

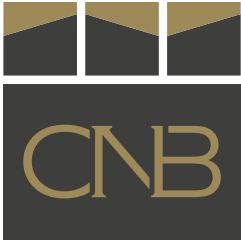
COMOX VALLEY AIRPORT COMMISSION
Financial Statements - March 31, 2026

COMOX VALLEY AIRPORT COMMISSION

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Year Ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Comox Valley Airport Commission,

Opinion

We have audited the financial statements of the Comox Valley Airport Commission (the "Commission"), which comprise the statement of financial position as at March 31, 2026, and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2026, and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

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 ASNPO, 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

CNB

Chartered Professional Accountants
Courtenay, BC

June 15, 2026

COMOX VALLEY AIRPORT COMMISSION

Statement of Financial Position

March 31, 2026

	Operating Fund	Capital Fund	2026 Total	2025 Total
ASSETS				
Current Assets				
Cash	\$ 159,960	\$ 1,087,966	\$ 1,247,926	\$ 998,349
Guaranteed Investment Certificates (Note 3)	-	2,005,178	2,005,178	5,540,891
Accounts Receivable	865,527	-	865,527	1,029,969
Government Remittances Receivable	126,561	-	126,561	-
Prepaid Expenses	21,118	-	21,118	42,510
Assets Held for Sale (Note 4)	-	687,993	687,993	-
	<u>1,173,166</u>	<u>3,781,137</u>	<u>4,954,303</u>	<u>7,611,719</u>
Loan Receivable	-	2,813	2,813	14,063
Long Term Investments (Note 5)	-	17,665,932	17,665,932	16,744,299
Tangible Capital Assets (Note 6)	-	15,038,314	15,038,314	6,554,953
	<u>\$ 1,173,166</u>	<u>\$ 36,488,196</u>	<u>\$ 37,661,362</u>	<u>\$ 30,925,034</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	\$ 118,239	\$ 68,118	\$ 186,357	\$ 106,118
Government Remittances Payable	38,817	-	38,817	49,557
Wages Payable	98,463	-	98,463	81,470
Deferred Revenue (Note 7)	84,190	286,838	371,028	68,354
Obligation Under Agreement (Note 7)	-	687,993	687,993	-
Refundable Tenant Deposit	28,430	-	28,430	31,430
	<u>368,139</u>	<u>1,042,949</u>	<u>1,411,088</u>	<u>336,929</u>
NET ASSETS				
Capital Fund	-	35,445,247	35,445,247	29,729,422
Unrestricted	805,027	-	805,027	858,683
	<u>805,027</u>	<u>35,445,247</u>	<u>36,250,274</u>	<u>30,588,105</u>
	<u>\$ 1,173,166</u>	<u>\$ 36,488,196</u>	<u>\$ 37,661,362</u>	<u>\$ 30,925,034</u>

Commitments (Note 8)

Approved by the Directors:

Bill Anglin

Director

David Drummond

Director

COMOX VALLEY AIRPORT COMMISSION

Statement of Changes in Net Assets

Year Ended March 31, 2026

	Operating Fund	Capital Fund	2026 Total	2025 Total
Net Assets - Beginning of Year	\$ 858,683	\$ 29,729,422	\$ 30,588,105	\$ 27,244,051
Excess of Revenues over Expenditures	<u>3,434,134</u>	<u>2,228,035</u>	<u>5,662,169</u>	<u>3,344,054</u>
	4,292,817	31,957,457	36,250,274	30,588,105
Interfund Transfers	<u>(3,487,790)</u>	<u>3,487,790</u>	-	-
Net Assets - End of Year	<u>\$ 805,027</u>	<u>\$ 35,445,247</u>	<u>\$ 36,250,274</u>	<u>\$ 30,588,105</u>

COMOX VALLEY AIRPORT COMMISSION

Statement of Operations

Year Ended March 31, 2026

	Operating Fund	Capital Fund	2026 Total	2025 Total
Revenues				
Advertising	\$ 39,977	\$ -	\$ 39,977	\$ 46,605
Airport Improvement Fees (Note 9)	-	162,187	162,187	1,034,407
Concessions - Car	827,145	-	827,145	708,875
Concessions - Other	132,960	-	132,960	118,603
Concessions - Parking	2,181,368	-	2,181,368	2,056,092
Fuel Commissions	166,523	-	166,523	143,194
Government Funding	-	2,000,000	2,000,000	217,995
Miscellaneous	31,359	-	31,359	51,017
Office Rentals	265,744	-	265,744	261,307
Passenger Facility Fees (Note 10)	1,439,474	-	1,439,474	-
Terminal Fees	2,290,812	-	2,290,812	2,048,347
	<u>7,375,362</u>	<u>2,162,187</u>	<u>9,537,549</u>	<u>6,686,442</u>
Expenses				
Airport Improvement Fees (Note 9)	-	8,008	8,008	78,170
Amortization	-	2,076,570	2,076,570	1,473,146
Bank Charges and Interest	8,142	-	8,142	7,720
Board (Note 14)	96,168	-	96,168	89,950
Customs Fees	84,800	-	84,800	-
Fuel Facility	18,200	-	18,200	14,283
Insurance	78,722	-	78,722	76,928
Marketing	289,423	-	289,423	335,600
Office and Miscellaneous	140,870	-	140,870	121,886
Parking Administration	164,576	-	164,576	157,197
Passenger Facility Fees (Note 10)	76,057	-	76,057	-
Professional Fees	324,548	-	324,548	237,865
Property Taxes	128,733	-	128,733	118,020
Rent	52,871	-	52,871	52,871
Supplies	282,260	-	282,260	271,493
Utilities	107,520	-	107,520	103,712
Volunteers	15,701	-	15,701	17,574
Wages and Benefits	2,072,637	-	2,072,637	2,016,635
	<u>3,941,228</u>	<u>2,084,578</u>	<u>6,025,806</u>	<u>5,173,050</u>
Income from Operations	<u>3,434,134</u>	<u>77,609</u>	<u>3,511,743</u>	<u>1,513,392</u>
Other Income				
Investment Income (Note 11)	-	2,200,011	2,200,011	1,830,662
Writedown of Capital Assets (Note 6)	-	(49,585)	(49,585)	-
	<u>-</u>	<u>2,150,426</u>	<u>2,150,426</u>	<u>1,830,662</u>
Excess of Revenues over Expenses	<u>\$ 3,434,134</u>	<u>\$ 2,228,035</u>	<u>\$ 5,662,169</u>	<u>\$ 3,344,054</u>

COMOX VALLEY AIRPORT COMMISSION

Statement of Cash Flows

Year Ended March 31, 2026

	Operating Fund	Capital Fund	2026 Total	2025 Total
Cash Flows From Operating Activities:				
Cash Received from Passengers and Others	\$ 7,344,463	\$ 2,530,651	\$ 9,875,114	\$ 6,224,092
Cash Paid to Suppliers	(1,832,680)	(8,008)	(1,840,688)	(1,701,456)
Cash Paid to Employees	<u>(2,055,644)</u>	<u>-</u>	<u>(2,055,644)</u>	<u>(2,001,066)</u>
	<u>3,456,139</u>	<u>2,522,643</u>	<u>5,978,782</u>	<u>2,521,570</u>
Cash Flows From Investing Activities:				
Loan Repayments	-	11,250	11,250	14,062
Purchase of Tangible Capital Assets	-	(10,554,546)	(10,554,546)	(614,878)
Investment Income Received	-	3,695,033	3,695,033	900,773
Redemption (Purchase) of Investments	<u>-</u>	<u>1,119,058</u>	<u>1,119,058</u>	<u>(2,989,993)</u>
	<u>-</u>	<u>(5,729,205)</u>	<u>(5,729,205)</u>	<u>(2,690,036)</u>
Cash Flows From Financing Activities:				
Interfund Transfers	<u>(3,487,790)</u>	<u>3,487,790</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash	(31,651)	281,228	249,577	(168,466)
Cash - Beginning of Year	<u>191,611</u>	<u>806,738</u>	<u>998,349</u>	<u>1,166,815</u>
Cash - End of Year	<u>\$ 159,960</u>	<u>\$ 1,087,966</u>	<u>\$ 1,247,926</u>	<u>\$ 998,349</u>

COMOX VALLEY AIRPORT COMMISSION

Notes to Financial Statements

March 31, 2026

1. Nature of Operations:

The Comox Valley Airport Commission (the "Commission") was granted letters patent under the Canada Corporations Act on February 12, 1996. The Commission is also registered as an extraprovincial non-share corporation.

The Commission has operated the civilian air terminal located on leased land from the Crown on CFB Comox grounds since June 1, 1996. The Commission also owns and is developing an adjacent parcel of land on Knight Road to meet further air service demands.

All earnings of the Commission are retained and reinvested in civilian airport operations and development. The Commission is exempt from tax under S.149(1)(l) of the Income Tax Act.

2. Significant Accounting Policies:

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

The Commission follows the restricted fund method of accounting for contributions. Accordingly, revenues received for each of the specific funds and the expenditures incurred by each fund are segregated for accounting and reporting purposes into the following specific funds:

Operating Fund

The Operating Fund accounts for the Commission's operating activities, including the administrative and general costs of operations. This fund reports the assets, liabilities, revenues and expenditures related to unrestricted revenue received. It also includes unspent amounts received that are restricted but do not have another appropriate fund as deferred revenue.

Capital Fund

The Capital Fund reports the assets, liabilities, revenues and expenses related to the Commission's tangible capital asset purchases and expansion projects.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current year. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Significant estimates include the useful lives of tangible capital assets and the resulting amortization of tangible capital assets as well as the date at which permits will be received with respect to the agreement the Commission has entered into to purchase property that would trigger the purchase.

COMOX VALLEY AIRPORT COMMISSION

Notes to Financial Statements

March 31, 2026

2. Significant Accounting Policies (continued):

Tangible Capital Assets

Tangible Capital Assets are initially recorded at cost. Amortization is recorded using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives. The estimated useful lives of capital assets are as follows:

Airside	Lease term
Building	Lease term
Equipment	10 years
Air Terminal Building	Lease term
Furniture and Fixtures	10 years
Conveyance Equipment	20 years
Fuel Facility	Lease term
Groundside	Lease term
Computer Equipment	3 years

Long-Lived Assets

Measurement

Long-lived assets consist of all non-current assets except long term investments. Long-lived assets available for use are measured and amortized as described in the applicable accounting policies.

Impairment

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Assets Held for Sale

The Commission accounts for long lived assets to be sold or transferred as held for sale in the period if there is a plan to sell or transfer the asset utilizing an active program to locate a buyer or other actions required to complete the transfer have been initiated. The asset must be available for immediate sale in its present condition and it is probable the transfer will occur within one year. The asset is measured at the lower of its carrying amount and fair market value less costs to sell and no amortization is taken while it is classified as held for sale.

Financial Instruments

Measurement

The Commission initially measures its financial assets and liabilities at fair value when acquired or issued. The Commission subsequently measures financial assets with actively traded markets at fair value, with unrealized gains or losses reported in the statement of operations. All other financial instruments are reported at amortized cost unless otherwise disclosed. Transaction costs on the acquisition, sale, or issuance of financial instruments that are subsequently measured at cost or amortized cost are brought into cost then recognized into income over the life of the instrument.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

COMOX VALLEY AIRPORT COMMISSION

Notes to Financial Statements

March 31, 2026

2. Significant Accounting Policies (continued):

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 and contributions for operations 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 fees and passenger facility fees are 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 and property 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 are recognized daily based on a percentage of volume used at the fuel facility. Investment revenue is recognized monthly as the investment income is earned within the portfolio.

Government assistance is recognized as revenue in the same period as the relevant expense is incurred.

3. Guaranteed Investment Certificates:

Guaranteed Investment Certificates (GIC's) are recorded at cost plus accrued interest. The interest rate on the GIC's held at March 31, 2026 is 2.7% (2025 - 3.40% and 5.35%).

4. Assets Held for Sale:

At March 31, 2026, the Commission is in the process of transferring 1301 Knight Road. ("Lot D"). The carrying value of Lot D is \$687,993 with an estimated fair value of \$1,249,000. As the fair value exceeds the carrying value, the asset is held at carrying value.

5. Long Term Investments:

	<u>2026</u>		<u>2025</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Fixed Income	\$ 5,057,676	\$ 4,974,149	\$ 4,859,665	\$ 4,845,283
Canadian Equity	-	-	3,797,777	3,904,225
Canadian Income Equity	-	-	315,660	334,763
Combined Equity	9,411,544	9,120,860	-	-
Global Equity	-	-	3,559,524	4,454,594
Hedge Strategies	2,231,911	2,127,699	2,121,515	2,212,512
Real Estate and Other	<u>1,372,002</u>	<u>1,443,224</u>	<u>967,513</u>	<u>992,922</u>
	<u>\$ 18,073,133</u>	<u>\$ 17,665,932</u>	<u>\$ 15,621,654</u>	<u>\$ 16,744,299</u>

COMOX VALLEY AIRPORT COMMISSION

Notes to Financial Statements

March 31, 2026

6. Tangible Capital Assets:

	2026		2025	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 6,489,027	\$ -	\$ 695,886	\$ -
Airside Building	14,156,572	8,692,645	9,464,840	7,714,512
Equipment	452,868	430,603	434,403	422,701
Air Terminal Building	10,274,940	8,200,072	10,268,639	7,482,415
Furniture and Fixtures	411,198	352,002	411,198	342,483
Conveyance Equipment	1,198,171	1,177,956	1,198,171	1,162,002
Fuel Facility	150,356	129,519	150,356	121,184
Groundside	3,566,494	2,777,580	3,538,297	2,464,767
Computer Equipment	292,986	193,921	215,731	177,655
	<u>\$ 36,992,612</u>	<u>\$ 21,954,298</u>	<u>\$ 26,695,643</u>	<u>\$ 20,140,690</u>
Unamortized Cost		<u>\$ 15,038,314</u>		<u>\$ 6,554,953</u>

Airside, building, air terminal building, fuel facility and groundside assets are amortized over the life remaining on the land lease with the Department of National Defence. As at March 31, 2026, two years and three months remain on this lease.

As at March 31, 2026, the Commission has adjusted \$49,585 in previously capitalized planning and development costs to the statement of operations to reflect a change in future plans and will no longer be put into use. As these fees were incurred during the development phase, no amortization had been taken.

7. Obligation Under Agreement:

On November 25, 2025, the Commission entered into a purchase and sale agreement to acquire 1200 Military Row ("1200 Military Row Agreement"), a 9.45 hectare parcel of land adjacent to the Commission, for \$4.9 million. As a condition of the purchase and sale agreement, and in conjunction with the acquisition of 1200 Military Row, the Commission entered into a separate agreement ("Lot D Agreement") with one party of the 1200 Military Row Agreement to transfer Lot D for \$1 and 20 years of annual cell tower fees paid annually, totaling \$440,000. The Lot D agreement is also contingent on completion of other specific conditions, including the relocation of the existing tenant in exchange for the removal of a court ordered subdivision within 1200 Military Row by a third-party.

In accordance with ASPE Section 3831, *Non-Monetary Transactions*, the transfer of Lot D is accounted for as a non-monetary exchange. The transaction is measured at the assessed fair value of the asset given up, Lot D of \$1,249,000. A deferred gain net of the mortgage receivable of \$286,848 is included in deferred revenue and is to be recognized as income upon completion of the Lot D transaction, including removal of all conditions. The deferred obligation to transfer of \$687,983 for Lot D, which represents the current carrying value of Lot D, will be recognized on the date of the Lot D transfer of title.

COMOX VALLEY AIRPORT COMMISSION

Notes to Financial Statements

March 31, 2026

8. Commitments:

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.

The Commission is committed under a lease agreement for land with total future lease payments of \$118,960, assuming there is no further change in the payment amount over the term of the lease.

Lease payments in each of the next three years are estimated as follows:

2027	\$ 52,871
2028	52,871
2029	13,218

9. Airport Improvement Fees:

The Commission collected 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 approximately 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. Effective April 1, 2025, the Commission transitioned from an AIF to a Passenger Facility Fee (PFF). Flights booked by passengers subsequent to April 1, 2025 were subject to this new PFF, further described in Note 10.

For the year ended March 31, 2026, the Commission recorded \$162,187 (2025 - \$1,034,407) in AIF revenue and capital expenditures totaled \$10,609,527 (2025 - \$614,878). As at March 31, 2026, cumulative AIF revenue totals \$16,825,651 (2025 - \$16,663,464), and cumulative capital expenditures totals \$36,544,428 (2025 - \$25,934,901). As at March 31, 2026, the cumulative AIF revenue has been used to fund AIF eligible capital expenditures in accordance with the agreement.

10. Passenger Facility Fees:

Effective April 1, 2025, the Commission entered into an amended memorandum of agreement with the Air Transport Association of Canada ("ATAC") and various air carriers and airports in relation to the collection of Passenger Facility Fees ("PFF"). The PFF effective April 1, 2025 was \$7.50 for each departing passenger. The PFF is collected by signatory carriers who receive a 5% collection fee. As at March 31, 2026, the PFF was \$7.50 for each departing passenger. Unlike AIF revenues, PFF revenues are unrestricted and can be used for both operating and capital expenses.

11. Investment Income:

	<u>2026</u>	<u>2025</u>
Interest Income	\$ 180,746	\$ 211,629
Other Investment Income	799,861	667,553
Gain on Disposal of Investments	2,714,426	19,697
Unrealized Gain (Loss)	<u>(1,495,022)</u>	<u>931,783</u>
	<u>\$ 2,200,011</u>	<u>\$ 1,830,662</u>

COMOX VALLEY AIRPORT COMMISSION

Notes to Financial Statements

March 31, 2026

12. Financial Instruments:

The Commission is exposed to various risks through its financial instruments. It is management's opinion that the Commission is not exposed to significant concentrations at the financial statement date except as otherwise disclosed.

Liquidity Risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting obligations associated with financial liabilities. The Commission is exposed to this risk mainly in respect of its accounts payable.

Credit Risk

Credit risk is the risk that the Commission will incur losses based on credit that it has granted to other parties. The total amount of this exposure is the balance in accounts receivable of \$865,527 (2024 - \$1,029,969). Two customers account for 61% of this balance (2024 - two customers accounted for 61%), but management feels that the risk of collection of these amounts is minimal due to the past payment history of these customers and the organizational size of these customers.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest risk and other price risk.

Currency Risk

Currency risk is the risk that the value of a financial instrument might be adversely affected by changes in foreign exchange rates. The Commission is not exposed to currency risk.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in 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. The Commission is exposed to interest rate rate cash flow risk through its long term investment portfolio.

Other Price risk

Other price risk is the risk that the value of a financial instrument might be adversely affected by changes in market prices other than those arising from interest rate risk or 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 the market. The Commission is exposed to other price risk through its long term investments in equities.

13. Environmental Matters:

The Commission is subject to various laws, regulations and government policies relating to health and safety, to the generation, storage, transportation, disposal and environment emissions of various substances and to the protection of the environment in general. A risk of environmental liability is inherent in the operations; real estate ownership, operation or control; and other commercial activities of the Commission with respect to both current and past operations. Although the effect on operating results and liquidity cannot be reasonably estimated, management believes, based on current information, that environmental matters will not have a material adverse effect on the Commission's financial condition or competitive position.

COMOX VALLEY AIRPORT COMMISSION

Notes to Financial Statements

March 31, 2026

14. Management and Directors' Compensation:

Included in Wages and Benefits for the year ending March 31, 2026 is management compensation of \$808,151 for seven managers (2025 - \$697,252 six managers) with compensation exceeding \$75,000 per annum.

Included in Board expenses for the current year is directors' compensation of \$59,841 (2025 - \$55,711).

15. Comparative Figures:

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