



Gander Int'l Gander International
Airport Authority

2025 ANNUAL REPORT

An aerial photograph of an airport tarmac, showing a large aircraft on the right, several terminal buildings in the background, and a parking lot in the foreground. The image is dark and serves as a background for the text.

who we are

The Gander International Airport Authority is the not-for-profit organization created in 1996 to manage operations at CYQX. The GIAA is a community-based, non share capital corporation whose profits are reinvested back into the airport. The airport plays a key role in the economic and community development of the Central Newfoundland region.

mission statement

To be Central Newfoundland's valued airport partner, bringing together people, places, and possibilities while contributing to the province's prosperity.

01

YEAR IN REVIEW

- 04 Message from the Chairperson
 - 07 Message from the President and CEO
 - 11 Business Development Overview
 - 13 Financial Performance
 - 15 Community Engagement
 - 16 Infrastructure and Operations
 - 16 Safety Overview
 - 18 Corporate Governance
 - 21 GIAA 2025 Board of Directors
 - 22 Auditor's Report
 - 25 Audited Financial Statements
-

MESSAGE FROM THE Chairperson of the Board

It has been a privilege to serve as Chairperson of the Gander International Airport Authority and to write this message for the 2025 Annual Report. This airport has always been more than infrastructure. It is a public trust, a regional connector, and a working expression of Central Newfoundland's confidence in its own future.

As I reflect on 2025, I do so with gratitude. I am thankful for the opportunity to serve with a Board that understands its duty of stewardship, for a management team that has led with discipline and resolve, and for employees and airport partners whose professionalism keeps YQX safe, reliable, and ready in every season.

For the Board, 2025 was a year of continued development and deliberate focus on governance. Good governance does not happen by accident. It requires principle, renewal, honest reflection, and a willingness to test whether the organization is asking the right questions and applying the right oversight. During the year, the Board continued to strengthen its committee work, clarify its priorities, and maintain a strong focus on risk, accountability, and long-term sustainability.

We also placed emphasis on Board renewal and recruitment. The Authority has benefited from directors who bring a wide range of professional experience, community knowledge, and judgment to the table. As vacancies arise, it is important that we continue to recruit talented, engaged directors with the skills required to guide an increasingly complex organization. Finance, legal, governance, infrastructure, business development, and community leadership all matter. So too does a genuine commitment to the airport's public purpose.

In 2025, the Board also undertook a self-audit to review its own performance. This was an important exercise. It allowed directors to assess how effectively we are fulfilling our governance responsibilities, where our practices are strong, and where we can continue to improve. The purpose was not simply compliance. It was to ensure the Board remains capable, informed, constructive, and focused on the long-term interests of the airport and the region it serves.

While the Authority made measurable progress in 2025, the Board's role is not to take comfort from a single year's results. Gander still faces the realities of a changing aviation industry, seasonal weakness, constrained regional connectivity, infrastructure pressure, and rising costs. Our responsibility is to govern with a long view, protecting the airport's core role while supporting new opportunities in cargo, property development, defence readiness, tourism, and air service growth.



As my service on the Board comes to a close, I want to express my full confidence in Susan Sullivan as my successor. Susan brings deep experience in public service, governance, education, and community leadership. She understands the importance of this airport to the region, and I know she will bring judgment, steadiness, and commitment to the role of Chairperson.

To my fellow directors, the airport team, our partners, tenants, passengers, and the communities we serve, thank you for the privilege of contributing to this organization. Gander International Airport has endured much, but it continues to move forward with purpose.

A handwritten signature in black ink, appearing to read "Gene Hedges", written over a horizontal line.

Gene Hedges / Chairperson

Corporate VALUES

Community Focused

Gander International Airport is a vital public trust run for and by the regional community. As a purpose-driven, not-for-profit organization, we understand our responsibility to be airport stewards and operate the airport in the shared interests of passengers and stakeholders.

Trusted and Reliable

We aim to bring our best to every passenger and aircraft we serve, every day. better. We understand that while success varies, integrity is foundational, which means striving to do the right thing, even when no one is watching.

Efficient

We strive to minimize waste, reduce energy consumption, and improve services. We strive to provide a safe, seamless, enjoyable customer experience from curb to gate.

Progressive

We are committed to adaptability, innovation, and a forward-thinking approach to managing and developing the airport.



MESSAGE FROM THE President and CEO

At our last annual general meeting, I borrowed from Andy Dufresne's escape in *The Shawshank Redemption* and suggested we were finally at the point where we could see the exit after a long crawl through the tunnel.

In 2025, it feels as though we crawled out of the tunnel and into the rain. That does not mean the story is over.

The Gander International Airport Authority still operates in an industry shaped by airline consolidation, pilot shortages, cost volatility, geopolitical upheaval, and insufficient seat capacity, even as Central Newfoundland needs it most.

But 2025 proved that the work is moving. Passenger traffic grew by 5%, driven by a strong summer season. International traffic strengthened across all categories. Successful European proving flights for premium Newfoundland and Labrador lobster showed that Gander can play a role in high-value, time-sensitive seafood exports. The Seafood Cargo Centre moved from concept to construction. Sense of Arrival improvements enhanced the passenger and visitor experience. The airport's year-end financial performance improved by more than \$1.6 million compared to 2024, one of the clearest signs yet that GIAA's post-COVID recovery is taking hold.

None of this happened by accident. It came from disciplined cost control, a stronger revenue mix, careful use of reserves, and a team that continues to do difficult work without much fuss. It also came from partners who understand that the airport is part of the region's economic backbone.

The single biggest challenge facing the airport remains year-round regional connectivity. Winter and shoulder-season service is too thin. We still have to fight for every improvement in schedule, frequency, and connectivity. Airports do not control air service decisions. We advocate. We make the case. We bring data, incentives, persistence, and the support of our partners. Until we address off-peak seat scarcity and schedule utility, we will continue to face avoidable constraints. This is priority one.

The point now is repeatability. One good year is welcome. A stronger operating model is the real goal. GIAA has to build success that can withstand a hard winter, a soft shoulder season, a delayed capital project, an airline schedule that falls short, or a world in flux. That means growing revenue beyond passenger traffic alone, protecting liquidity, developing the airport campus, improving the passenger experience, and making careful infrastructure investments.

There are also significant opportunities before us, particularly Gander's growing relevance to military and maritime reconnaissance, training, and staging activities in the North Atlantic.

We manage the airport with business discipline while remaining rooted in public purpose. Our goal is not shareholder return. It is regional return: better connectivity, stronger trade, safer operations, more resilient infrastructure, and more reasons for people, businesses, and visitors to choose Central Newfoundland.

So it is good to be out of the tunnel, but this is not a victory lap. We are not reunited with Morgan Freeman on a beach in Mexico. The task now is to keep moving ahead, with discipline and purpose, toward something more durable than recovery.



Reg Wright / President and CEO



OUR TEAM (as of Dec. 31, 2025)

Airfield Maintenance Specialists

Mike Foley Steve Holden
 Joey Hunt Scott Penney
 Colin Pope Adam Roberts
 Jason Timmons Barry Torraville
 Travis Bauld Jody Shea
 Jason Sweetapple Cody Clair
 Dale Bath Craig Rogers
 Matthew Edison Thomas Newman
 Braden Downer

Electrical/Mechanical

Boyde Freake, Supervisor of Mechanical Maintenance
 Stephen Fleming, Lead Electrician
 Jordan Stokes, Electrician
 Craig Howse, Power Engineer

Firefighter

Robert Brown

Carpenter

Shannon Gillingham

Mechanics

Lyndon Lewis, Lead Mechanic
 Kyle Hopkins, Mechanic
 Nicholas Gillingam, Apprentice Mechanic

Administration

Tina Slade, Supervisor of Finance and Human Resources
 Janice Bath, Executive Assistant

Management

Reg Wright, President and CEO
 Tony Hiscock, Vice-President and CFO
 Corey Winter, Manager of Safety and Aviation
 Garrett Watton, Manager of Security and Facilities







Business Development

Air service remains GIAA's core function and its most important strategic challenge. In 2025, total passenger traffic increased by 5% over the previous year. The result was built on strong summer performance, with peak summer growth of approximately 20 percent. The recovery is real, but it remains incomplete. Passenger performance reached approximately 74 percent of 2019 levels by year-end. The remaining gap represents not only lost passengers, but lost revenue, lost schedule utility, and lost competitiveness for a region whose industries depend on the reliable movement of people and goods.

The year confirmed a clear pattern. When capacity and schedule are present, the market responds. When service is thin, poorly timed, or clustered into narrow windows, demand is suppressed. This is especially true in the fall and winter shoulder seasons, when Central Newfoundland's business, health, education, labour, tourism, and resource sectors still require dependable same-day access to larger centres.

Air Canada remained Gander's principal network carrier. The return of stronger summer capacity, including mainline aircraft on Toronto, helped support peak-season growth. At the same time, the performance of certain overnight and morning services showed that timing, bank connectivity, and market density matter as much as seat count.

PAL Airlines continued to play an important role in intraprovincial connectivity. A small decline in PAL passengers was largely attributable to reduced charter activity following the scaling down of the Vale project. Scheduled service improvements, including the addition of Sunday flying, helped soften the effect.

GIAA continued active route development work through airline meetings, data submissions, and incentive discussions. Provincial air access support created a potential tool for improving off-peak service, with GIAA prepared to match public support through concessions and rebates if an airline commitment can be secured. This remains a central priority because the airport's core weakness is not peak-season demand. It is the lack of depth in the year-round schedule.

International Traffic

International activity strengthened in 2025 across all categories. International passenger technical stops increased by approximately 50 percent, cargo flights by approximately 43 percent, military activity by approximately 18 percent, corporate jet patronage by approximately 19 percent, and total widebody activity by approximately 27 percent.

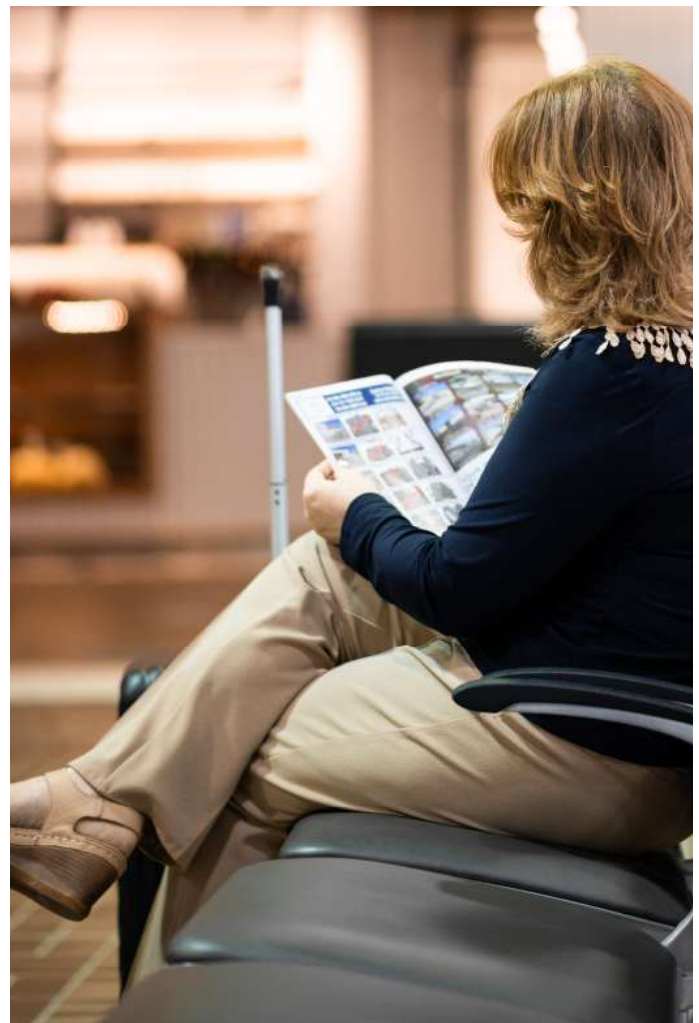
The year also reinforced Gander's strategic position in the North Atlantic. Military and allied activity continued to grow, including increased use of the airport for training, maritime reconnaissance, staging, and transatlantic support. Gander's advantages for maritime patrol aircraft, including uncongested airspace, long runway availability, and proximity to North Atlantic tasking areas. As Canada and its allies increase defence and NATO-related spending, Gander has a credible role to play. The airport's location, infrastructure, operating history, and established use by allied aircraft make it a practical platform for dual-use investment. For GIAA, the opportunity is to ensure that future defence and readiness planning recognizes the value of existing civilian airport infrastructure, particularly where targeted investment could strengthen both regional aviation resilience and North Atlantic operational capability.

Land Development

Land and property development remained an essential part of GIAA's financial resilience in 2025. Rental revenue grew to nearly \$2.4 million, an increase of roughly 6.5 percent over the previous year, and represented approximately 23 percent of total revenue. That recurring income is important because it gives the Authority a more stable base than traffic-dependent aeronautical revenue alone.

Renewed leases, stronger parking performance, and continued attention to terminal and airport land use helped strengthen the non-aeronautical revenue base. When combined with concessions, rentals accounted for approximately one-third of total revenue, underscoring the importance of making the airport campus work harder for the region and for the Authority's long-term sustainability.

These efforts reflect a broader strategy: building a more diversified airport business that supports core operations while creating room for future growth.





Financial Performance

Strong recovery in 2025

In 2025, the GIAA delivered a meaningful financial turnaround. Revenue reached \$10.43 million, compared with \$8.64 million in 2024. Expenses totalled \$9.54 million, compared with \$9.37 million the previous year. The Authority recorded excess revenue over expenses of \$882,930, compared with a \$727,612 deficit in 2024. This represents a positive swing of approximately \$1.62 million. Revenue increased by approximately \$1.78 million, or 21 percent, while expenses increased by approximately \$171,194, or less than two percent.

Revenue

Aviation fuel fees reached \$1.78 million, up from \$1.06 million in 2024. Landing fees increased to \$1.26 million, terminal fees increased to \$675,881, and Airport Improvement Fees reached \$1.96 million. Non-aeronautical activity remained essential to the airport's resilience. Rental revenue reached \$2.4 million, concessions reached \$1.01 million, and investment income reached \$909,568.

Operating Expenses

Total expenses increased modestly despite continued cost pressure, while operating expenses were kept below inflation. Wages and employee benefits remained the largest expense category at \$3.11 million. Utilities, maintenance contracts, security contracts, insurance, repairs, and materials remained significant operating requirements for a facility that must be open, safe, secure, and compliant regardless of passenger volume.

Depreciation, net of grant amortization, totalled \$1.81 million. This reflects the scale of the asset base and the reality that airports are capital-intensive enterprises.

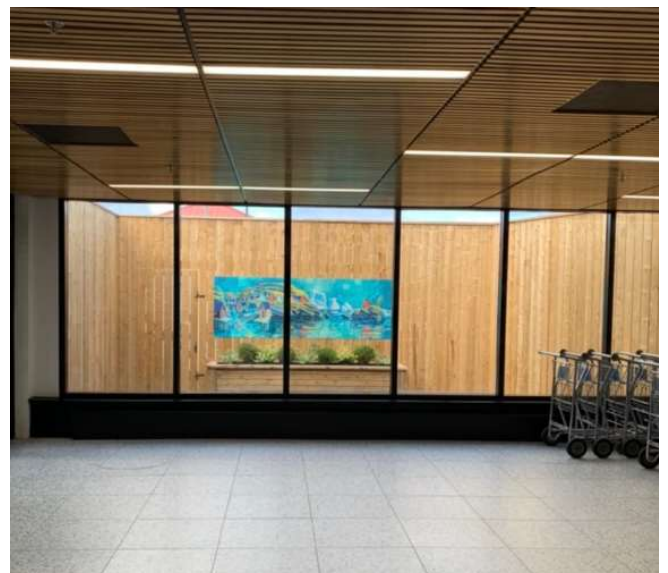
Capital Investment and Liquidity

GIAA purchased \$5.45 million in tangible capital assets in 2025, compared with \$1.46 million in 2024. The largest driver was the Seafood Cargo Centre and related work in progress. Tangible capital assets increased to \$33.45 million, and assets under development reached \$4.14 million at year-end.

Cash and short-term investments, net of the operating overdraft, ended the year at \$10.19 million. Net assets increased to \$15.35 million. This liquidity remains important as the Authority advances major capital projects, manages debt obligations, and absorbs the volatility inherent in regional aviation.

Overall Performance

The 2025 surplus is an important result because it shows a stronger operating model beginning to take shape. It should be treated as progress, not permission for complacency. The airport still needs more reliable year-round air service, continued growth in non-aeronautical revenue, and disciplined capital planning to sustain positive performance.



Community Engagement

As a community-based, not-for-profit airport authority, GIAA's work extends beyond aircraft movements and terminal operations. The airport supports public events, tourism, heritage, education, economic development, emergency response, and regional advocacy.

Airport Workers Day was again used to recognize the employees and partners who keep the airport functioning. Their work is often most visible during disruption, bad weather, diversions, emergencies, and peak travel days. The airport's ability to serve the public depends on their competence and consistency.

The International Lounge continued to serve as one of the region's most recognizable public spaces. It supported tours, community gatherings, cultural activity, and media exposure, including the airport's selection as a pit stop location for The Amazing Race Canada. These uses reinforce the Lounge's relevance as both a heritage asset and a living civic space.

In 2025, GIAA and the Town of Gander formalized its partnership through a new 10-year shared services agreement. The agreement supports continued collaboration on municipal services, land planning, tourism development, and strategic infrastructure, reflecting the practical reality that the Town and the Airport are deeply connected.



\$70 Million

in capital works projects
completed over the
last 20 years

27,851

total aircraft
movements

16%

increase in
aircraft landings

Infrastructure and Operations

Reinvesting in Gander International Airport

In 2025, GIAA continued to reinvest in infrastructure, safety, environmental stewardship, and operational resilience. The work was practical and strategic. Some projects improved the passenger experience. Some protected core assets. Some positioned the airport for new business activity. Others ensured continued compliance in a regulatory environment that grows more complex each year.

Capital

The GIAA invested \$5.4 Million strategically in capital improvements during 2025, focusing on facility modernization, operational infrastructure, and critical commercial development initiatives.

ATB Energy Retrofit

Terminal efficiency work continued through heating, hot-water, and control-system upgrades. A \$305,000 domestic hot-water project was launched to replace an oil-fired system with an air-to-water heat pump serving kitchens, staff areas, and public washrooms. Provincial support reduced GIAA's share of that project to \$76,250, delivering broader energy-efficiency improvements at less than the original budget for a basic tank replacement.

Seafood Cargo Centre

The Seafood Cargo Centre made significant progress in 2025. Construction progressed across multiple

workstreams, including site work, building tendering, live-holding systems, and specialized fit-up. By year-end, assets under development related to the project totalled \$4.14 million.

Once commissioned in 2026, the facility is expected to support storage of up to 75 tonnes of fresh or live seafood, allowing faster handling and improved access to export markets. A series of successful proving flights carried premium Newfoundland lobster to Spain in the spring, with no shipping mortality reported and strong market reception.

Sense of Arrival Project

The Sense of Arrival project substantially improved key passenger-facing areas, including arrivals, baggage reclaim, signage, digital information displays, and the terminal frontage. New parking meters and traffic-flow measures modernized the curbside experience and helped reduce congestion.

GIAA also advanced technology and public Wi-Fi improvements, including firewall and bandwidth upgrades. These investments improved reliability during peak demand periods, diversions, and large public events.

Airfield and Fleet Enhancements

Airfield maintenance remained a major priority. Work included crack sealing, asphalt repairs on Apron II and groundside areas, line painting, and planning for approximately 3,000 metres of expansion joint repairs on Runway 03/21. Fleet renewal also progressed. GIAA acquired a Rosenbauer Panther 6x6 fire truck, improving response capability to Category 9 services, and supporting the transition toward fluorine-free foam.



Safety

Safety remained the foundation of operations. GIAA continued to focus on winter operations, runway incursion prevention, wildlife control, foreign object debris removal, emergency response, and regulatory compliance.

Non-Passenger Screening preparations advanced through 2025 and became fully operational for the 2026 season. This required coordination with tenants, staff, CATSA, and Transport Canada.

Firefighter training and recertification continued. These measures help ensure the airport remains ready for normal operations, diversions, medical incidents, security events, and emergency response demands.

Emergency response services at Gander International Airport demonstrated agility and professionalism in addressing incidents of varying complexity, ranging from medical and security-related events to accommodating distressed and diverted aircraft. These efforts underscore the airport's unwavering commitment to readiness, resilience, and coordinated response.

The airport team continued to place safety and security at the centre of daily operations. Key priorities included the prevention of runway incursions, effective wildlife management, reducing bird-strike risk, and maintaining operating surfaces clear of foreign object debris.

Environmental

Environmental work focused on compliance, energy efficiency, forestry management, reforestation, vegetation control, and risk management.

Forestry and land stewardship also remained active. Vegetation control was completed along the perimeter fence, reforestation efforts continued with local Scout participation, and future harvesting plans are being shaped to support fire mitigation and the protection of critical airport infrastructure.



Corporate Governance

Managed for the community, by the community

It is the policy of the Gander International Airport Authority Inc. to follow the governance practices of the Toronto Stock Exchange (TSX model). Accordingly, the GIAA has implemented the following guidelines.

The Board:

1. Assumes responsibility for stewardship of the Corporation and specifically for:

- a) Adoption of a Strategic Planning Process for managing principal risks and implementing a Risk Management System
- b) Succession planning and monitoring senior management
- c) Communications Policy; and,
- d) The integrity of internal controls and Management Information Systems

2. Ensures that the majority of directors are unrelated including committee members.

3. Ensures full disclosure is required to determine whether or not directors are related and how that conclusion was researched.

4. Appoints a committee responsible for the assessment of new directors. The committee makes recommendations to the Board of Directors as to suitability according to the by-laws, and ensures that new directors meet the skill sets required by the Authority.

5. Implements a process for assessing the effectiveness of the Board, its committee and individual directors.

6. Provides an orientation and education program for new directors.

7. Reviews, on an annual basis, the compensation of directors in light of risks and responsibilities.

8. Ensures all committees are comprised of unrelated non-management directors.

9. Has developed limits to management's responsibilities by developing mandates for the Board and CEO. The Board approves the CEO's corporate objectives.

10. Has established an audit and procedures committee. All voting members are unrelated and non-management.

The GIAA Board is composed of 13 directors, 10 nominated by the respective entities and three appointed by the Board itself. Directors are nominated/appointed by the following entities:

Federal Government	2 (1 vacant)
Provincial Government	1
Town of Gander	3
Gander and Area Chamber of Commerce	1
Lewisporte Area Chamber of Commerce	1
Exploits Regional Chamber of Commerce	1
GIAA Board of Directors	3
Town of New-Wes-Valley	1

A director may serve no more than a total of nine years. Collectively, directors are to possess knowledge relating to the aviation industry, air transportation, business, finance, administration, law, government, engineering, labour organizations and the interest of consumers.

Corporate Governance (cont)

As of December 31, 2025, the GIAA Board of Directors, their nominating entity and the term expiry were as follows:

Susan Sullivan, Exploits Chamber	June 16, 2027
Gary Aucoin, Lewisporte Chamber	Aug. 23, 2027
Rod French, Gander Chamber	Feb. 17, 2027
Gene Hedges, Town of Gander	April 15, 2026
Bruce Terris, Town of Gander	Sept. 21, 2027
Zane Tucker, Town of Gander	June 16, 2027
Rose Bungay, Provincial Government	Feb. 22, 2020
Peggy Bartlett, Federal Government	Aug. 23, 2024
Kevin White, Town of New-Wes-Valley	April 23, 2027
Susan Hearn, GIAA	April 23, 2027
Stephen Burbridge, GIAA	Sept. 16, 2027

Contracts Not Tendered

Pursuant to the public accountability principles for Canadian airport authorities, general by-laws and the Authority's procurement policy for goods and services, all contracts valued at more than \$144,164 (\$75,000 1994 dollars) shall be awarded following a competitive public tendering process unless the Authority, for reasons of efficiency and practicality, decides otherwise.

Reasons for exceptions:

A. Whenever the Authority determines it more efficient to award a contract to an existing supplier, whenever services suppliers are deemed to have developed a specific skillset or knowledge base from a previous contract, or whenever exceptional circumstances of urgency require that work be undertaken immediately to avoid compromising the safety of people or premises.

B. Whenever a supplier is the owner, patentee or licensee of technology being acquired, whenever supplier experience and expertise are deemed to be quasi-exclusive, or whenever the maintenance of a supply source is essential given the extent of investments already made to establish a standard.

Contracts under \$1 million:

Supplier	Service	Contract Value	Code
Canadian Corps of Commissionaires	Security	\$405,629	A
G&M Enterprises	Janitorial	\$475,285	A

Committees

There are four permanent committees of the Board of Directors. Committees are only empowered to make recommendations to the Board unless directed otherwise by the Board. Committees and their chairs include: Executive Committee, chaired by Gene Hedges; Finance and Audit Committee, chaired by Rod French; Infrastructure and Development Committee, chaired by Stephen Burbridge and the Governance Committee, chaired by Susan Sullivan.

Senior Officers and Management

Reg Wright, President and CEO
 Tony Hiscock, Vice-President and CEO
 Garrett Watton, Director of Security & Facilities
 Corey Winter, Director of Safety & Airside Operations

Senior Management Compensation

The salary for the CEO and senior managers was \$103,000 to \$226,000 in 2025.

Directors Total Compensation 2025

Gene Hedges	\$15,600	Bruce Terris	\$6,850
Zane Tucker	\$5,950	Rose Bungay	\$5,100
David Peddle	\$5,100	Susan Sullivan	\$4,850
Steve Burbridge	\$4,850	Susan Hearn	\$4,850
Kevin White	\$4,600	Peggy Bartlett	\$4,350
Rod French	\$4,200	Gary AuCoin	\$3,700

Code of Conduct for Directors

All directors of the Authority are required to comply with a Code of Conduct and Rules Concerning Conflict of Interest. These require that directors avoid and refrain from involvement in conflict of interest situations. All directors are in compliance with this code.

Highlights and Required Declarations

Capital Initiatives

During the past year, the authority invested \$5.45 Million in capital improvements:

Road and Parking areas	\$	302,626
Runway		25,000
Approaching Lighting		52,746
Vehicles		120,000
Leasehold improvements	\$	4,952,643
Total	\$	5,453,015

Community Consultative Committee

The Community Consultative Committee (CCC) is a communication conduit and sounding board on airport matters that affect the region.

The CCC works as an arms-length advisory body for the GIAA President & Chief Executive Officer.

Business Plan

	Actual	Budgeted	Difference	Explanation
Revenue	\$10,425,015	9,007,494	1,417,521	Increased aerounatical
Expenses, excluding depreciation	\$ 7,735,894	7,701,362	34,532	Cost saving initiatives
Capital Expenditures	\$ 5,453,015	1,974,987	3,478,028	Timing/billing variance

Forecast for next five years

	2026	2027	2028	2029	2030
Revenue	\$ 9,631,664	9,824,297	10,020,783	10,221,198	10,425,622
Expenses, excluding depreciation	\$ 7,887,749	8,045,504	8,206,414	8,370,542	8,537,953
Capital Expenditures	\$ 1,935,000	2,000,000	2,000,000	2,000,000	2,000,000

2025 GIAA Board of Directors

As of Dec. 31, 2025

(Top row, from left)

Gene Hedges, Chairperson

Bruce Terris, Vice-Chairperson

Zane Tucker, Secretary/Treasurer

Susan Sullivan



(Middle, from left)

David Peddle

Gary AuCoin

Peggy Bartlett

Rod French



(Bottom, from left)

Rose Bungay

Stephen Burbridge

Susan Hearn

Kevin White



02

FINANCIAL REPORT

- 24 Auditor's Report
- 26 Statement of Financial Position
- 32 Statement of Operations
- 33 Statement of Cash Flows
- 34 Notes to Financial Statements



Blair J. Jewer
Chartered Professional Accountant

2A Bank Road
P.O. Box 471
Grand Falls-Windsor, NL A2A 2J9
Phone 709-489-7755 Fax 709-489-8646

To the Members
Gander International Airport Authority Inc.

Opinion

I have audited the financial statements of Gander International Airport Authority Inc. (the Organization), which comprise the statement of financial position as at December 31, 2025, and the statement of operations, statement of net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

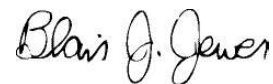
Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Gander International Airport Authority'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 Gander International Airport Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Gander International Airport Authority 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.

I 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 I identify during my audit.



Grand Falls-Windsor, NL
May 4, 2026

Chartered Professional Accountant
Chartered Accountant

**GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 14,007	\$ 11,882
Short term investments	11,984,562	12,039,411
Accounts receivable (Note 3)	751,234	985,021
Government remittances	322,883	-
Advances to International Lounge Foundation	116,562	146,341
Inventory (Note 4)	567,839	497,122
Prepaid expenses	153,856	142,017
	<u>13,910,943</u>	<u>13,821,794</u>
EMPLOYEE FUTURE BENEFITS (Note 10)	657,000	738,000
TANGIBLE CAPITAL ASSETS (Note 5)	<u>33,454,076</u>	<u>30,980,597</u>
	<u>\$ 48,022,019</u>	<u>\$ 45,540,391</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (Note 6)	\$ 1,810,000	\$ 1,420,000
Accounts payable (Note 7)	1,594,443	1,497,994
Customer deposits	404,938	355,967
Deferred revenue	353,456	210,052
Current maturity on long-term debt	1,272,333	949,376
	<u>5,435,170</u>	<u>4,433,389</u>
LONG TERM DEBT (Note 8)	16,346,919	15,619,251
DEFERRED REVENUE	252,855	-
ACCRUED SEVERANCE PAY	502,765	417,741
UNAMORTIZED CAPITAL GRANTS (Note 11)	<u>10,146,821</u>	<u>10,545,451</u>
	<u>32,684,530</u>	<u>31,015,832</u>
NET ASSETS		
INVESTED IN TANGIBLE CAPITAL ASSETS	5,688,003	3,866,519
EXTERNALLY RESTRICTED – EMPLOYEE FUTURE BENEFITS	657,000	738,000
UNRESTRICTED	<u>8,992,486</u>	<u>9,920,040</u>
	<u>15,337,489</u>	<u>14,524,559</u>
	<u>\$48,022,019</u>	<u>\$ 45,540,391</u>

CONTRACTUAL OBLIGATIONS (NOTE 15) COMMITMENTS (NOTE 17) CONTINGENCIES (NOTE 9)
Signed on behalf of the Board,

 , Director
 , Director

The accompanying notes form an integral part of this financial statement.

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
REVENUE (Note 12)	\$10,425,015	\$ 8,642,679
EXPENSES		
Advertising and promotion	71,940	119,550
Bad debt expense	440	(14,980)
Board remuneration and travel	87,102	75,957
Communications	72,389	70,532
Equipment and vehicle operating	337,652	356,284
Insurance	285,807	300,747
Interest and bank charges	684,239	655,017
Licences and fees	34,382	43,312
Maintenance contracts	446,634	421,235
Materials and supplies	517,088	528,902
Office and administration	109,398	102,066
Payment in lieu of taxes	153,963	144,382
Professional fees	59,974	70,586
Repairs and maintenance	365,154	426,985
Security contracts	381,634	386,776
Travel and training	138,311	84,182
Utilities	840,489	821,843
Wages and employee benefits	3,109,800	3,007,882
Ground lease	39,498	30,875
Depreciation, net of grant amortization \$1,173,345 (2024 - \$1,183,336)	1,806,191	1,738,158
	<u>9,542,085</u>	<u>9,370,291</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 882,930	\$(727,612)

The accompanying notes form an integral part of this financial statement.

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
CASH WAS PROVIDED BY (USED FOR)		
<i>Operating</i>		
<i>Net excess of revenue over expenses</i>	\$ 882,930	\$(727,612)
<i>Non-cash items, depreciation, net of grant amortization</i>	1,806,191	1,738,158
<i>Gain on disposal of property, plant, and equipment</i>	-	-
<i>Change in fair value of short term investments</i>	(35,583)	(512,377)
	<u>2,653,538</u>	<u>498,169</u>
<i>Changes in non-cash working capital</i>		
<i>Current assets (Note 13)</i>	(141,873)	(164,399)
<i>Current liabilities (Note 13)</i>	541,679	(460,001)
<i>Change in fair value recognized as component of cash</i>	35,583	512,377
	<u>3,088,927</u>	<u>386,146</u>
<i>Investing</i>		
<i>Proceeds from sale of tangible capital assets</i>	-	-
<i>Purchase of tangible capital assets</i>	(5,453,015)	(1,455,664)
<i>Employee loans receivable</i>	-	124,250
<i>Employee future benefit asset, excluding adjustment to net assets</i>	11,000	23,000
	<u>(5,442,015)</u>	<u>(1,308,414)</u>
<i>Financing</i>		
<i>Accrued severance pay</i>	85,024	(231,641)
<i>Repayment of long-term debt</i>	(949,375)	(928,252)
<i>Proceeds from long-term debt</i>	2,000,000	547,862
<i>Contribution agreement funding</i>	774,715	1,252,560
	<u>1,910,364</u>	<u>640,529</u>
(DECREASE) IN CASH	<u>(442,724)</u>	<u>(281,739)</u>
CASH, BEGINNING	<u>10,631,293</u>	<u>10,913,032</u>
CASH, ENDING	<u><u>\$10,188,569</u></u>	<u><u>\$10,631,293</u></u>
CASH CONSISTS OF:		
<i>Cash on hand</i>	\$ 14,007	\$ 11,882
<i>Current account (overdraft) - operating</i>	(1,810,000)	(1,420,000)
<i>Short term investments</i>	11,984,562	12,039,411
	<u>\$10,188,569</u>	<u>\$10,631,293</u>

The accompanying notes form an integral part of this financial statement.

**GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025**

1. NATURE OF OPERATIONS

The Gander International Airport Authority Inc. (GIAA) was incorporated as a not for profit Corporation without share capital by Letters Patent under the Canada Corporations Act and is Exempt from income tax.

The GIAA is governed by the Board of Directors whose members are nominated by various regional Stakeholders.

The objectives of the GIAA are:

-to manage operate and develop the Gander International Airport in a safe, secure, efficient, cost effective and financially viable manner with reasonable airport user charges and equitable access to all carriers;

-to undertake and promote the development of the Airport lands, for which it is responsible, for uses compatible with air transportation activities;

-to expand transportation facilities and generate economic activity in ways which are compatible with air transportation activities.

In executing its objectives, the Authority shall confer regularly with governments and community entities on matters affecting the operation and development of the Airport and shall engage only in those activities that are consistent with its objectives.

Gander International Airport (CYQX) is a member of the Canadian National Airport System. While a member of this system GIAA is required to operate as a not for profit corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Cash and cash equivalents

The entity's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and short-term investments cashable within three months or less.

(b) Financial instruments

The entity initially measures its financial assets and liabilities at fair value.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value.

Changes in fair value are recognized in excess of revenue over expenses.

Financial assets measured at amortized cost include cash, term deposits, and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payable and long-term debt.

The entity's financial assets measured at fair value include a number of other investments, i.e. quoted shares.

Financial assets measured at cost are tested for impairment when there are indicators of impairment.

The amount of the write-down is recognized in net income. 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 excess of revenue over expenses.

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

**GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025**

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Depreciation

Depreciation was provided on tangible capital assets using the straight-line method at the following rates per annum:

<i>Runway</i>	<i>5%</i>	<i>Vehicles</i>	<i>10%</i>	<i>Roads</i>	<i>6.67%</i>
<i>Approach lighting</i>	<i>5%</i>	<i>Software</i>	<i>10%</i>	<i>Equipment</i>	<i>10%, 20%</i>
<i>Leasehold improvements</i>	<i>10%, 20%</i>				

(d) Tangible capital asset additions are recorded at cost.

(e) Inventory

Inventory is recorded at the lower of cost and estimated net realizable value. Inventory cost is calculated on the first in first out basis. Net realizable value of consumable supplies is its replacement cost.

(f) Facilities Lease

The lease of the International Airport Facilities from the Government of Canada (the "Landlord") is accounted for as an operating lease.

(g) Deferred government assistance

Government assistance received for the purpose of acquiring tangible capital assets is accounted for as deferred government assistance and amortized on the same basis as the related tangible capital assets.

(h) Pension Plan

The Authority has entered into a defined benefit pension plan for certain current and former employees and a defined contribution pension plan for most other employees. Retirement benefits for individuals covered by the defined benefit pension plan are based on the average earnings of last five years prior to retirement.

Pension cost is charged to salaries and benefits as employees render services.

The Authority's approach to account for defined benefit pension costs is the going concern funding basis.

The accrued benefit obligation, as presented in Note 9 of the financial statements, is measured using an actuarial valuation prepared for funding purposes. The actuarial costing method used is Projected Unit Credit pro-rated over credited service.

In accordance with Part III, Section 3463 of the Chartered Professional Accountants of Canada Handbook – Accounting, Remeasurement and other items impacting the accrued benefit asset are recognized directly in the Statement of Net Assets rather than in the Statement of Operations.

(i) Revenue Recognition

Revenue is recognized using the deferral basis of accounting.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of activities. Revenue is shown net of value added tax, rebates and discounts.

Airport improvement fee revenue is recognized as income in the periods passengers depart from the airport.

Landing fees, terminal fees, aviation fuel fees and miscellaneous revenue is recognized as airport facilities are utilized.

**GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2025**

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Revenue Recognition (cont'd)

Rental revenue and concession revenue is recognized over the lives of the respective tenant's leases for land, buildings and space.

(j) Foreign currency transactions

The entity uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current year's income statement, except for the cost of inventories and depreciation translated at historic rate, are translated at average year rates. Exchange gains and losses are included in the statement of operations.

(k) Accounting estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

	<u>2025</u>	<u>2024</u>
3. ACCOUNTS RECEIVABLE		
Trade	\$ 782,679	\$ 655,231
Government assistance – capital	-	361,235
	782,679	1,016,466
Allowance for doubtful accounts	31,445	31,445
	\$ 751,234	\$ 985,021
4. INVENTORY		
Consumable supplies	\$ 545,572	\$ 453,266
Concessions inventory	22,267	43,856
	\$ 567,839	\$ 497,122

The carrying amount of inventories carried at other than cost is \$Nil.

The amount of any write-down recognized as an expense in the period is \$Nil.

The amount of reversal of any write-down recognized in the period is \$Nil.

The carrying amount of inventory pledged as security for bank indebtedness is \$ Nil.

**GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025**

		<u>2025</u>	<u>2024</u>
5. TANGIBLE CAPITAL ASSETS			
	<u>Cost</u>	<u>Accumulated Depreciation</u>	
Runway	\$28,823,078	\$19,074,921	\$ 9,748,157
Approach Lighting	2,029,419	1,694,648	334,771
Equipment	2,388,244	1,654,460	733,784
Vehicles	7,885,598	4,701,787	3,183,811
Software	62,560	62,560	-
Leasehold improvements	14,951,801	3,888,053	11,063,748
Land development	1,466,616	-	1,466,616
Roads and parking areas	4,967,712	3,138,605	1,829,107
Water and sewer Infrastructure	1,002,321	396,784	605,537
	<u>63,577,349</u>	<u>34,611,818</u>	<u>28,965,531</u>
Assets under development	4,488,545	-	4,488,545
	<u>\$68,065,894</u>	<u>\$34,611,818</u>	<u>\$33,454,076</u>
			<u>\$30,980,597</u>

6. BANK INDEBTEDNESS

GIAA has an operating line of credit of \$2,000,000 bearing interest at Scotiabank prime less 0.5%. It is secured by a general security agreement over all present and future personal property, letter of undertaking to maintain and use cash reserves to fund any shortfalls in debt servicing capacity. In addition there are collateral security agreements over specific equipment that are used as security for specific equipment finance contracts. (see Note 8).

GIAA also has available a line of credit of \$2,500,000 bearing interest at Scotiabank prime plus A spread percentage set prior to each advancement to finance tangible capital assets.

Components of long term debt totalling \$1,168,531 (2024 - \$1,556,947) is considered by the bank to reduce the amount of credit available, leaving an unused balance of \$1,331,469.

Operating	\$ 1,810,000	\$ 1,420,000
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7. ACCOUNTS PAYABLE

Trade	\$ 1,045,866	\$ 1,297,860
Accrued wages	-	(11,516)
Government remittances	75,783	93,798
Accrued vacation pay	125,417	117,852
Holdbacks payable	347,377	-
	<u>\$ 1,594,443</u>	<u>\$ 1,497,994</u>

**GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
8. LONG-TERM DEBT		
<i>Bank of Nova Scotia</i>		
<i>Canadian Overnight Repo Rate Average plus 1%, Partial Interest Rate Swap term loan repayable by monthly installments of \$56,250, secured by Bankers Acceptance Agreement, due August 2026, amortized to 2044</i>	\$10,440,236	\$11,001,195
<i>2.65% equipment finance contract, repayable by 59 blended monthly installments of \$13,668 and one final blended payment of 332,813, due 2026, secured by vehicle with net book value of \$620,347</i>	447,215	597,216
<i>2.55% equipment finance contract, repayable by blended monthly installments of \$1,712 due 2026, secured by two vehicles with net combined net book value of \$52,795</i>	16,917	36,749
<i>3.506% equipment finance contract, by 59 blended monthly installments of \$20,545 commencing May 2026 and one final payment of \$3,560,144 in April 2031, secured by specific leasehold improvements with net book value of \$5,225,501</i>	4,010,485	4,010,485
<i>Base rate plus 1.00% equipment finance contract, repayable by interest only payments to March 2027 at which date blended payments will be negotiated over an amortization period not exceeding 25 years</i>	2,000,000	-
<i>4.23% equipment finance contract, repaid during year</i>	-	5,703
<i>4.86% equipment finance contract, repayable by 59 blended monthly installments of \$12,637 and one final blended payment of \$283,053 due 2027, secured by vehicle with net book value of \$662,356</i>	460,722	586,634
<i>6.48% equipment finance contract, repayable by blended monthly installments of \$8,820 due 2028, secured by vehicle with net book value of \$323,917</i>	243,677	330,645
	17,619,252	16,568,627
<i>Current maturity</i>	1,272,333	949,376
	\$16,346,919	\$15,619,251

Future payments on long term debt for the next five years are as follows:

<i>2026 - \$ 1,272,333</i>	<i>2028 - \$676,776</i>	<i>2030 - \$664,000</i>
<i>2027 - \$ 1,031,619</i>	<i>2029 - \$644,000</i>	

The Authority has an authorized loan in the amount of \$4,100,000 to finance retrofit of the air terminal building heating system project and other facility renewal projects. As of December 31, 2025, \$4,010,485 has been drawn against this credit facility. The remaining authorized amount is expected to be drawn down in 2026.

The Bank of Nova Scotia bank indebtedness and long-term debt is secured by additional security of a general security agreement over present and future personal property.

**GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025**

8. LONG-TERM DEBT

Until all debts with Bank of Nova Scotia have been extinguished, the following covenants apply:

- 1. Liquidity (consisting of cash, unrestricted investments, and undrawn availability of the operating line of credit) of at least \$3,000,000 must be maintained.*
- 2. The ratio of EBITDA to interest on long term debt plus current maturities on long term debt and capital leases is to be:*

<i>December 31, 2025</i>	<i>1.05:1</i>
<i>December 31, 2026</i>	<i>1.10:1</i>
<i>December 31, 2027 and thereafter</i>	<i>1.25:1</i>
- 3. Maximum annual capital expenditures shall be \$2,000,000 (excluding expenditures relating to cold storage facility for 2025 and 2026).*

The Authority was compliant with all relevant covenants as of December 31, 2025.

**GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
10. EMPLOYEE FUTURE BENEFITS		
<i>The Authority has a defined benefit and a defined contribution group registered retirement savings plan providing retirement benefits to most of its employees. The defined benefit pension plan is based on years of service and final average salary. Pension benefits will increase annually by 50% of the rate of inflation. The authority measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at January 1 of each year. The most recent actuarial valuation of the pension plans for funding purposes was January 1, 2025 and the next required valuation will be as of January 1, 2025. The reported amounts are based on the January 1, 2025 valuation as extrapolated to December 31, 2025, after adjusting for changes in assumptions.</i>		
(a) The net expense for the Authority's defined benefit Pension plan is as follows:		
Current service cost	\$ 18,000	\$ 26,000
Provision for non-investment expenses	23,000	39,000
Finance costs (return on plan assets in excess of interest incurred on plan obligations)	(30,000)	(42,000)
Net plan expenses	<u>\$ 11,000</u>	<u>\$ 23,000</u>
(b) Information about the Authority's defined benefit Pension plan at December 31 is as follows:		
Plan assets		
Fair market value beginning	\$ 8,570,000	\$ 8,798,000
Return on plan assets	(85,000)	94,000
Administrative expenses	(14,000)	(23,000)
Employee contributions	5,000	5,000
Employer contributions	-	-
Benefits paid	(309,000)	(304,000)
Market value ending	<u>8,167,000</u>	<u>8,570,000</u>
Plan obligations		
Benefit obligation, beginning	6,277,000	5,847,000
Current service cost	18,000	26,000
Employee contributions	5,000	5,000
Interest cost	245,000	256,000
Benefits paid	(309,000)	(304,000)
Actuarial (gains) losses	1,000	447,000
Benefit obligation, ending	<u>6,237,000</u>	<u>6,277,000</u>
Surplus	1,930,000	2,293,000
Valuation allowance adjustment	<u>(1,273,000)</u>	<u>(1,555,000)</u>
Accrued benefit asset (liability)	<u>\$ 657,000</u>	<u>\$ 738,000</u>

**GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
10. EMPLOYEE FUTURE BENEFITS (CONT'D)		
(c) Reconciliation of the funded status of the benefit plan to the amounts recorded in the financial statements		
Fair value of plan assets	\$ 8,167,000	\$ 8,570,000
Accrued benefit obligation	(6,237,000)	(6,277,000)
Funded status of plan	1,930,000	2,293,000
Valuation adjustment allowance	(1,273,000)	(1,555,000)
	<u>\$ 657,000</u>	<u>\$ 738,000</u>
Accrued benefit asset, beginning	\$ 738,000	\$ 934,000
Prior period adjustment (change in accounting policy)	-	-
Accrued benefit asset, beginning as restated	738,000	934,000
Pension cost for the period	(11,000)	(23,000)
Contributions by the Authority	-	-
Valuation allowance adjustment	282,000	462,000
Other remeasurement items charged to net assets	(352,000)	(635,000)
Accrued benefit asset, ending	<u>\$ 657,000</u>	<u>\$ 738,000</u>
(d) Remeasurement and other items		
Actuarial gain/ (loss)	\$(1,000)	\$(447,000)
Interest less net return on assets	(421,000)	(295,000)
Gain/ (loss) on non-investment expenses	9,000	16,000
Change in valuation allowance	282,000	462,000
Effect of valuation allowance on finance cost	62,000	91,000
Total	<u>\$(69,000)</u>	<u>\$(173,000)</u>
(e) Accumulated Remeasurement Gain (Loss)		
Balance, beginning of year	\$(1,555,000)	\$(2,017,000)
Remeasurement Gain (Loss) for current period	282,000	462,000
Balance, end of year	<u>\$(1,273,000)</u>	<u>\$(1,555,000)</u>
(f) The weighted average actuarial assumptions are as follows:		
Discount rate	4.00%	4.00%
Rate of compensation increase	2.50%	2.50%
YMPE Escalation rate	2.50%	2.50%
Indexation rate	2%	2%
Mortality table used for 2025 and 2024 was the CPM2014 (Combined), projection scale CPM-B		
(g) The assets of the plan are invested by a third party administrator and have the following asset mix		
Equity Securities	0.0%	0.0%
Fixed Income Securities	100.0%	100.0%
Other	0.0%	0.0%
	<u>100.0%</u>	<u>100.0%</u>

Measured as of the measurement date of December 31 of each year

**GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025**

	<u>2025</u>	<u>2024</u>
10. EMPLOYEE FUTURE BENEFITS (CONT'D)		
<i>The net expense for the Authority's group registered retirement savings plan is \$172,392 (2024 - \$177,882).</i>		
<i>The expenses for defined benefit pension cost and group registered retirement savings plan contributions are included in wages and employee benefits on the statement of operations.</i>		
11. UNAMORTIZED CAPITAL GRANTS, NET BOOK VALUE		
<i>Balance beginning of year</i>	\$10,545,451	\$10,476,227
<i>Add: Contribution funding received</i>	774,715	1,252,560
<i>Less: Amortization</i>	1,173,245	1,183,336
	<u>\$10,146,821</u>	<u>\$10,545,451</u>
12. REVENUE		
<i>Landing fees</i>	\$ 1,255,573	\$ 896,773
<i>Terminal fees</i>	675,881	354,652
<i>Aviation fuel fees</i>	1,779,405	1,063,697
<i>Concessions</i>	1,010,604	768,201
<i>Rentals</i>	2,388,819	2,244,058
<i>Sale of quarry material</i>	12,120	12,375
<i>Miscellaneous</i>	398,389	498,673
<i>Forest harvesting</i>	-	11,165
<i>Investment income</i>	909,568	443,675
<i>Gain on disposal of property, plant, and equipment</i>	-	-
<i>Change in fair value of short term investments</i>	35,583	512,377
<i>Foreign exchange gain (loss)</i>	(3,857)	(422)
	<u>8,462,085</u>	<u>6,805,224</u>
<i>Airport improvement fees</i>	1,962,930	1,837,455
	<u>\$10,425,015</u>	<u>\$ 8,642,679</u>

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
13. CHANGES IN NON-CASH WORKING CAPITAL		
<i>The effect on cash of changes in non-cash working capital is as follows:</i>		
Current assets		
Accounts receivable, trade	\$(127,448)	\$ 112,824
Government assistance – capital	361,235	(361,235)
Advances to International Lounge Foundation	29,779	4,646
Government remittances	(322,883)	-
Inventory	(70,717)	57,244
Prepaid expenses	(11,839)	22,122
	(141,873)	(164,399)
Current liabilities		
Accounts payable	96,449	(468,256)
Customer deposits	48,971	25,183
Deferred revenue	396,259	18,322
	541,679	(424,751)
Net effect on cash	\$ 399,806	\$(589,150)

14. FINANCIAL RISK MANAGEMENT

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The entity's main credit risks relate to its accounts receivables and concentration of cash and short-term investments.

The Authority provides credit to its clients in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for contingent credit losses which, once they materialize, are consistent with management's forecasts. The Authority does not normally require a guarantor.

Concentration of credit risk arises when a group of clients having a similar characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions. The Authority is exposed to credit risk on accounts receivable.

The Authority maintains cash with Canadian chartered banks in excess of federally insured limits and is exposed to credit risk from this concentration of cash.

**GANDER INTERNATIONAL AIRPORT AUTHORITY INC.
NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2025**

20252024**14. FINANCIAL RISK MANAGEMENT (CONT'D)**

The Authority has placed material amounts of cash with the Investment Account Manager, Scotiabank. The investment account manager has funds invested in accordance with risks and policies approved by the Board. At December 31, 2025 the investment mix was cash and equivalents 1.7% (2024 – 1.8%), fixed income, 55.1% (2024 – 57.0%), and other equities 43.2% (2024 - 41.2%). During 2025 the investment mix changed. The change in investment mix represents a change in credit risk during 2025.

(b) Currency risk

The Authority realizes a minimal amount of its revenue in foreign currency. Consequently, some assets and revenues are exposed to foreign exchange fluctuations.

(c) Interest rate risk

Certain components of long term debt bear interest at rates tied to a prime rate as established by its creditor. Consequently, the Authority is exposed to interest rate risk as prime rate varies.

The Authority minimizes its exposure to credit risk by entering into Interest Rate Swap agreements with its creditor, the Bank of Nova Scotia.

15. CONTRACTUAL OBLIGATIONS

The Authority operates under the terms of a Ground Lease with Transport Canada. The Ground Lease provides for lease of the Airport real estate. The Ground Lease and Canadian Airports Act impose restrictions on the authority's activities and provide the framework under which the Authority must operate. Lease amounts are calculated as a 1% of revenue (as defined) in the Range \$5,000,001 to \$10,000,000 and 5% of revenue (as defined) in excess of \$10,000,000. The exact amount of future payments under the terms of the lease are not determinable.

16. HEDGE ACCOUNTING

The Authority has borrowed funds under an Interest Rate Swap hedge transaction from the Bank of Nova Scotia (see Note 8). The contract expires on July 31, 2029. The Authority has chosen not to apply the optional Hedge Accounting standards found in the Chartered Professional Accountants of Canada Handbook – Accounting.

17. COMMITMENTS

The organization is committed to the following items:

- A capital project for construction of a cold storage facility. At December 31, 2025, the estimated cost of this project is \$13.5million. Construction and design costs of \$4,488,545 have been incurred as of December 31, 2025. Government assistance of \$7,358,000 was committed to the project. Gander International Airport Authority has borrowed \$2.0 million to December 31, 2025 and intends to borrow additional funds for its share of the cost. The Authority is responsible for the cost overruns. Completion of this project is anticipated for 2026.*

GANDER INTERNATIONAL AIRPORT AUTHORITY INC.**NOTES TO FINANCIAL STATEMENTS****AS AT DECEMBER 31, 2025****9. CONTINGENCIES**

The organization may, from time to time, be involved in legal proceedings, claims and litigation that arise in the ordinary course of business. There are presently no legal proceedings, claims or litigation, ongoing or anticipated, and of which management is aware that are reasonably expected to have a material adverse effect on the financial condition of the Authority.

Specific contingencies may exist in relation to environmental matters, however the occurrence of any confirming future event is not determinable. No accrual has been made in the financial statements for contingent liabilities as no estimate can be reasonably made.