



YXU

London International Airport

2024 Annual Report





Photo by Monique Wiendels

Cover Photo by Joe Letourneau

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London International Airport (YXU) is Southwestern Ontario's easy and comfortable airport. Convenient flights and affordable parking provide an enjoyable, stress-free passenger experience.



Annual Passengers

314,441

Capital Invesements

\$4.50 M

Aircraft Movements

97,400

Tenants

60+

Message from the Chair and President

In 2024, the Greater London International Airport Authority (GLIAA), like many regional airports across Canada, faced ongoing challenges related to airline service capacity and connectivity. This was reflected in a 5.7% decline in passenger volumes compared to 2023, marking the first decrease since 2021. The broader aviation landscape in Canada remains turbulent, with airline crew shortages, delays in aircraft deliveries, and further reductions in the number of air carriers. This environment has created a challenging fiscal climate for airports across the country, and the outlook for passenger service growth remains uncertain, especially with a trade war, potential recession, and geopolitical global tensions.

Despite these challenges, GLIAA remains resolute in its commitment to advancing its strategic priorities. The Authority continues to focus on business development and growth opportunities, demonstrating this through consistent revenue growth, disciplined fiscal management and rigorous cost controls, all amidst reduced air service.

As a result, the airport exceeded its budget targets, generating over \$9.1 million in revenue, a 12.3% improvement over budget of \$8.1 million. The operating surplus before amortization reached \$2 million, significantly higher than the budget of \$0.6 million. GLIAA also maintained a strong cash position, ending the year with over \$1.3 million in cash and investing \$4.5 million in capital improvements to enhance the airport's infrastructure. While the financial position of the London International Airport has shown steady improvement year-over-year since the pandemic, the net deficit after amortization was \$0.6 million, a solid improvement from a \$1.5 million net deficit in the previous year.

The number of aircraft movements at London International Airport declined in 2024, marking the first decrease in over five years. This was primarily due to adverse winter weather conditions affecting flight training volumes. The total number of movements for 2024 stood at 97,400, a drop from the 2023 record of 105,371. Despite this decline, the large volume of movements continues to be driven by the robust flight training operations at the airport, including those of Diamond Flight Centre, Western University, Fanshawe College, and the International Test Pilot School. We anticipate continued growth in flight training and other sectors, including medical and business aviation.



In terms of airline service, London International Airport maintained operations with five major carriers in 2024: Air Canada, WestJet, Sunwing, Air Transat, and Flair Airlines. There remains strong demand and ample opportunity for growth in passenger services, contingent on the airlines' ability to expand seat capacity and manage the current headwinds limiting the sector's growth.

GLIAA has made significant strides in diversifying its revenue streams through strategic land development. In 2024, construction was completed for a new general aviation hangar and groundbreaking began on two large hangars projects, set to open in 2025. Further property development projects are actively under discussion, as the Authority remains dedicated to the continued and sustainable growth of both revenue and airport services.

The airport's commitment to supporting the community remained a key priority in 2024. GLIAA hosted several major events, including the globally recognized Airshow London, YMCA Jordan's Run the Runway, and Girls in Aviation Day. Additionally, the airport continued to offer or host recreational facilities such as pickleball, volleyball, an ice rink, and a golf course to the local community, underscoring its role as a community hub.

In 2024, GLIAA successfully finalized a new five-year collective agreement with its staff and underwent a departmental reorganization, aligning teams to better meet the needs of the airport, its tenants, and passengers. This restructuring sets the stage for future growth and ensures continued world-class customer service. We would like to express our gratitude to the GLIAA staff for their ongoing dedication and hard work, which continues to ensure that London International Airport remains a top-tier facility in Canada.

We also extend our heartfelt thanks to the GLIAA Board of Directors for their unwavering commitment to effective governance and organizational support. Special recognition goes to Board Chair Gus Kotsiomitis for his exemplary leadership. Gus will transition to the role of Past Chair in May 2025, as Michelle Campbell assumes the Board Chair position.

The Greater London International Airport Authority remains a vital pillar of the region's economic vitality, attracting investment, creating jobs, and welcoming tourists, families, and new residents. Despite some of the current challenges, we remain optimistic of GLIAA's future prosperity and in turn long-lasting impact as an economic hub for the City of London and the entire Southwestern Ontario region. Our airport connects us—geographically, culturally, economically, and socially—and ensuring that our community remains engaged and supportive of its growth and success is key to our future achievements.



Scott McFadzean
President & CEO



Gus Kotsiomitis
Board Chair

Strategic Plan

Our Vision

To aggressively develop London International Airport into Southwestern Ontario's premier aviation centre.

Our Mission

Aggressively contribute to driving the region's economic prosperity through the relentless pursuit of aviation, academia, training, and commercial development, while focusing on first class customer service.





Strategic Pillars





Core Values



Airline Partners

Thank you to our airline partners for their commitment to London International Airport and Southwestern Ontario, helping us provide exceptional service and connectivity to travelers.



YXU

sunwing



Land Development

In the fall of 2024, London International Airport welcomed a new private hangar that houses two London-based aircraft, with expansion opportunities in the coming years.

Two major land developments were announced, both set to open in 2025.

A 23,000-square-foot hangar with 30ft ceilings, will be home of The Beach Hangar, an indoor multi-sport facility offering an unparalleled recreational experience.

ADJ Aero is leading the construction of a state-of-the-art 50,000-square-foot private aviation facility as part of a larger 150,000-square-foot development.





Our Community

The London International Airport is all about serving and supporting our community.

In 2024, YXU hosted and participated in multiple charity events, including;

- Airshow London
- Free recreational facilities for the public, including Pickleball, Beach Volleyball, Outdoor skating/hockey and our plane spotting park
- Jordan's Run the Runway for YMCA Camp Queen Elizabeth
- Pull-a-Plane to Defeat Duchenne
- Toy Drive for Toys for Tots
- Coat and Winter Item donations for Boys and Girls Club
- Food Drive for London Food Bank
- The Art Easel Program to Support Canadian Armed Forces members and families
- Air Cadet Annual Parade



RCAF 2024 Centennial

London International Airport, alongside 427 (London) Wing, and Airshow London, proudly recognized the Royal Canadian Air Force Centennial, marking 100 years of service and excellence on April 1, 2024. This milestone celebrates the RCAF's legacy, current contributions to national and global security, and its future. Commemorative events held throughout the year honoured its people, inspired future generations, and showcased the strength of Canada's Air Force.



Airshow London 2024

2024 marked a historic milestone at London International Airport as we celebrated the 100th anniversary of the Royal Canadian Air Force and welcomed over 40,000 aviation enthusiasts to Airshow London's SkyDrive 2024!

The skies buzzed with the high-flying performances of the RCAF CF-18 Hornet and USAF F-16 Viper demo teams, alongside the historic London debut of the RAF Red Arrows, captivating the audience with breathtaking performances. The event also showcased an impressive variety of military and civilian aircraft, engaging STEM activities, and so much more!



Photography by Joe Letourneau

Aviation Education



Aviation education plays a crucial role in shaping the future of the industry, and London International Airport is proud to support initiatives that inspire and train the next generation of aviation professionals. With the Norton Wolf School of Aviation and Aerospace Technology and International Test Pilots School as valued tenants on our property, along with collaborations with the Thames Valley District School Board Aviation School and Western University's Commercial Aviation Management program, we are fostering a strong aviation ecosystem that connects students with real-world industry experience and career opportunities.



Girls in Aviation

On June 7, 2024, we were honoured to welcome over 500 female identifying students to YXU for the first “Girls in Aviation Day” hosted by the Great Lakes Aviators Canada Chapter of Women in Aviation International.

Presented by NAV CANADA, in collaboration with London International Airport, Executive Aviation, Western University, Airshow London, Thames Valley District School Board, and London District Catholic School Board.

Students had the opportunity to be up close to aircraft and engage in interactive stations with several aviation and STEM leading women industry partners. The day served many opportunities for students grades 6-8, as well as Aviation High School Students and Post Secondary students.



“Inspiring and exposing young females to all things aviation is vital to ensuring a healthy future for the aerospace industry. It is critically important that our industry continues to close the gender gap and encourage more women to explore the many exciting opportunities within the aerospace sector.”

- Scott McFadzean, President & CEO of London International Airport



Local Collaborations

YXU not only represents London International Airports official ICAO airport code (CYXU), it is our identity and a symbol of our deep connection to the community we proudly serve.

Over the years, we've embraced and championed YXU as a recognizable brand, one that resonates with both travelers and locals alike.

We're proud to work with local brands and businesses that help our region grow and succeed. These partnerships strengthen the community and make London a great place to live, work, and travel.

ILLBURY+GOOSE



**GRAND
THEATRE**

100 KELLOGG LANE

Team YXU

London International Airport is proud to have a dedicated, professional, and hardworking team that keeps our airport running smoothly. Every day, they go above and beyond to ensure a safe, welcoming, and efficient experience for our passengers, guests, and tenants.



Meet Our Management Team

The execution of the Airport's Strategic Plan resides with the senior management group at London International Airport. Goals and objectives are developed on an annual basis that ensures the continuing advancement and growth of the Airport's business.



Scott McFadzean

President & CEO



Gerry Vanderhoek

Director, Commercial
& Air Services



Laura Shepherd

Director, Operations



Marc Bricker

Director, Finance &
Human Resources

Meet Our Board of Directors

The Greater London International Airport Authority (GLIAA) operates London International Airport. The not-for-profit Airport Authority has full operational and financial control of the Airport under the Federal Government's National Airport Policy

The Board of Directors of GLIAA provides governance to the Airport. Members are nominated by various entities representing the community at large including:

- Federal Government
- Municipal Government
- London & District Labour Council
- Provincial Government
- London Chamber of Commerce
- GLIAA Board



Gus Kotsiomitis
BA, MBA, ICD.GEP

Board Chair
(and Ex Officio all committees)



Michelle Campbell
BA, MPNL, FAHP, ICD.D

Vice Chair, Finance Committee
Member, Governance and
Nominating Committee Chair



Elizabeth Cormier
LLB

Governance and Human
Resources Committee Member



John Stein
CPA, CA

Treasurer, Finance and Audit
Committee Chair, Governance
Committee Member



Bob Hammersley
Diploma Communication Arts

Governance and Human
Resources Committee Member



Maureen O'Leary-Pickard
BA, CHRL

Human Resources and Community
Consultative Committee Chair,
Finance Committee Member



Stephene Ashikwe
BS, MBA

Finance Committee Member



Alan Shepard
PhD, BA

Governance Committee Member



Jacqueline Peterson
BA, CPA, CA

Finance Committee Member



Larry Weir
BMASc - RMC, CAF

Human Resources Committee



Trevor Hunter
BA, MBA, PhD

Governance Committee Member

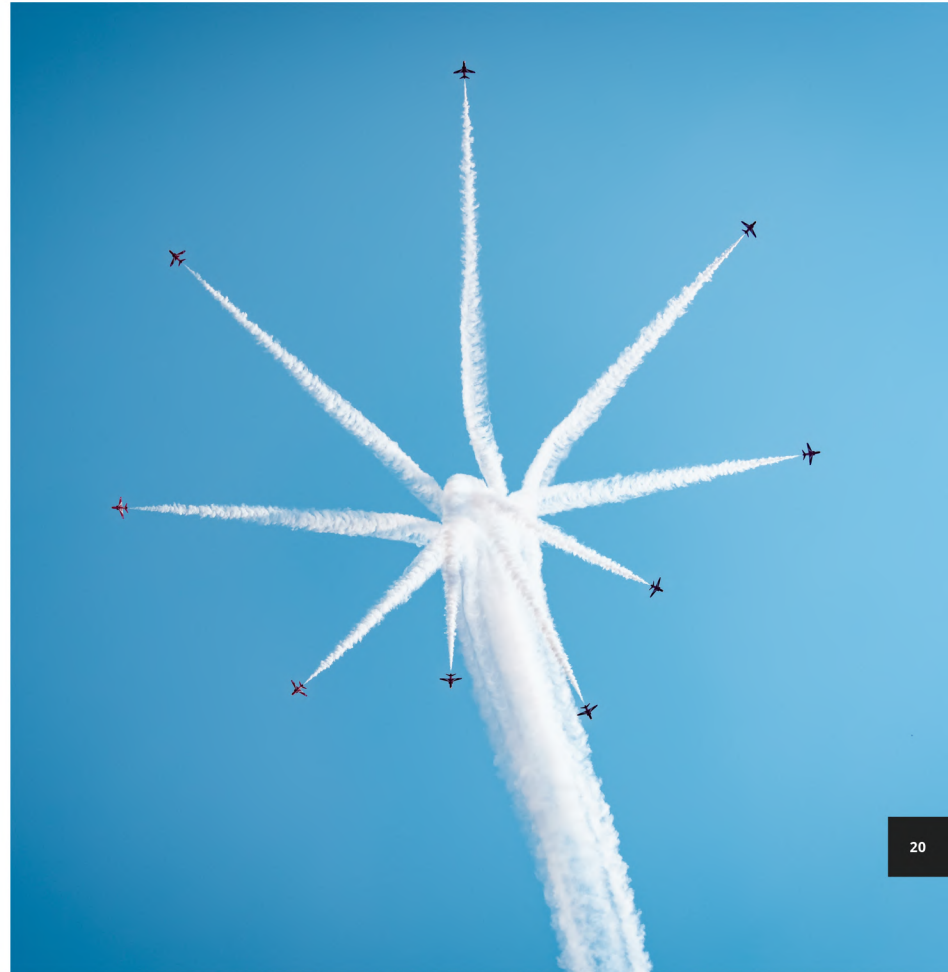
Finance

Highlights

- Passenger volumes decreased by 5% to 314 thousand in 2024 compared to 2023 volumes as regional airline capacity remained constrained.
- Revenue for the year increased 3% over 2023 with a 2024 operating surplus of \$2.04 million. After reductions for the impact of non-cash items like amortization it resulted in a net deficit of \$0.62 million.
- Our Airport Improvement Fee was increased to \$15 in 2024 and remains one of the lowest in Canada.

Capital Initiatives

More than \$84.14 million has been invested in capital improvements to the facility since GLIAA assumed operations of YXU in 1998. During 2024, \$4.50 million was invested in capital assets.



Sole Source Contracts Over \$75,000

GLIAA is committed to doing business locally and in a competitive fashion. All projects with a value in excess of \$135 thousand (\$75 thousand, base year 1998 = 100 CPI annually adjusted) require a public tender or request for proposal. As a general practice, contracts for goods, services, and construction services over \$135 thousand will be awarded through a competitive process to the lowest bidder or to the proposal offering the best overall value, except in specified circumstances.

Sole source contracts will only be entered into when there is good justification, such as:

1. The goods or services are of a proprietary nature and there is only one qualified supplier.
2. Compliance with a product, services or equipment standardization program is required.
3. Only one qualified firm is available, when all factors are taken into account.
4. Prior experience with a firm in a specialized area makes it beneficial to continue the relationship.
5. Emergency situations preclude the normal competitive process.

During 2024 there were no contracts that were in excess of \$135 thousand that were not awarded based on a public competitive process.

Remuneration

The annual compensation for the Board of Directors, consisting of an annual retainer and per diem meeting fees for the year ending December 31, 2024 was \$221 thousand. The annual compensation for the management team for the year ending December 31, 2024 was \$768 thousand.

Ethical Business Conduct

GLIAA has established and maintains a comprehensive Code of Conduct. All Directors and Officers have completed Disclosure Statements and there were no instances of real or potential Conflicts of Interest brought forward to the Board during 2024.



Rent To The Federal Government

Rent payments in the amount of \$40 thousand were made to the Federal government, having resumed in 2024 after being previously waived.

2024 ACTUAL VS. BUSINESS PLAN (SHOWN IN THOUSANDS \$)

	Actual	Plan	Difference	Explanation
Revenue (note 1)	\$9,146	\$8,065	\$1,081	Increases to user fees and overall utilization of airport services such as landing fees, parking, and airport concessions.
Expenses (note 2)	\$7,108	\$7,442	(\$334)	Ongoing cost reduction efforts.
Capital	\$4,495	\$6,523	(\$2,028)	Deferral of select projects to a future year.

BUSINESS PLAN FORECAST 2025 – 2029

	2025	2026	2027	2028	2029
Revenue (note 1)	\$10,680	\$11,000	\$11,330	\$11,670	\$12,020
Expenses (note 2)	\$8,341	\$8,591	\$8,848	\$9,114	\$9,388
Capital	\$2,365	\$23,545	\$7,078	\$1,612	\$8,647

NOTES:

1. Revenue items do not include government subsidies or non-cash items, such as deferred capital contributions.
2. Expense items do not include non-cash items such as amortization.

Management Responsibility For Financial Statements

The accompanying financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The most significant of these are set out in Note 2 to the statements.

Greater London International Airport Authority's accounting procedures and related systems of internal control are designed to provide reasonable assurance that its assets are safeguarded and its financial records are reliable. These financial statements include some amounts based upon management's best estimates and judgments. Recognizing that the Authority is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been prepared within reasonable limits of materiality.

The Board of Directors has appointed an Audit and Finance Committee consisting of three Board directors. The Committee meets periodically throughout the year to review with management and the auditors any significant accounting, internal control and auditing matters. They also review and finalize the annual financial statements of the Authority together with the independent auditor's report before their submission to the Board of Directors for final approval.

The financial information throughout the text of the Annual Report is consistent with the information presented in the financial statements.

On behalf of the Greater London International Airport Authority,

A handwritten signature in blue ink, appearing to read 'Scott McFadzean', with a stylized flourish at the end.

Scott McFadzean

President and CEO

March 28th, 2025

Independent auditor's report

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To the Members of
Greater London International Airport Authority

Opinion

We have audited the financial statements of **Greater London International Airport Authority** [the "Authority"], which comprise the statement of financial position as at December 31, 2024, and the statement of operations and changes in 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the Authority'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 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.

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

London, Canada
March 28, 2025

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Greater London International Airport Authority

Incorporated without share capital under the laws of Canada

Statement of financial position

[in thousands of dollars]

As at December 31

	2024	2023
	\$	\$
Assets		
Current		
Cash	1,391	3,113
Accounts receivable	578	1,193
Prepaid expenses and deposits	219	212
Total current assets	2,188	4,518
Accrued pension asset <i>[note 7]</i>	2,115	2,892
Capital assets, net <i>[note 3]</i>	53,288	52,323
	57,591	59,733
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities <i>[note 8]</i>	1,907	1,568
Demand instalment loan <i>[note 4]</i>	10,604	10,402
Total current liabilities	12,511	11,970
Deferred capital contributions <i>[note 3]</i>	18,163	19,320
Total liabilities	30,674	31,290
Net assets	26,917	28,443
	57,591	59,733

See accompanying notes

On behalf of the Board:

Director

Director

Greater London International Airport Authority

Statement of operations and changes in net assets

[in thousands of dollars]

Year ended December 31

	2024	2023
	\$	\$
Revenue		
Aeronautical <i>[note 5]</i>	2,115	2,283
Airport <i>[note 5]</i>	4,862	4,795
	6,977	7,078
Airport Improvement Fees <i>[note 3]</i>	2,169	1,777
	9,146	8,855
Expenses		
Salaries and employee benefits <i>[note 5]</i>	3,595	3,646
Other operating and administration <i>[note 5]</i>	2,990	3,347
Interest and financing charges	523	684
	7,108	7,677
Surplus before the following	2,038	1,178
Amortization <i>[note 3]</i>	(2,794)	(2,815)
Investment income	136	226
Gain on disposal of capital assets	—	16
Deficit for the year	(620)	(1,395)
Net assets, beginning of year [as previously reported]	28,443	29,508
Remeasurement gain (loss) on pension valuation allowance <i>[note 7[a]]</i>	402	247
Actuarial gain (loss) on accrued pension asset <i>[note 7[a] and note 7[b]]</i>	(1,308)	83
Deficit for the year	(620)	(1,395)
Net assets, end of year	26,917	28,443

See accompanying notes

Statement of cash flows

[in thousands of dollars]

Year ended December 31

	2024	2023
	\$	\$
Operating activities		
Deficit for the year	(620)	(1,395)
Add (deduct) items not involving cash		
Amortization of capital assets and deferred capital contributions	2,794	2,815
Gain on disposal of capital assets	—	(16)
Net pension recovery	(92)	(69)
Pension benefits paid	(37)	(36)
	2,045	1,299
Net change in non-cash working capital balances related to operations [note 6]	526	371
Cash provided by operating activities	2,571	1,670
Investing activities		
Purchase of capital assets	(4,495)	(3,250)
Proceeds on disposal of capital assets	—	190
Deferred contributions received	—	1,903
Cash used in investing activities	(4,495)	(1,157)
Financing activities		
Repayment of demand instalment loan	(1,881)	(1,882)
Advances from demand instalment loan	2,083	—
Cash provided by (used in) financing activities	202	(1,882)
Net decrease in cash during the year	(1,722)	(1,369)
Cash, beginning of year	3,113	4,482
Cash, end of year	1,391	3,113

See accompanying notes

Notes to financial statements

[in thousands of dollars]

December 31, 2024

1. Description of business

The Greater London International Airport Authority [the "Authority"] was continued under the *Canada Not-for-profit Corporations Act* as a corporation without share capital.

The objectives of the Authority are as follows:

- To manage, operate and develop the Greater London International Airport [the "Airport"], the premises of which are leased to the Authority by Transport Canada, 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; and
- To expand transportation facilities and generate economic activity in ways that are compatible with air transportation activities.

On August 1, 1998, the Authority signed a 60-year ground lease with Transport Canada and assumed responsibility for the management, operation and development of the Airport. On March 5, 2015, Transport Canada approved a 20-year extension to the ground lease with an expiry date of July 31, 2078.

The Authority is exempt from federal and provincial income taxes as it is a not-for-profit organization under Section 149[1] of the *Income Tax Act* (Canada).

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared by management in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for-Profit Organizations", which constitutes generally accepted accounting principles for not-for-profit organizations in Canada.

The significant accounting policies are as follows:

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Examples of such estimations and assumptions include the useful lives of capital assets, allowance for doubtful accounts, the timing and amount of future cash flows, and pension valuation adjustments. Actual results could differ from those estimates. Adjustments, if any, will be reflected in operations in the period of settlement.

Notes to financial statements

[in thousands of dollars]

December 31, 2024

Revenue recognition

The Authority follows the deferral method of accounting for contributions. Externally restricted contributions, including government grants, are initially deferred when recorded in the accounts and recognized in operations in the year in which the related expenses are incurred.

Unrestricted contributions that are available for the operations of the Authority are recorded as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Airport Improvement Fees ["AIF"] are to be used to fund Airport infrastructure projects and associated financing costs that relate primarily to the passenger-handling functions of the Airport. Revenue from AIF is recognized when departing passengers board their aircraft.

Investment income, which consists of interest and realized and unrealized gains and losses, is recognized when earned. Aeronautical and airport revenue is recognized when the related services are provided.

Government assistance is recognized when receivable if the amount can be reasonably estimated and collection is reasonably assured.

Financial instruments

Marketable securities reported at fair value consist of investments in fixed income securities that the Authority designates upon purchase to be measured at fair value. Transaction costs are recognized in the statement of operations and changes in net assets in the period during which they are incurred.

Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value adjusted for transaction costs and are subsequently measured at amortized cost, net of any provisions for impairment.

Capital assets

Capital assets are initially recorded at cost. Normal maintenance and repair expenditures are expensed as incurred.

Amortization is provided on a straight-line basis from the month following the date the asset was first put into use. It is expected that the total cost of capital assets, net of their estimated salvage values, will be charged to operations over the assets' estimated useful lives by following these procedures. The costs associated with construction in progress, including interest, if any, are capitalized during the construction phase. Upon completion of the project, the assets will be allocated to their respective classes and amortized at the rates provided in the schedule below.

Notes to financial statements

[in thousands of dollars]

December 31, 2024

Capital assets are amortized on a straight-line basis as follows:

Office furniture and fixtures	4–10 years
Terminal furniture and fixtures	5–20 years
Shop equipment	5–10 years
Mobile equipment	6–20 years
Computer software	3–5 years
Computer/office equipment	3–5 years
Pavement/electrical leaseholds	15 years
Structural leaseholds	5–40 years
Terminal, major equipment	20 years
Buildings	40 years
Land leaseholds	20–60 years

Gain or loss on disposal of individual assets is recognized in income in the year of disposal.

Capital assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the asset is impaired, the impairment loss to be recognized is measured as the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to income during the year. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Pension obligations

The Authority sponsors a registered pension plan ["RPP"] with defined benefit and defined contribution components, as well as a separate non-registered defined benefit supplemental employee retirement plan ["SERP"]. These plans cover all full-time employees.

The Authority accounts for its defined benefit plan in accordance with *CPA Canada Handbook – Accounting*, Section 3463, *Reporting Employee Future Benefits by Not-For-Profit Organizations*. The Authority measures the defined benefit obligations using a valuation for funding purposes for the RPP and an accounting valuation for the SERP. The cost of defined benefit pensions comprises remeasurements and other items, current service cost and finance cost. Remeasurements and other items, which include the difference between actual return on plan assets and the return calculated using the discount rate used in determining the defined benefit obligation, actuarial gains and losses, the effect of any valuation allowance in the case of a defined benefit asset, past service costs, and gains or losses arising from plan curtailments and settlements are recognized directly in net assets in the statement of financial position rather than in the statement of operations and changes in net assets. Current service cost and finance cost for the period are recognized as an expense in the statement of operations and changes in net assets.

The cost of defined contribution benefits is expensed when paid. The Authority makes contributions in accordance with plan agreements.

Notes to financial statements

[in thousands of dollars]

December 31, 2024

3. Capital assets and deferred capital contributions

Capital assets consist of the following:

	2024		2023	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Mobile equipment	9,423	4,517	9,388	4,052
Shop equipment	443	415	440	407
Terminal, major equipment	6,710	3,822	6,710	3,503
Computer/Office equipment	443	345	432	289
Computer software	135	99	115	86
Office furniture & fixtures	121	92	104	88
Terminal furniture & fixtures	1,395	1,092	1,375	976
Structural leaseholds	41,641	23,384	40,571	22,022
Pavement/electrical leaseholds	20,672	7,012	20,660	5,766
Land leaseholds	3,008	1,495	2,969	1,408
Buildings	14,882	3,312	11,044	3,037
Construction in process	—	—	149	—
	98,873	45,585	93,957	41,634
Less accumulated amortization	45,585		41,634	
Net book value	53,288		52,323	

Cumulative expenditures on qualifying Airport infrastructure projects, from inception of the AIF, including eligible debt service costs, amount to \$82,041 [2023 – \$77,105]. During the same period, cumulative AIF revenue amounted to \$62,617 [2023 – \$60,448].

Notes to financial statements

[in thousands of dollars]

December 31, 2024

The costs of certain capital assets were funded through external contributions as set out below:

	2024		2023	
	Contribution \$	Accumulated amortization \$	Unamortized contribution \$	Unamortized contribution \$
Security & policing program	451	267	184	190
Rosenbauer ARFF vehicle + ancillary Equipment	1,101	77	1,024	1,068
Runway plow/sweeper trucks	790	64	726	765
Runway 15/33 rehab project	4,669	643	4,026	4,337
Baggage system upgrade	2,643	2,308	335	453
Gateway	10,500	3,220	7,280	7,541
NavCanada	13	12	1	2
Taxiway golf rehabilitation	3,169	1,049	2,120	2,332
CATSA HBS recap	3,425	958	2,468	2,632
Net book value	26,761	8,598	18,163	19,320

These deferred contributions are amortized on the same basis as the amortization of the related assets as follows:

	2024 \$	2023 \$
Amortization of capital assets	3,951	3,936
Amortization of related deferred contributions	(1,157)	(1,121)
	2,794	2,815

4. Demand instalment loan

The Authority has the following credit facilities with the Canadian Imperial Bank of Commerce ["CIBC"]:

- An undrawn demand revolving operating line of credit of \$500 [2023 – \$500], bearing interest at the prime rate minus 0.15%.
- A demand instalment loan of \$0 [2023 – \$998]. The loan matured on November 12, 2024 and was repaid in full.
- A demand term Canadian Overnight Repo Rate Average ["CORRA"] loan of \$1.213 [2023 – \$1,363], bearing interest at CORRA plus 1.04547%. Annual principal repayments amount to \$150 [2023 – \$150], payable monthly. The loan matures on January 12, 2033.
- A demand term CORRA loan of \$117 [2023 – \$317], bearing interest at CORRA plus 0.94547%. Annual principal repayments amount to \$200 [2023 – \$200], payable monthly. The loan matures on July 12, 2025.

Notes to financial statements

[in thousands of dollars]

December 31, 2024

E. A demand term CORRA loan of \$9,275 [2023 – \$7,725], bearing interest at CORRA plus 0.94547%. Annual principal repayments amount to \$508 [2023 – \$409], payable monthly. There was an additional amount of \$2,083 drawn on this loan in 2024. The loan matures on December 31, 2042 and the additional draw matures July 26, 2044.

The facilities are subject to a financial covenant in the form of a modified fixed charge coverage ratio. The Authority was in compliance at year-end as CIBC waived the fixed charge coverage ratio for fiscal 2024. The covenant will resume for fiscal 2025. The lender has taken as collateral a first charge mortgage for \$18,000 over the leasehold interest at 10 Seabrook Way, which is included in structural leaseholds *[note 3]*.

Annual scheduled principal repayments are as follows:

	\$
2025	777
2026	660
2027	660
2028	660
2029	660
Thereafter	7,198
	<u>10,615</u>

5. Statement of operations and changes in net assets

Statement of operations and changes in net assets consist of the following:

	2024 \$	2023 \$
Aeronautical revenue		
Landing fees	976	1,098
Terminal fees	875	914
Security	264	271
	<u>2,115</u>	<u>2,283</u>
Airport revenue		
Parking	1,939	1,546
Concessions	1,251	1,638
Rentals <i>[note 10]</i>	1,409	1,262
Other	263	349
	<u>4,862</u>	<u>4,795</u>
Salaries and employee benefits		
Salaries and wages	2,898	3,142
Benefits <i>[note 7]</i>	697	504
	<u>3,595</u>	<u>3,646</u>

Notes to financial statements

[in thousands of dollars]

December 31, 2024

	2024 \$	2023 \$
Other operating and administration expenses		
Municipal taxes	377	172
Utilities	438	652
Transport Canada rent <i>[note 10]</i>	40	—
Office and administration	353	483
Repairs, maintenance and equipment rentals	225	290
Contracted maintenance	350	342
Materials and supplies	151	159
Advertising and business development	287	504
Directors' fees and expenses	234	203
Bad debts	2	18
Professional fees	182	205
Vehicle maintenance	131	117
Insurance	220	202
	<u>2,990</u>	<u>3,347</u>

6. Statement of cash flows

The net change in non-cash working capital balances related to operations consists of the following:

	2024 \$	2023 \$
Decrease (increase) in current assets		
Accounts and grant receivable	615	869
Prepaid expenses and deposits	(7)	(34)
	<u>608</u>	<u>835</u>
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	(82)	(464)
	<u>526</u>	<u>371</u>

Notes to financial statements

[in thousands of dollars]

December 31, 2024

7. Employee benefit plans

Employee benefit plans consist of the following:

	2024 \$	2023 \$
Defined benefit pension plan asset [a]	2,837	3,574
Supplemental pension plan obligation [b]	(722)	(682)
Accrued pension asset, net	2,115	2,892

[a] Defined benefit pension plan asset

The Authority sponsors a pension plan on behalf of its employees, which has defined benefit and defined benefit contribution components. All members of the defined benefit plan are now retired and the plan is closed to new employees. This plan is administered as part of the Canadian Airport Authorities and Canadian Port Authorities Pension Plan [the "Plan"]. The most recent actuarial valuation was determined using membership data as at January 1, 2024 and was extrapolated to December 31, 2024.

On May 14, 2024, the Plan entered into an annuity contract with Sun Life Assurance Company of Canada in order to fully fund the future pension obligations related to each of the retired members of the defined benefit component of the Plan. Under this contract, Sun Life is obligated to monthly payments to the Plan equal to the total defined pension obligations to the 11 annuitants comprising the retired members. The annuity contract is recorded at a value equal to the defined benefit obligations in respect to those members.

[i] Pension expense for the defined contribution plan is \$136 [2023 – \$113].

[ii] Information about the Authority's defined benefit plan is as follows:

	2024 \$	2023 \$
Fair value of plan assets	11,247	12,037
Benefit obligation	(8,410)	(8,061)
Funded status – plan surplus	2,837	3,976
Valuation allowance	—	(402)
Defined benefit pension plan asset	2,837	3,574

The valuation allowance represents the amount by which the defined benefit plan surplus exceeds the expected future benefit that the Authority expects to realize from that surplus.

Notes to financial statements

[in thousands of dollars]

December 31, 2024

The asset allocation of the Plan is as follows:

	2024 %	2023 %
Equity securities	0.0	0.0
Fixed income	25.5	100.0
Other [annuity contract]	74.5	0.0
	100.0	100.0

The following table provides a reconciliation of the accrued benefit asset:

	2024 \$	2023 \$
Defined benefit asset, beginning of year	3,574	3,087
Pension recovery for the year	123	100
Authority contributions	—	—
Decrease in valuation allowance	402	247
Actuarial gain (loss)	(1,262)	140
Defined benefit asset, end of year	2,837	3,574

The significant actuarial assumptions adopted in measuring the Authority's accrued benefit asset under the defined benefit pension plan as at December 31 are as follows:

	2024 \$	2023 \$
Discount rate – RPP	4.00	4.50
Inflation rate	2.00	3.00

[b] Supplemental pension plan obligation

Information about the unfunded supplemental pension plan obligation is as follows:

	2024 \$	2023 \$
Defined benefit obligation, beginning of year	(682)	(629)
Pension expense for the year	(31)	(31)
Benefits paid	37	36
Actuarial gain (loss)	(46)	(58)
Defined benefit obligation, end of year	(722)	(682)

Notes to financial statements

[in thousands of dollars]

December 31, 2024

The Authority contributed \$37 [2023 – \$36] to the supplemental pension plan to fund the benefits paid.

The significant actuarial assumptions adopted in measuring the Authority's accrued benefit obligation under the SERP as at December 31 are as follows:

	2024	2023
	\$	\$
Discount rate – SERP	4.60	4.60
Inflation rate	2.00	3.00

8. Government remittances

Included in accounts payable and accrued liabilities are government remittances payable of \$27 [2023 – \$70] relating to Harmonized Sales Tax.

9. Financial instruments and risk management

Credit risk

Financial assets create a risk that counterparties will fail to discharge an obligation, causing a financial loss. As at December 31, 2024, other than accounts receivable, there are no significant concentrations of credit risk with respect to any class of financial assets. While the Authority deals with several customers in North America, five customers represent 40% [2023 – 51%] of the trade accounts receivable balance as at December 31, 2024. The maximum credit risk represents the full amount of the accounts receivable. The Authority anticipates receiving payments in full from these customers.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority is exposed to interest rate risk on its floating interest rate financial instruments.

Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting obligations associated with its financial liabilities. The Authority is exposed to liquidity risk on its demand instalment loan and accounts payable and accrued liabilities.

10. Operating leases

The Authority as lessee

The Authority's ground lease with Transport Canada expires in 2078. At the end of the term, unless otherwise extended, the Authority is obligated to return control of the Airport to the Government of Canada.

Notes to financial statements

[in thousands of dollars]

December 31, 2024

In 2005, Transport Canada announced the adoption of a new rent policy that has resulted in reduced rent for Canadian airport authorities, including the Authority. Under this formula, rent is calculated as a royalty based on a percentage of gross annual revenue on a progressive scale. During the prior year, in response to the COVID-19 pandemic, the ground lease was amended to waive the rent payable for 2020, 2021, 2022 and 2023 lease years subject to passenger volumes remaining below one million during this period.

Based on forecasts of future revenue [which are subject to change depending on economic conditions and changes in the Authority's rates and fees], estimated rent payments for the next five years are approximately as follows:

	\$
2025	43
2026	44
2027	49
2028	69
2029	95

The Authority as lessor

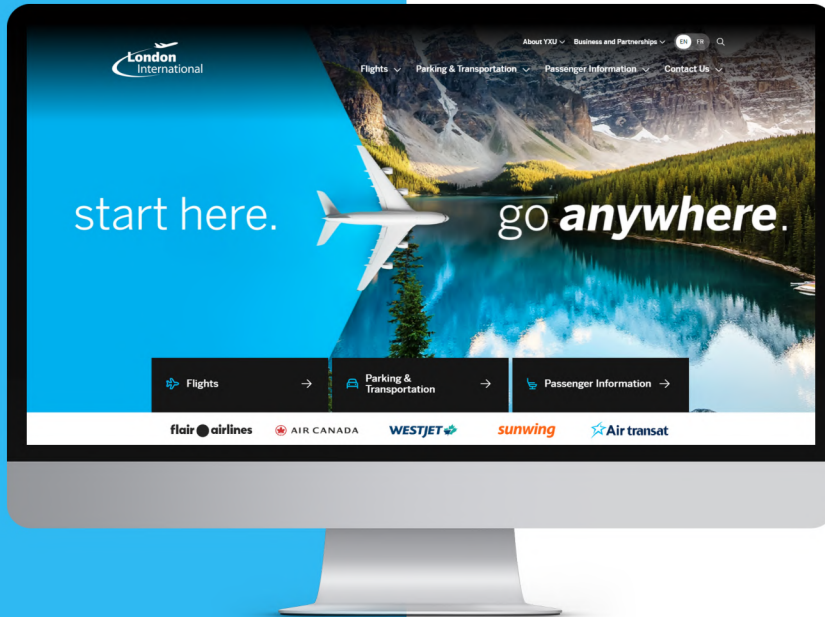
The Authority leases out, under operating leases, land and certain assets that are included in capital assets. Many leases include renewal options, in which case they are subject to market price revision. The lessee does not have the possibility of acquiring the leased assets at the end of the lease.

The estimated lease revenue for the next five years is approximately as follows:

	\$
2025	1,817
2026	1,817
2027	1,817
2028	1,817
2029	1,817

11. Comparative balances

Certain comparative balances have been reclassified to conform with the current year's financial statement presentation.



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