Financial Statements of

SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

And Independent Auditor's Report thereon

Year ended December 31, 2025

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Sudbury Airport Community Development Corporation

Opinion

We have audited the financial statements of Sudbury Airport Community Development Corporation (the Corporation), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of income and comprehensive income (loss) for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

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 auditor's report.

We are independent of the Corporation 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.

KPMG

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 IFRS Accounting Standards, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 the 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 Corporation'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 Corporation'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 Corporation 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.

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

July 29, 2026

SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

Statement of Financial Position

December 31, 2025, with comparative information for 2024

		2025		2024
Assets				
Current assets:				
Cash	$	19,020	$	290,774
Trade and other receivables (note 3)		791,975		719,657
Prepaid expenses		49,262		64,015
Supplies		152,207		112,098
		1,012,464		1,186,544
Property, plant and equipment (note 5)		19,228,995		20,919,034
	$	20,241,459	$	22,105,578
Liabilities and Shareholders' Equity				
Current liabilities:				
Trade and other payables	$	563,735	$	795,938
Payable to the City of Greater Sudbury (note 4)		332,870		974,523
Deferred revenue		209,473		29,178
		1,106,078		1,799,639
Non-current liabilities:				
Employee benefit obligations (note 6)		588,760		541,005
Deferred capital contributions (note 7)		7,469,646		8,120,823
		9,164,484		10,461,467
Shareholders' equity:				
Retained earnings		11,014,613		11,567,017
Accumulated other comprehensive income		62,362		77,094
		11,076,975		11,644,111
Commitments (note 8)				
Contingent liability (note 9)				
	$	20,241,459	$	22,105,578

See accompanying notes to financial statements.

Approved on behalf of the board:

_______________________________ Director _______________________________ Director

SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

Statement of Income and Comprehensive Income (Loss)

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Revenue:		
Passenger facility fee	$ 2,970,046	$ 2,729,763
Rentals and concessions	2,249,544	2,253,592
National landing fees	874,197	832,097
Services	685,238	529,126
Terminal fees	456,824	428,153
Miscellaneous revenue	106,033	98,440
	7,341,882	6,871,171
Expenses:		
Salaries, wages and benefits (note 11)	3,387,792	3,264,211
Other	281,400	265,282
Utilities	386,808	543,265
Maintenance	390,356	471,721
Materials	423,523	291,772
Policing and security	580,504	623,649
Consulting and other professional services	437,279	333,500
Property taxes	320,017	297,131
Administrative charges	320,899	312,574
Insurance	114,633	119,398
	6,643,211	6,522,503
Operating income	698,671	348,668
Gain on the sale of property, plant and equipment	28,594	2,697,667
Depreciation of property and equipment (note 5)	(2,012,466)	(2,401,949)
Amortization of deferred capital contributions (note 7)	651,177	763,816
Interest expense	(8,380)	(402,461)
Grant revenue	90,000	-
Net income (loss)	(552,404)	1,005,741
Comprehensive income (loss)		
Item that will not be subsequently reclassified to net income remeasurement of the employee benefit obligation (note 6)	(14,732)	33,660
Total comprehensive income (loss) for the year	$ (567,136)	$ 1,039,401

See accompanying notes to financial statements.

SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

Statement of Changes in Equity

Year ended December 31, 2025, with comparative information for 2024

		Accumulated other comprehensive income		Retained earnings		Total
Balance, January 1, 2024	$	43,434	$	10,561,276	$	10,604,710
Net income for the year		-		1,005,741		1,005,741
Remeasurement gain of employee benefit obligation		33,660		-		33,660
Balance, December 31, 2024		77,094		11,567,017		11,644,111
Net loss for the year		-		(552,404)		(552,404)
Remeasurement loss of employee benefit obligation		(14,732)		-		(14,732)
Balance, December 31, 2025	$	62,362	$	11,014,613	$	11,076,975

See accompanying notes to financial statements.

SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

		2025		2024
Cash provided by (used in):				
Operating activities:				
Comprehensive income (loss) for the year	$	(567,136)	$	1,039,401
Items not involving cash:				
Gain on sale of property, plant and equipment		(28,594)		(2,697,667)
Depreciation of property and equipment		2,012,466		2,401,949
Amortization of deferred capital contributions		(651,177)		(763,816)
Non-cash employee future benefit obligation expense		(14,732)		(33,660)
		750,827		(53,793)
Changes in non-cash working capital:				
Trade and other receivables		(72,318)		2,845,099
Payable to the City of Greater Sudbury		(641,653)		(6,864,746)
Prepaid expenses		14,753		(15,966)
Deferred revenue		180,295		29,178
Supplies		(40,109)		34,903
Trade and other payables		(232,203)		(970,971)
Employee obligations benefit		62,487		45,365
		22,079		(4,950,931)
Investing activities:				
Purchase of property and equipment		(322,427)		(1,335,393)
Proceeds on disposal of property, plant and equipment		28,594		6,550,000
		(293,833)		5,214,607
Increase (decrease) in cash		(271,754)		263,676
Cash, beginning of year		290,774		27,098
Cash, end of year	$	19,020	$	290,774

See accompanying notes to financial statements.

The Sudbury Airport Community Development Corporation (the “Corporation”) is incorporated without share capital under the laws of Ontario. Its principal business activity is to manage, operate and maintain the Sudbury Airport. The address of its registered office is 5000 Air Terminal Drive, Suite T202, Garson, Ontario P3L 1V4.

The objective of the Corporation is to promote community economic development in the City of Greater Sudbury (the “City”) with the co-operation and participation of the community by encouraging, facilitating and supporting community strategic planning and increasing self-reliance, investment and job creation within the community through the development and enhancement of the Sudbury Airport.

The Corporation is a municipal corporation pursuant to paragraph 149(1)(d.5) of the Income Tax Act (Canada) and is therefore exempt from income taxes having met certain requirements of the Income Tax Act (Canada).

1. Basis of presentation:

(a) Statement of compliance:

These financial statements of the Corporation have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”).

The financial statements were approved and authorized for issue at the Annual General Meeting on May 4, 2026.

(b) Basis of measurement:

The financial statements have been prepared using the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the functional currency of the Corporation. All financial information presented has been rounded to the nearest Canadian dollar.

(d) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

1. Basis of presentation (continued):

(d) Use of estimates and judgments (continued):

Significant Judgment in Applying Accounting Policies:

The areas which require management to make significant judgments in applying the Corporation's accounting policies in determining carrying values include, but are not limited to:

Valuation of property, plant and equipment

The Corporation is required to use judgment in determining if indicators of impairment exist at each reporting date. For all assets this determination impacts whether or not the Corporation performs a detailed impairment assessment which could result in impairment charges. In making this judgment, the Corporation considers external information on the industry and market trends including the impact on costs to construct and maintain the assets. The Corporation also considers decisions by management to change the extent and manner in which the asset is used or is expected to be used.

Valuation of lease obligations

The Corporation is required to use judgment in determining whether or not an arrangement contains a lease, as well when determining the lease term. When determining such, the Corporation must consider factors in the agreement, the economic environment, and credit risk.

Significant Accounting Estimates and Assumptions:

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

Discount rate of lease obligations

If the discount rate is not implicit in the capital lease agreement, the Corporation is required to use their own incremental borrowing rate. The Corporation is required to use estimation in determining their own incremental borrowing rate. This rate factors in credit risk, term of lease, the economic environment, as well as the nature of any security. This rate impacts both the value of the capital lease and the monthly principal repayments.

Depreciation of property, plant and equipment and amortization of deferred capital contributions

Significant estimation is involved in the determination of useful life and residual values for the computation of depreciation of property, plant and equipment and amortization deferred capital contributions and no assurance can be given that the actual useful lives and residual values will not differ from current assumptions.

1. Basis of presentation (continued):

(d) Use of estimates and judgments (continued):

Provision for impairment of trade and other receivables

Significant estimation is involved in the determination of the provision for impairment over trade and other receivables. IFRS 9 allows for the use of a provision matrix where the expected credit loss is determined as a fixed percentage based historical data. However, significant estimation is involved when assessing both current and prospective information and applying to such provision.

Computation of employee benefit obligation

Significant estimation is involved in the determination of the discount rate, inflation rate, rate of compensation increase, medical cost increase rate, and other various inputs that factor into the value of the employee benefit obligation. The Corporation uses a third party actuary to assist in computing such rates which factors in both current and prospective company and economic environment data.

2. Summary of significant accounting policies:

(a) Revenue recognition:

National landing fees, terminal fees, passenger facility fees, rentals and concessions and services are recognized as revenue in the year when the respective service is performed.

Contributions restricted for property and equipment purchases (capital contributions) are deferred and amortized to revenue on the same basis as the related property, plant and equipment is depreciated. Unrestricted contributions are recognized as revenue when received.

(b) Property, plant and equipment:

Property, plant and equipment is stated at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset, including the costs of borrowing on qualifying assets and any other costs directly attributable to bringing the assets to a working condition for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent expenditures are capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Corporation. Ongoing repairs and maintenance is expensed as incurred.

Depreciation is calculated over the depreciable amount and is recognized in income on a straight-line basis over the estimated useful life of each part of component of an item of property, plant and equipment. The depreciable amount is cost.

2. **Summary of significant accounting policies (continued):**

(b) Property, plant and equipment (continued):

Depreciation is provided using the following methods and annual rates:

Buildings	10 - 30 years
Equipment	2 - 80 years
Runway	15 years
Parking lot	20 years
Land development	20 - 80 years

Assets under construction are not depreciated until they are placed into use in the manner intended by management.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(c) Impairment of non-financial assets:

At each reporting date, the Corporation reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If such indication exists, then the assets recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use (which is the present value of the expected future cash flows of the relevant asset or cash generating unit). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Corporation evaluates impairment by examining long-lived assets for impairment indicators and examines any prior years' impairment losses for potential reversals when events or circumstances warrant such consideration.

(d) Employee benefit obligations:

Vacation entitlements are accrued for as entitlements are earned.

Sick leave benefits are accrued where they are vested and subject to payout when an employee leaves the Corporation.

Other post-employment benefits are accrued in accordance with the projected benefit method pro-rated on service and management's best estimate of salary escalation and retirement ages of employees. The related liability recognized in the statement of financial position is the present value of the obligation at the statement of financial position date. The present value of the obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating the term of the related liability.

Actuarial valuations for the sick leave and other post-employment benefit plans are carried out at each statement of financial position date.

Actuarial gains and losses are recognized in full immediately in other comprehensive income and are reported in accumulated and other comprehensive income.

2. Summary of significant accounting policies (continued):

(d) Employee benefit obligations (continued):

Current service cost, the recognized element of any past service cost, and the interest arising on the liability are included in salaries and benefits on the statement of income and comprehensive income.

Past-service costs are recognized immediately to the extent the benefits are vested, and otherwise are amortized on a straight-line basis over the average period until the benefits become vested.

i) Pension plan:

The Corporation provides a pension plan for all its full-time employees through the Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund (the Fund), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefits pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in net income when they are due.

(e) Financial instruments:

(i) Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

2. Summary of significant accounting policies (continued):

(e) Financial instruments (continued):

At initial recognition, the Corporation classifies its financial instruments in the following categories, depending on the purpose for which the instruments were acquired:

(ii) Loans and receivables: Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. The Corporation's loans and receivables comprise trade and other receivables, and cash which are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(iii) Financial liabilities at amortized cost: Financial liabilities at amortized cost comprise trade and other payables and payable to the City of Greater Sudbury. These items are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, these items are measured at amortized cost. Financial liabilities are classified as current liabilities if payments are due within 12 months. Otherwise, they are presented as non-current liabilities on the statement of financial position.

(f) Provisions:

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, when it is more likely than not that the Corporation will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flow that reflects the current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(g) Leases:

At interpretation of a contract, the Corporation assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation uses the definition in IFRS 16.

At inception or on modification of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

2. Summary of significant accounting policies (continued):

(g) Leases (continued):

When the Corporation acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Corporation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains a lease and non-lease component, then the Corporation applies IFRS 15 to allocate the consideration in the contract.

Generally, the accounting policies applicable to the Corporation as a lessor in the comparative period were not different from IFRS 16 except for the classification of subleases. The Corporation does not currently hold and sub-lease contracts.

3. Trade and other receivables:

	2025	2024
Trade receivables	$ 507,940	$ 599,869
Less: provision for impairment	(27,171)	(39,815)
Trade receivables - net	480,769	560,054
Other receivables	311,206	159,603
Trade and other receivables	$ 791,975	$ 719,657

The fair values of trade and other receivables approximate their book values due to their short-term nature.

As at December 31, 2025, trade receivables of $34,510 (2024 - $47,214) were past due but not impaired. These receivables relate to a number of customers for whom there is no recent history of default. The aging of these trade receivables is as follows:

	2025	2024
31 days to 3 months	$ 21,717	$ 23,429
3 to 6 months	3,909	8,324
Over 6 months	8,884	15,461
	$ 34,510	$ 47,214

3. Trade and other receivables (continued):

The provision for impaired trade receivables is recognized in the statement of income and comprehensive income within operating expenses. When a balance is considered uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to operating expenses in the statement of income and comprehensive income when they occur.

Other receivables within trade receivables and other receivables do not contain impaired amounts.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of trade and other receivables mentioned above. The Corporation does not hold any collateral as security.

4. Payable to the City of Greater Sudbury:

The Corporation is owned by the City and run in accordance with an operating agreement between the City and the Corporation (the operating agreement). Under the terms of the operating agreement, employees of the Corporation remain employed by the City; however, the Corporation is responsible for reimbursing the City for all employee related costs.

All cash receipts and disbursements of the Corporation are received and paid by the City. Therefore, cash flows of the Corporation flow through the City. The resulting payable as at December 31, 2025 in the amount of $332,870 (2024 - $974,523) is unsecured and the Corporation accrues interest at the City's average monthly rate of return on investments, plus a margin of 1% and has no specified terms of repayment. In the event the account is in a receivable balance, it earns interest at the City's average monthly rate of return on investments.

Included in operating expenses is $260,222 (2024 - $248,583) charged by the City for the provision of administrative services. In addition, interest in the amount of $8,380 (2024 - $402,461) was paid during the year.

5. Property, plant and equipment:

Cost:

	Buildings	Equipment	Runway	Transferred assets	Assets under construction	Parking lot	Land development	Total
Balance, January 1, 2024	$ 21,698,763	$ 11,678,212	$ 15,666,659	$ 2	$ 132,484	$ 540,677	$ 4,977,552	$ 54,694,349
Transfers	18,827	-	-	-	(18,827)	-	-	-
Additions	469,778	848,674	7,411	-	9,530	-	-	1,335,393
Disposals	(7,535,024)	-	-	-	-	-	-	(7,535,024)
Balance, December 31, 2024	14,652,344	12,526,886	15,674,070	2	123,187	540,677	4,977,552	48,494,718
Transfers	-	-	-	-	(25,067)	25,067	-	-
Additions	88,820	117,530	25,443	-	90,634	-	-	322,427
Disposals	-	-	-	-	-	-	-	-
Balance, December 31, 2025	$ 14,741,164	$ 12,644,416	$ 15,699,513	$ 2	$ 188,754	$ 565,744	$ 4,977,552	$ 48,817,145

Accumulated depreciation:

	Buildings	Equipment	Runway	Transferred assets	Assets under construction	Parking lot	Land development	Total
Balance, January 1, 2024	$ 8,170,101	$ 8,156,972	$ 9,107,912	$ -	$ -	$ 333,883	$ 1,622,901	$ 27,391,769
Disposals	(2,218,034)	-	-	-	-	-	-	(2,218,034)
Depreciation expense	725,094	561,342	912,594	-	-	27,034	175,885	2,401,949
Balance, December 31, 2024	6,677,161	8,718,314	10,020,506	-	-	360,917	1,798,786	27,575,684
Disposals	-	-	-	-	-	-	-	-
Depreciation expense	541,624	610,388	616,292	-	-	68,276	175,886	2,012,466
Balance, December 31, 2025	$ 7,218,785	$ 9,328,702	$ 10,636,798	$ -	$ -	$ 429,193	$ 1,974,672	$ 29,588,150

Carrying amounts:

	Buildings	Equipment	Runway	Transferred assets	Assets under construction	Parking lot	Land development	Total
At December 31, 2024	$ 7,975,183	$ 3,808,572	$ 5,653,564	$ 2	$ 123,187	$ 179,760	$ 3,178,766	$ 20,919,034
At December 31, 2025	7,522,379	3,315,714	5,062,715	2	188,754	136,551	3,002,880	19,228,995

Transferred assets represent assets acquired pursuant to an agreement with Transport Canada that transferred the Sudbury Airport on March 31, 2000 to the newly incorporated Sudbury Airport Community Development Corporation. This transfer included the transfer of all chattels by way of bill of sale and property by way of instruments of grant to the Corporation for consideration of $2. The Corporation has recorded both the asset and the grant at the exchange amount of $2 pursuant to the guidance under IAS 20, Accounting for Government Grants and Disclosure of Government Assistance.

6. Employment benefit obligations:

	2025	2024
Other post-employment and sick leave benefits	$ 183,845	$ 171,071
Vacation pay	404,915	369,934
	$ 588,760	$ 541,005

Other post-employment benefits represent the Corporation's share of the cost to provide certain employees with extended benefits on early retirement.

Accumulated sick leave benefits accrue to certain employees of the Corporation and are paid out either on approved retirement, or on termination or death.

The most recent actuarial valuation pertaining to other post-employment and sick leave benefits was as at December 31, 2024.

The movement in the employee benefit obligation and fair value of assets for other post-employment and sick leave benefits during the year is as follows:

	2025	2024
Other post-employment benefits:		
Balance, beginning of year	$ 171,071	$ 156,648
Current service cost	14,065	65,362
Interest cost	5,800	5,572
Actuarial loss (gain) – economic	14,732	(33,660)
Benefits paid	(21,823)	(22,851)
Balance, end of year	$ 183,845	$ 171,071
Assets:		
Fair value, beginning of year	$ –	$ –
Employer contributions	21,823	22,851
Benefits paid	(21,823)	(22,851)
Fair value, end of year	$ –	$ –

6. Employment benefit obligations (continued):

The amounts recognized in the statement of income and comprehensive income are as follows:

	2025	2024
Current service cost	$ 14,065	$ 65,362
Interest cost	5,800	5,572
Employee benefit expense recognized in net income	$ 19,865	$ 70,934
Actuarial gain (loss) recognized in other comprehensive income	$ (14,732)	$ 33,660

The significant actuarial assumptions used in measuring the Corporation's employee benefit obligation for other post-employment and sick leave benefits are as follows:

	2025	2024
Discount rate	3.25%	3.50%
Rate of compensation increase	3.50%	3.10%
Medical cost increase	4.20%	5.10%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience.

7. Deferred capital contributions:

Deferred capital contributions represent the unamortized balance of grants received for the purchase of property, plant and equipment:

Details of the change in deferred capital contributions are as follows:

	2025	2024
Balance, beginning of year	$ 8,120,823	$ 10,349,296
Less: amount recognized as revenue in the year	(651,177)	(763,816)
Less: deferred capital contributions related to assets disposed of during the year	–	(1,464,657)
Balance, end of year	$ 7,469,646	$ 8,120,823

8. Commitments:

The Corporation has entered into an Assignment, Assumption and Indemnity Agreement, which relates to the Corporation taking on all the rights related to the leasing of land to the Province of Ontario for air ambulance and for the forest fire facility at the airport.

NAV CANADA operates a flight service station at the airport. There is an agreement with NAV CANADA to perform these functions and a lease has been entered into for the land under its tower and space in the administration building.

The Corporation has entered into an agreement with a company for the provision of security services which ends November 28, 2027. The agreement was not a set amount but rather billed on an hourly basis every month.

9. Contingent liability:

Pursuant to funding agreements with Transport Canada, the Corporation may in certain circumstances be considered in default of the agreement. Should the Corporation be considered in default of the agreement, action may be taken, which could result in repayment of funding or cancellation of the agreement.

10. Pension agreement:

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2025, the Corporation made employer contributions of $239,388 to OMERS (2024 - $221,120) which is included within salaries, wages and benefits on the statement of operations.

The Corporation estimates a contribution of $256,149 to OMERS during the next fiscal year.

11. Related party transactions:

Related parties:

The Corporation enters into transactions with the City in the normal course of operations relating to charges and reimbursements for salaries, management fees and other operating expenses (note 4).

Compensation of key management:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Key management personnel include the Corporation's Chief Executive Officer.

Compensation paid/payable to key management personnel are as follows:

	2025	2024
Total included in salaries, wages and benefits	$ 228,250	$ 221,773

12. Change in accounting estimate – capital assets:

During the year, the Corporation completed a comprehensive review of its property, plant and equipment. Based on the results of this review, management revised its estimates of the useful lives of certain depreciable assets. The changes were applied prospectively and resulted in a decrease in depreciation expense of $222,655 and deferred capital contribution of $106,127 for the year ended December 31, 2025.

13. Financial instruments and risk management:

Financial instruments are classified into one of the following categories: cash, trade and other receivables and other financial liabilities (comprises trade and other payables and payable to the City). The carrying values of the Corporation's financial instruments are as follows:

	2025	2024
Cash, trade and other receivables	$ 810,995	$ 1,010,431
Other financial liabilities	896,605	1,770,461

Cash, trade and other receivables and trade and other payables carrying values approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

It is not practicable to determine the fair value of the amount payable to the City as there are no fixed repayment terms.

i) Risk management:

The Corporation's operating activities result in financial risks that may arise from changes in market risk, credit risk and liquidity risk.

ii) Market risk:

The Corporation conducts the majority of its business in Canadian dollars. Accordingly, the Corporation's exposure to foreign currency risk is minimal. The Corporation does not have any external variable rate or term debt. Accordingly, the Corporation has no significant interest rate risk.

The Corporation is subject to credit risk through its financial assets. The Corporation performs ongoing credit valuations of these balances and maintains impairment provisions

for potential credit loss. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about the customer.

13. Financial instruments and risk management (continued):

ii) Market risk (continued):

The Corporation derives a substantial portion of its operating revenues from air carriers through landing fees and terminal charges. There is a concentration of service with three air carriers, which represents approximately 65% (2024 - 73%) of terminal fees and national landing fees and 45% (2024 - 48%) of the trade and other receivable balance as at December 31, 2025.

iv) Liquidity risk:

The Corporation manages liquidity risk by maintaining adequate cash balances. The table below analyzes the Corporation's financial liabilities based on the remaining period at the statement of financial position date to the contractual maturity date. The following table has been prepared based on the contractual undiscounted cash flows.

			2025
	Less than 1 month	1 month to 12 months	1 year to 5 years
Trade and other payables	$ 460,727	$ 98,643	$ 4,365

			2024
	Less than 1 month	1 month to 12 months	1 year to 5 years
Trade and other payables	$ 297,154	$ 488,174	$ 10,610

The amount payable to the City has not been included in the above table as there are no fixed repayment terms.

v) Capital risk management:

The Corporation defines capital that it manages as its equity. The Corporation's objective when managing capital is to maintain financial flexibility in order to preserve its ability to meet financial obligations as they come due. As at December 31, 2025, the Corporation's retained earnings and accumulated other comprehensive income amounted to $11,076,975 (2024 - $11,644,111).

14. Accounting standards issued but not yet effective:

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning on or after 1 January 2026 and earlier application is permitted. Other than the amendments described in A below, the Corporation has not early adopted any new or amended accounting standards in preparing these consolidated financial statements.

(a) Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7):

In May 2024, the International Accounting Standards Board ("IASB") issued Amendments to the classification and Measurement of Financial Instruments which amended IFRS 9 and IFRS 7.

The requirements will be effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted, and are related to:

- settling financial liabilities using electronic payments system; and
- assessing contractual cash flow characteristics of financial assets, including those with sustainability-linked features.

The Corporation is in the process of assessing the impact of the new amendments.

(b) IFRS 18 Presentation and Disclosures in Financial Statements:

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new accounting standard introduces the following key new requirements:

- The Corporation is required to classify all income and expenses into five categories in the statement of profit or loss, namely operating, investing, financing, discontinued operations and income tax categories. The Corporation is also required to present a newly defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Corporation is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Corporation's statement of profit or loss, the statement of cash flows and the additional disclosures required for MPMs. The Corporation is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

14. Accounting standards issued but not yet effective (continued):

(c) Other accounting standards:

The following amendments to accounting standards are not expected to have a significant impact on the Corporation's consolidated financial statements:

- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7); and
- Annual Improvements to IFRS Accounting Standards – Volume 11.