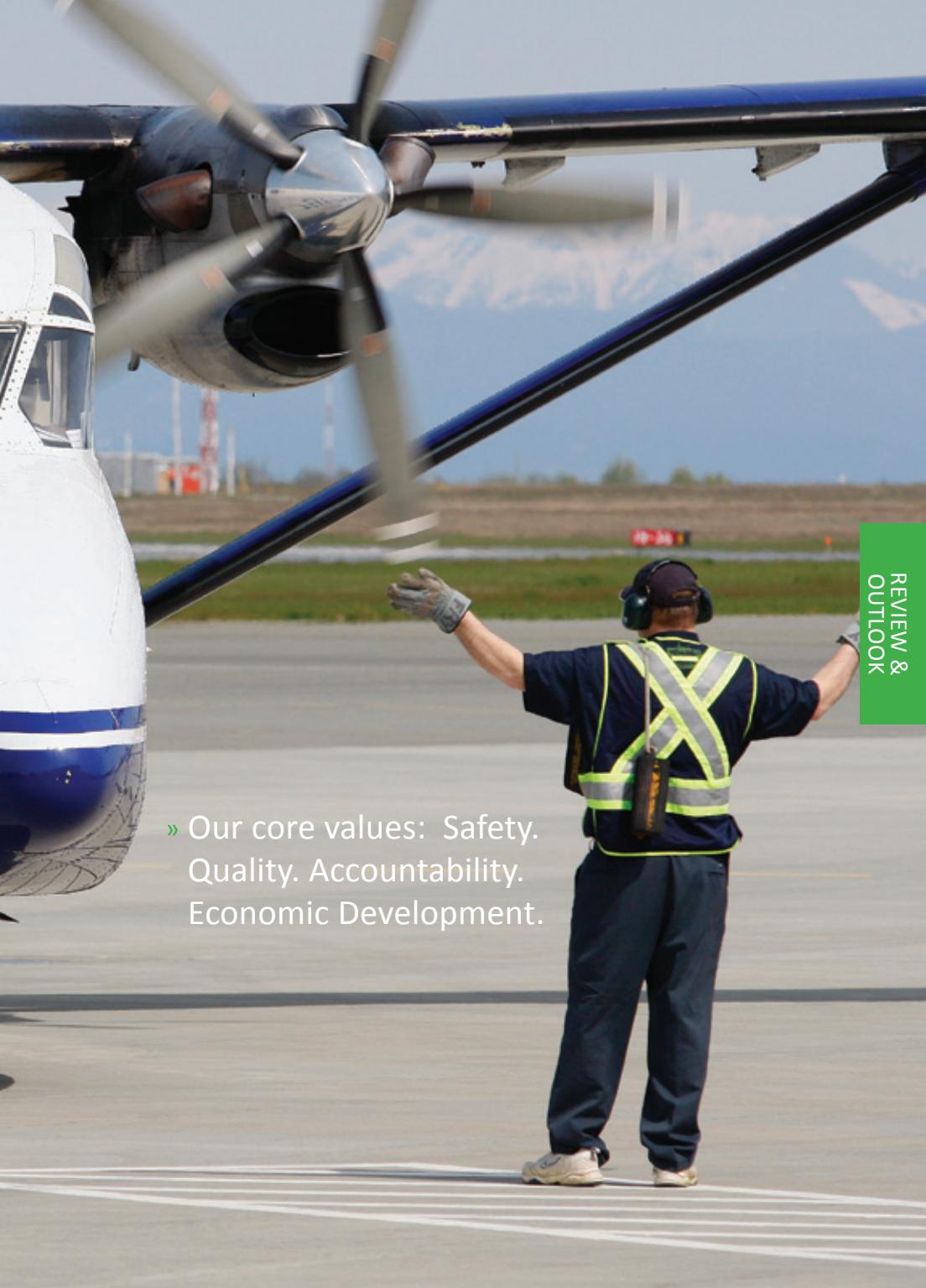
- CVAC contracted an independent consultant to assist with the creation of a site-wide Safety Management System that will provide a non-punitive approach to identifying and resolving any potential risks.
- Coordination of an emergency planning and preparedness exercise in April 2009. This emergency simulation was coordinated in partnership with 19 Wing Comox, BC Ambulance, St. Joseph's Hospital, and local police and fire departments. The value of this exercise was recognized by WestJet, which has asked staff to reproduce a scaled-down version for its own personnel.

- Airport staff liaised frequently with Transport Canada officials regarding security matters to ensure that YQQ is in full compliance with all required regulatory measures.

- In partnership with the Department of National Defence, we reviewed and redesigned the CVAC Security Pass Program. Security passes are now more effectively tracked and reviewed, and airside security has been improved.

2010-11 INITIATIVES

- Safety Management System to be approved and in effect by the end of the 2010-11 fiscal year.
- Continued work to review and improve closed-circuit television system in order to enhance security site-wide.

A large propeller aircraft, likely a Cessna 172, is shown from a low angle on a runway. A ground crew member in a dark uniform and reflective vest stands on the tarmac, facing the plane and gesturing with their arms raised. The background shows a clear sky and some airport infrastructure.

» Our core values: Safety.
Quality. Accountability.
Economic Development.

» Like any socially conscious organization, we're very respectful of our role within the context of a healthy and productive society.

That means recycling wherever and whenever possible in order to reduce our environmental footprint. It means treating our employees with respect and helping them to grow both as individuals and as proud contributors to the organization. And it means giving what we can to help better the lives of others.

2009-10 HIGHLIGHTS

- CVAC staff catalogued all chemicals currently in use at YQQ with an aim to review alternative options that may be safer for our employees and/or better for the environment.
- Training and practice sessions in fuel spill clean-up and avoidance.
- Retrofitting of the airport's storm water system in order to prevent or minimize environmental consequences from a fuel spill or other contamination event.
- In January and February 2010, employees collected donations on behalf of CVAC for earthquake relief in Haiti. Funds raised were donated to the Canadian Red Cross to provide food, water, shelter, and medical care for earthquake survivors.

- In 2009-11, CVAC donated \$3,560 to a variety of local charities and charitable initiatives, including Comox Valley United Way, Weekend to End Breast Cancer and Cops for Cancer.
- Recognizing that our employees are the backbone of our organization, we continued to invest in training sessions that help our employees achieve a realistic and healthy work/life balance. In 2009, sessions included Mental Health and the Role of the Supervisor, Confrontation With the Public, H1N1 Virus, and Healthy Living.

2010-11 OUTLOOK

- We plan to review current recycling practices and to look at ways of tracking our efforts so that they can be improved.
- All facets of CVAC operations are continually examined with an aim to reduce our environmental footprint.

- » In 2009-10, we donated \$3,560 to local charities and charitable initiatives.



» The Comox Valley Airport Commission made great strides in 2009-10 to become more transparent and accountable.

We've received constructive feedback from our nominating entities regarding the importance of the Comox Valley Airport within the community, and our board of directors is working to align our mission, vision and values with those of our stakeholders.

2009-10 HIGHLIGHTS

- The board of directors approved the establishment of a Communications Protocol that will improve the flow of information between the Commission and its nominating entities.
- Terms of reference were developed for a new Air Services Development Committee, to include community representation and participation. This committee will ensure that future route development is built upon broad-based community support.
- Enhanced public reporting was implemented on the remuneration of management personnel, and reforms to the CVAC Financial Conditions and Activities Policy were adopted to ensure greater openness with respect to contracts, procurement and financial oversight.
- The board of directors adopted several bylaw changes that will better align the Commission

with best practices for effective governance.

- The Commission became a member of the Canadian Association of Corporate Secretaries, which provides information and direction on matters of corporate accountability and governance.
- We've improved the capabilities of our web site to allow for improved in-house information flow and to provide effective and transparent communication with our nominating entities, stakeholders, and the public.

2010-11 OUTLOOK

- Ongoing development and implementation of the Communications Protocol.
- Continued development of a communications strategy, and updates to our Airport Economic Impact data.
- Continued development of our Air Services Development Strategy in collaboration with community stakeholders.
- Development of a strategic marketing plan, as well as a branding exercise and an update of marketing collateral.

CORPORATE GOVERNANCE



BOARD OF DIRECTORS



Ken Dawson
Board Chair



Daryl McLoughlin
Vice Chair



Russell Irvine
Secretary



Darlene Neuman
Treasurer



Jay Oddleifson
Director



Scott Torry
Director



Linda Oprica
Director



Brad Minton
Director



Christine Gibson
Director

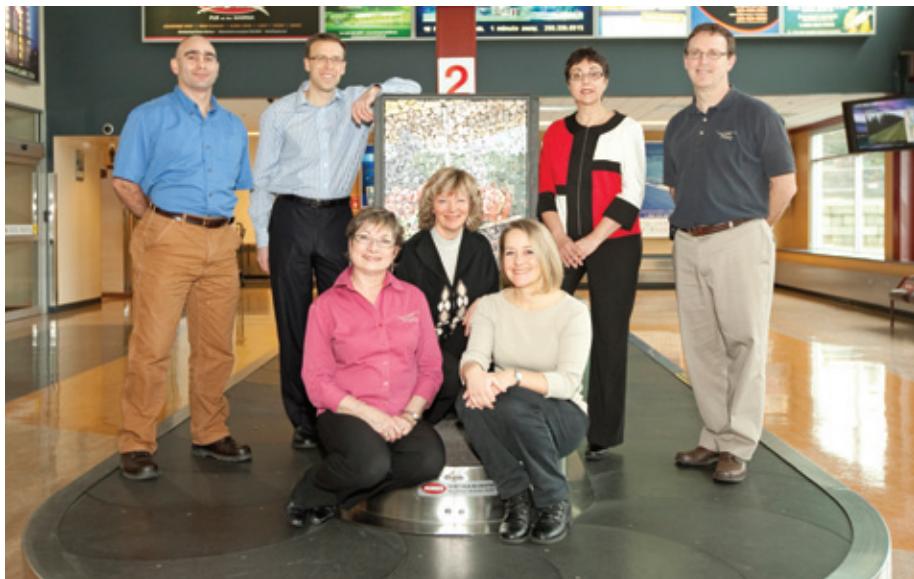


Shirley de Silva
Chief Executive Officer

**BOARD MEMBERS
APPOINTED IN 2009-10:**

Brad Minton,
appointed July 2009

Chris Gibson,
appointed February 2010

CVAC ADMINISTRATION TEAM

CORPORATE
GOVERNANCE

Ian Heselgrave
Operations Manager

Alex Robertson
Deputy Operations Manager

Ash Mohtadi
Airside Manager

Kathy Penner
Marketing & Customer Service Manager

Joanne Jacobson
Financial Administrator

Lisa Wilhelm
Administrative Assistant

CORPORATE SERVICE PROVIDERS

RBC Royal Bank®



MEYERS NORRIS PENNY

**STANDING BOARD COMMITTEES**

The Commission's board of directors has four Standing Committees tasked with general oversight in specific areas. These committees, and their chairs, are:

Executive Committee

Audit Committee

Governance Committee

Finance Committee

Ken Dawson

Darlene Neuman

Russell Irvine

Darlene Neuman

PUBLIC AND STAKEHOLDER ACCOUNTABILITY

» CVAC strives to achieve the highest level of accountability to its stakeholders and the public at large.

The processes involved in achieving this level of accountability include:

- Annual Public Meeting;
- A publicly available accountability report including audited financial statements;
- Disclosure of public information, required of Canadian airport authorities, through the CVAC web site;
- An annual meeting with all nominating entities;
- Compliance with the DND lease;

- Regulatory compliance;
- Meetings with Comox Valley civic and business stakeholders;
- Accessibility compliance for federally regulated transportation;
- Regular meetings with airport operators and tenants;
- Meetings with nominating entities and community organizations.

Code of Conduct and Conflict of Interest Policy

During 2009, the directors and officers complied with all Conflict of Interest requirements. All directors sign an attestation on an annual basis indicating knowledge of and compliance with this policy. Please note that CVAC board members are not provided annual compensation for attending board meetings and events on behalf of the airport.

April 1st, 2009 - March 31st, 2010 Director Attendance at Board / Committee Meetings

Director	Board Meetings (Total of 12)	Executive (Total of 3)	Audit (Total of 3)	Finance (Total of 3)	Governance (Total of 5)
Ken Dawson	11	3	3**	3**	4**
Daryl McLoughlin	9	2	2	3	-
Russell Irvine	12	3	-	1**	5
Darlene Neuman	12	3	3	3	-
Jay Oddleifson	12	-	3	3	-
Scott Torry	11	-	2 of 2*	3	-
Linda Oprica	12	-	-	1**	5
Terry Law	2 of 2*	-	-	-	-
Judith Round	2 of 2*	-	-	-	-
Brad Minton	6 of 7*	-	-	-	5
Chris Gibson	2 of 2*	-	1 of 1*	-	-

* Member of Board/Committee for part of the year ** Directors attended meetings as ex-officio member

CORPORATE PRACTICES

- » The Comox Valley Airport Commission is committed to implementing policies and procedures that are aligned with best practices for effective corporate governance.

In 2007, several changes to the Commission's bylaws were instituted following a broad review of existing governance practices. An independent consultant, Mr. Laurie Brown, reviewed these changes in 2009. The Board has adopted Mr. Brown's recommendations, and documentation has been submitted to Industry Canada for approval. In addition, the Board has approved the establishment of a Communications Protocol that will improve the flow of information between CVAC and its nominating entities, and has implemented an annual process for assessing the effectiveness of the board as a whole.

Current Corporate Governance Practices of the Commission

1. The Board is responsible for the stewardship of the Commission with the aim of fulfilling the stated purposes as set forth in the Letters Patent.
 2. The Board has adopted a strategic planning process that includes a land-use plan, a long-term Airport Master Plan, and a Strategic Plan. The board reviews critical elements of these plans annually in conjunction with the establishment of annual goals and budget.
 3. The Commission has a number of systems
- in place to identify, manage, and mitigate risk, including:
- An organizational structure with dedicated safety, security, and emergency planning and response personnel;
 - Corporate policies and plans covering key governance, strategic, and financial issues;
 - Risk transfer through contract;
 - Incident reporting and response procedures;
 - An Airport Safety Committee and an Occupational Safety and Health Committee;
 - Comprehensive insurance coverage
4. The Board appoints the Chief Executive Officer and regularly monitors succession-planning, including the appointment, training, and evaluation of senior management.
 5. The Commission has a communications policy that outlines processes for communicating with industry stakeholders, nominating entities, employees, and the public.

CORPORATE PRACTICES CONT..

6. The Commission has in place a comprehensive information management and reporting system that includes regular reporting to the Board on key financial and operational results.
7. The Board is comprised exclusively of unrelated, non-management directors. Each director must sign the Commission's Code of Conduct and Conflict of Interest Policy on an annual basis and follow the procedures prescribed therein. When a potential conflict of interest arises, the director does not participate in any board activities related to the area of conflict.
8. Board nominations are made by the nominating entities in accordance with the Commission's bylaws. The Commission's Governance and Nominating Committee is responsible for providing a list of qualified nominees to the Board for appointment.
9. The Board employs a self-evaluation process to review the performance of directors and board committees.
10. Each new director receives a comprehensive orientation, which includes meetings with the Chairman and CEO, a facility tour, a Policies and Procedures Manual, and information regarding board and corporate operations. Ongoing education on relevant topics is provided to all board members.
11. A Role Statement has been developed for the board of directors, and terms of reference have been developed for Corporate Officers, including the CEO. A Policies and Procedures Manual, approved by the Board, defines the board and management authorities. The Board approves the Commission's corporate objectives on an annual basis and assesses the CEO against these objectives.
12. The board has four standing committees; each committee chair reports directly to the board on the committee's activities. The board meets in camera as required at each meeting. The Board Chair and the Nominating and Governance Committee ensure that the Board's independence is respected and preserved.
13. The Commission's Governance and Nominating Committee is responsible for the monitoring of corporate governance issues.
14. All members of the Commission's Audit Committee are directors who are financially literate. The Committee's responsibilities include:
- Oversight of corporate-level financial policies and issues that affect the overall operation, planning, and management of the Commission;
 - Review of financial management policies and issues including annual budgets, banking arrangements, accounting systems and procedures, internal financial controls, significant changes to relevant legislation, insurance policies, statutory remittances, regular financial status reports, and oversight of information technology systems;
 - Monitoring of external and internal audit programs, and preparation of annual financial statements.

FINANCIAL RESULTS



» Passenger numbers at YQQ were up 7.3 per cent through the first quarter of 2010.



AUDITORS' REPORT

» To the Directors of Comox Valley Airport Commission:

We have audited the statement of financial position of Comox Valley Airport Commission as at March 31, 2010 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

MEYERS NORRIS PENNY LLP

Courtenay, British Columbia May 21, 2010

STATEMENT OF FINANCIAL POSITION

as at March 31, 2010	Operating Fund	Capital Assets Fund	2010	2009	(restated - note 12)
ASSETS					
Current					
Cash	354,064	512,175	866,239	646,176	
Accounts receivable	286,472	56,869	343,341	239,395	
Prepaid expenses	14,644	10,000	24,644	32,579	
	655,180	579,044	1,234,224	918,150	
Interfund Accounts	5,238,211	(5,238,211)	-	-	
Property, plant & equipment (Note 3)	-	16,899,279	16,899,279	17,527,782	
	5,893,391	12,240,112	18,133,503	18,445,932	
LIABILITIES					
Current					
Deferred revenue (Note 4)	3,960	-	3,960	40,614	
Trade accounts	193,256	11,057	204,313	269,290	
Wages & deductions	26,076	-	26,076	27,861	
Current portion of long-term debt (Note 5)	-	361,390	361,390	344,520	
	223,292	372,447	595,739	682,285	
Long term debt (Note 5)	-	4,646,120	4,646,120	5,007,437	
	223,292	5,018,567	5,241,859	5,689,722	
NET ASSETS					
Invested in property, plant and equipment	-	7,221,545	7,221,545	7,703,188	
Unrestricted	5,670,099	-	5,670,099	5,053,022	
	5,670,099	7,221,545	12,891,644	12,756,210	
	5,893,391	12,240,112	18,133,503	18,445,932	

Approved by the Directors

Ken Dawson
Chair

Darlene Newman
Chair - Audit Committee

The accompanying notes are an integral part of these financial statements.

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

for the year ended March 31, 2010	Operating Fund	Capital Assets Fund	2010	2009 <small>(restated - note 12)</small>
REVENUE			TOTAL	TOTAL
Advertising	97,594	-	97,584	105,571
Airport Improvement fees (Note 6)	-	729,695	729,695	719,169
Concessions - car	249,910	-	249,910	261,493
Concessions - other	90,359	-	90,359	96,596
Concessions - parking	573,023	-	573,023	554,440
Fuel commissions	33,942	-	33,942	-
Interest	-	-	-	7,127
Miscellaneous	12,470	-	12,470	3,691
Office rentals	175,073	-	175,073	180,689
Terminal fees	1,540,281	-	1,540,281	1,485,424
	2,772,652	729,695	3,502,347	3,414,200
EXPENSES				
Airport improvement fee expense	-	52,501	52,501	51,532
Amortization	-	909,853	909,853	902,199
Bad debts	7,017	-	7,017	4,151
Board expenses	9,114	-	9,114	7,859
Customs	80,675	-	80,675	36,207
Fuel facility expenses	16,923	-	16,923	-
Insurance	42,336	-	42,336	41,565
Interest and bank charges	7,240	248,984	256,224	271,453
Marketing	107,812	-	107,812	144,990
Office	79,884	-	79,884	71,113
Parking administration	74,208	-	74,208	71,316
Professional fees	132,744	-	132,744	97,380
Property taxes	80,924	-	80,924	87,226
Rent	42,278	-	42,278	39,277
Repairs and maintenance	211,570	-	211,570	229,257
Sub-contracts	980	-	980	2,190
Utilities	94,231	-	94,231	98,986
Volunteer expense	6,909	-	6,909	11,750
Wages and benefits	1,160,730	-	1,160,730	950,157
	2,155,575	1,211,338	3,366,913	3,118,608
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	617,077	(481,643)	135,434	295,592
NET ASSETS - BEGINNING OF YEAR, ORIGINAL	5,100,960	7,703,188	12,804,148	12,460,618
LESS: PRIOR PERIOD ADJUSTMENT (NOTE 12)	(47,938)		(47,938)	
NET ASSETS - BEGINNING OF YEAR, RESTATED	5,053,022	7,703,188	12,756,210	12,460,618
NET ASSETS - END OF YEAR	5,670,099	7,221,545	12,891,644	12,756,210

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended March 31, 2010	Operating Fund	Capital Assets Fund	2010	2009	(restated - note 12)
			TOTAL	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES					
Excess (deficiency) of revenue over expenses:	617,077	(481,643)	135,434	295,592	
Adjustment for non-cash items:					
Amortization	-	909,853	909,853	902,199	
	617,077	428,210	1,045,287	1,197,791	
Changes in non-cash working capital					
Net change in amounts receivable and payable	(118,687)	(88,675)	(207,362)	83,909	
Change in prepaid expenses	7,935	-	7,935	(10,714)	
	506,325	339,535	845,860	1,270,986	
CASH FLOWS FROM FINANCING ACTIVITIES					
Interfund advances	(548,481)	548,481	-	-	
Advances of long-term debt	-	-	-	-	
Repayment of long-term debt	-	(344,447)	(344,447)	(628,345)	
	(548,481)	204,034	(344,447)	(628,345)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	-	(281,350)	(281,350)	(390,280)	
CHANGE IN CASH DURING THE YEAR	(42,156)	262,219	220,063	252,361	
CASH BEGINNING OF YEAR	396,220	249,956	646,176	393,815	
CASH END OF YEAR	354,064	512,175	866,239	646,176	
SUPPLEMENTARY CASH FLOW INFORMATION					
Interest Paid	-	248,984	248,984	267,958	
Interest received	-	-	-	8,751	

The accompanying notes are an integral part of these financial statements.



» We haven't raised our aeronautical fees since 1996.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2010

1. INCORPORATION AND OPERATIONS

Comox Valley Airport Commission ("Commission") was granted letters patent under the Canada Corporations Act on February 12, 1996. The Commission has operated the civilian air terminal located on Department of National Defence grounds adjacent to CFB Comox since June 1, 1996.

All earnings of the Commission are retained and reinvested in civilian airport operations and development.

The Commission is exempt from federal and provincial income and capital taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the not-for-profit organization reporting standards and include the following significant accounting policies:

FUND ACCOUNTING

The Commission follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Commission's operating activities.

The Capital Fund reports the assets, liabilities, revenues, and expenses related to the Commission's property, plant and equipment purchases, expansion projects and debt repayment.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

Airside	over life of lease 18 years remain
Air terminal building	over life of lease 18 years remain
Building on lot D	straight-line 30 years
Computer equipment	straight-line 3 years
Conveyance equipment	straight-line 20 years
Equipment	straight-line 10 years
Fuel Facility	over life of lease 18 years remain
Furniture and fixtures	straight-line 10 years
Groundside	over life of lease 18 years remain
In the year of acquisition, amortization is taken at one-half of the above rates.	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2010

REVENUE RECOGNITION

Restricted contributions are recognized as revenue of the Capital Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Revenues are receivable when services are performed, the facilities are utilized or the amounts are earned pursuant to the related agreements.

Terminal fees are recognized as each passenger enplanes and deplanes.

Airport improvement fee revenue is recognized as each passenger enplanes.

Car concession revenue is recognized monthly based on a percentage of gross monthly revenue from car rental agencies.

Parking concession revenue is recognized as the lot is used.

Office rental revenue is recognized monthly per rental agreements.

Other concession revenue is recognized monthly based on a percentage of gross revenue from other concessions.

Advertising revenue is recognized monthly as it is earned.

Fuel commissions revenue is recognized daily based on a percentage of volume used at the fuel facility.

MEASUREMENT UNCERTAINTY

(USE OF ESTIMATES)

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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. Actual results could differ from those estimates. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Accounts payable includes estimates of amounts owing at year end for items such as property taxes, where invoices have not been received. Amortization is based on the estimated useful lives of property, plant and equipment, except for airside, air terminal building and groundside, which are amortized over the term of the existing Department of National Defence lease.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2010

FINANCIAL INSTRUMENTS

HELD FOR TRADING:

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 Financial Instruments – Recognition and Measurement, even if that instrument would not otherwise satisfy the definition of held for trading. The Commission has classified cash as held for trading. These instruments are initially recognized at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in excess of revenues over expenses.

Held for trading financial instruments are subsequently measured at their fair value, without any deduction for transactions costs incurred on sale or other disposal. Net gains and losses arising from changes in fair value are recognized immediately in excess of revenues over expenses.

LOANS AND RECEIVABLES:

The Commission has classified accounts receivable as loans and receivables. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in excess of revenues over expenses. Total interest income, calculated using the effective interest rate method, is recognized in excess of revenues over expenses.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest

method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Carrying value of these assets approximates amortized cost due to their short-term nature. Net gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

OTHER FINANCIAL LIABILITIES:

The Commission has classified trade accounts, wages and deductions and long-term debt as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in excess of revenues over expenses.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2010

between that initial amount and the maturity amount. Carrying value of trade accounts, wages and deductions approximates amortized cost due to their short-term nature. Carrying value of long-term debt approximates amortized cost. Net gains and losses arising from changes in fair value are recognized in excess of revenues over expenses upon derecognition or impairment.

FINANCIAL ASSET IMPAIRMENT:

The Commission assesses impairment of all its financial assets, except those classified as held

for trading. Management considers whether the issuer is having significant financial difficulty or 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. Impairment is measured as the difference between the asset's carrying value and its fair value. Any impairment, which is not considered temporary, is included in excess of revenues over expenses.

3. PROPERTY AND EQUIPMENT

	COST	ACCUMULATED AMORTIZATION	2010 NET BOOK VALUE	2009 NET BOOK VALUE
LAND	647,605		647,605	632,835
AIRSIDE	8,818,168	1,882,947	6,935,221	7,311,616
AIR TERMINAL BUILDING	7,691,246	1,868,701	5,822,545	6,140,606
COMPUTER EQUIPMENT	69,342	57,040	12,302	14,947
BUILDING ON LOT D	288,860	17,532	271,328	255,651
CONVEYANCE EQUIPMENT	1,187,636	287,440	900,196	959,577
EQUIPMENT	310,292	120,422	189,870	191,177
FUEL FACILITY	125,883	3,313	122,570	12,765
FURNITURE AND FIXTURES	250,784	138,836	111,948	128,050
GROUNDSIDE	1,936,855	421,839	1,515,016	1,597,542
WORK IN PROGRESS				
INTERNATIONAL TERMINAL	209,522		209,522	207,772
OPERATIONS BUILDING	161,156		161,156	75,244
	21,697,349	4,798,070	16,899,279	17,527,782

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2010

4. DEFERRED REVENUE

	2010	2009
DEFERRED REVENUE - BEGINNING OF YEAR	40,614	24,420
RECOGNIZED AS REVENUE DURING THE YEAR	(177,460)	(228,695)
ADDITIONS DURING THE YEAR	140,806	244,889
	3,960	40,614

Deferred revenue consists primarily of prepaid parking passes (2009 amounts included prepaid rent, prepaid parking passes and prepaid advertising).

5. LONG-TERM DEBT

	2010	2009
Royal Bank of Canada mortgage; due February 28, 2013, repayable at \$49,448 per month including principal and interest at a fixed rate of 4.79%, secured by general security agreement on all property of the Commission, a mortgage of lease in the amount of \$7,000,000 between the Minister of National Defence and the Commission and a certificate of all-risk insurance covering the airport terminal building.	5,007,510	5,351,957
LESS: CURRENT PORTION	361,390	344,520
	4,646,120	5,007,437

Principal repayments on long-term debt in each of the next five years are estimated as follows, based on the assumption that the mortgage will be renewed with similar terms:

2011	361,390
2012	379,085
2013	397,648
2014	417,119
2015	437,543

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2010

6. RESTRICTED CONTRIBUTIONS

	2010	2009
AIF revenue collected	4,568,733	3,938,038
AIF interest earned	24,002	24,002
AIF administration fees	(332,620)	(280,119)
AIF capital expenditures	(20,761,225)	(20,520,784)
Financing costs	(1,487,432)	(1,238,448)
	(17,988,542)	(18,077,311)

The Commission collects an airport improvement fee (AIF) of \$5 per outgoing passenger to fund the cost of major capital expenditures. These fees are collected by the air carriers under an agreement between the Commission, the Air Transport Association of Canada (ATAC) and the air carriers serving the airport, entitling the air carriers to withhold a 7% administration fee. By agreement with ATAC, AIF revenues are restricted to pay for the capital and related financing costs of major airport infrastructure development.

7. COMMITMENTS

The Commission is committed under a lease agreement for land with total lease payments of \$716,787, assuming there is no change in the payment amount over the term of the lease.

2011	39,277
2012	39,277
2013	39,277
2014	39,277
2015	39,277

Effective June 30, 2003 the Commission entered into a 25 year lease with the Department of National Defence for the land where the airport is situated. Lease payments have been set for the initial five year period. The annual payment could change in July 2010, but is not expected to decline.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2010

8. FINANCIAL INSTRUMENTS

All significant financial assets, financial liabilities and equity instruments of the Commission are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk.

CREDIT CONCENTRATION

Financial instruments that potentially subject the Commission to concentrations of credit risk consist primarily of trade accounts receivable. The maximum credit risk exposure is \$343,341 (2009 – \$239,395).

As at March 31, 2010 five customers accounted for 87% (2009 five customers accounted for 77%) of accounts receivable in the operating fund, and three customers accounted for 85% (2009-three customers accounted for 76%) of accounts receivable in the capital fund. However, the Commission believes that there is minimal risk associated with the collection of these amounts. The Commission manages its credit risk by performing regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable. The Commission does not generally require collateral or other security from customers on trade accounts receivable. Trade accounts receivable in the amount of \$9,267 (2009- \$30,534) are past due, of which an allowance for doubtful accounts receivable in the amount of \$3,030 (2009-\$237) has been recorded.

INTEREST RATE RISK

Interest rate risk is the risk that the value of a

financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Commission manages exposure through its normal operating and financing activities.

The Commission is exposed to interest rate risk with respect to long-term debt in the form of a mortgage with a fixed rate of 4.79%, maturing at the end of three years (2008-four years).

LIQUIDITY RISK

Liquidity risk is the risk that the Commission will encounter difficulty in meeting obligations associated with financial liabilities. The Commission enters into transactions to purchase goods and services on credit; borrow funds from financial institutions or other creditors; and lease premises, for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Commission's future net cash flows for the possibility of a negative net cash flow.

OTHER PRICE RISK

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2010

the market. The Commission does not enter into transactions for which the market price fluctuates and therefore feels that their risk is limited.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Commission did not enter into any foreign currency transactions during the year, so it is not exposed to foreign currency risk.

FINANCIAL ASSET IMPAIRMENT

At each year-end date, the Commission is required to evaluate and record any other-than-temporary impairment of its financial assets, other than those classified as held for trading. Accordingly, the Commission has compared the carrying value of each of these financial assets to its fair value as at March 31, 2010. A provision

for doubtful accounts was the only provision for impairment that was recorded in the current year, as the fair value of all other financial assets tested exceeded their carrying value.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash, accounts receivable, trade accounts, wages and deductions and current portion of long term debt approximates their fair value due to the short-term maturities of these items.

The fair value of long-term debt is \$5,390,624 (2009-\$5,883,096), estimated using discounted cash flow analysis and interest rates prevailing at year-end. These estimates are significantly affected by assumptions including the amount and timing of estimated future cash flows and discount rates, all of which reflect varying degrees of risk.

9. CAPITAL MANAGEMENT

The Commission sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Commission manages the following as capital:

	2010	2009
Net assets invested in property, plant and equipment	7,221,545	7,703,188
Unrestricted net assets	5,670,099	5,053,022

The Commission is not subject to any external capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2010

10. RELATED PARTY TRANSACTIONS

Included in repairs & maintenance expenses for the current year is \$9,307 (2009-\$23,302) paid to a company that is controlled by one of the board members. These transactions were conducted in the normal course of operations and measured at the exchange amount.

11. MANAGEMENT COMPENSATION

Included in wages and salaries expense for the current year are gross wages paid to Chief Executive Officers, Acting Executive Officer, Operations Manager, Deputy Operations Manager, Airside Manager, Marketing and Customer Service Manager, and Financial Administrator totalling \$385,539 (2009-\$431,152).

12. CORRECTION OF AN ERROR

In 2009 the Commission incurred an expense for which no accrual was made in 2009. The retrospective correction of this error increased prior year marketing expenses by \$47,938, increased prior year accounts receivable by \$2,397, increased prior year accrued accounts payable by \$50,335, decreased prior year excess of revenue over expenses by \$47,938, and decreased prior year net assets by \$47,938.

13. COMPARATIVE FIGURES

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

CONTACT



CONTACT

» Our primary method of communication with the public is through our web site at:

www.comoxairport.com

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The following documents are available on our web site:

- Current Master Plan
- Current business and strategic plans
- Recent annual financial statements
- Auditor's report.



» "Comox Airport has to be the best in Canada. Friendly, clean, relaxing. Be proud of your facility!"
-YQQ customer



PRODUCTION NOTES

This book was produced in a sustainable manner:

- » Vegetable inks were used.
- » Printed on Enviro 100, 80 lb text/ 100lb cover.
- » Enviro is 100% recycled paper.
- » Only 175 books were produced.
- » Only two colour paper copies were produced for proofing.
- » Files were sent electronically to the printer.
- » This accountability report serves more than one purpose.

