

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2021 This Form is Open to Public Inspection
---	---	---

Part I	Annual Report Identification Information
For calendar plan year 2021 or fiscal plan year beginning <u>01/01/2021</u> and ending <u>12/31/2021</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	▶ ☒
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.	▶ ☐

Part II	Basic Plan Information—enter all requested information				
1a Name of plan <u>CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1995</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>01/01/1995</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>01/01/1995</u>					
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>CAPE AIR/NANTUCKET AIRLINES</u> <u>660 BARNSTABLE RD</u> <u>HYANNIS, MA 02601-1924</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>04-3005476</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>508-362-9771</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>481000</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>04-3005476</u>	2c Plan Sponsor's telephone number <u>508-362-9771</u>	2d Business code (see instructions) <u>481000</u>	
2b Employer Identification Number (EIN) <u>04-3005476</u>					
2c Plan Sponsor's telephone number <u>508-362-9771</u>					
2d Business code (see instructions) <u>481000</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2022	ELIZABETH KENNELLY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2022	ELIZABETH KENNELLY
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2021)
v. 210624

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN	
		3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN	
5 Total number of participants at the beginning of the plan year		5	1038
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).			
a(1) Total number of active participants at the beginning of the plan year.....		6a(1)	689
a(2) Total number of active participants at the end of the plan year		6a(2)	686
b Retired or separated participants receiving benefits.....		6b	0
c Other retired or separated participants entitled to future benefits		6c	254
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	940
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	1
f Total. Add lines 6d and 6e		6f	941
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	722
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h	139
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2I 2J 2K 2O 2S 2T 3I			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2021 Form M-1 annual report. If the plan was not required to file the 2021 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2021
		This Form is Open to Public Inspection.
For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 CAPE AIR/NANTUCKET AIRLINES	D Employer Identification Number (EIN) 04-3005476	

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

UBS FINANCIAL SERVICES INC

13-2638166

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27 99	INVESTMENT ADVISORY	51417	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

PRINCIPAL LIFE INSURANCE COMPANY

42-0127290

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 37 50 64	CONTRACT ADMINISTRATOR	98819	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection
--	--	---

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 CAPE AIR/NANTUCKET AIRLINES	D Employer Identification Number (EIN) 04-3005476	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions.....	1b(2)		
(3) Other	1b(3)		153
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1622	280086
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	310053	390329
(9) Value of interest in common/collective trusts	1c(9)	1447782	635280
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	21873065	29539492
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other.....	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities.....	1d(1) 4476421	3011613
(2)	Employer real property.....	1d(2)	
e	Buildings and other property used in plan operation	1e	
f	Total assets (add all amounts in lines 1a through 1e)	1f 28108943	33856953
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	
i	Acquisition indebtedness.....	1i	
j	Other liabilities.....	1j	
k	Total liabilities (add all amounts in lines 1g through 1j)	1k 0	0
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l 28108943	33856953

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

		(a) Amount	(b) Total
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A) 547685	
	(B) Participants	2a(1)(B) 1782891	
	(C) Others (including rollovers).....	2a(1)(C) 342170	
(2)	Noncash contributions.....	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2)	2a(3)	2672746
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A) 42	
	(B) U.S. Government securities	2b(1)(B)	
	(C) Corporate debt instruments	2b(1)(C)	
	(D) Loans (other than to participants)	2b(1)(D)	
	(E) Participant loans.....	2b(1)(E) 15376	
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F).....	2b(1)(G)	15418
(2)	Dividends: (A) Preferred stock.....	2b(2)(A)	
	(B) Common stock	2b(2)(B)	
	(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C) 349750	
	(D) Total dividends. Add lines 2b(2)(A), (B), and (C)	2b(2)(D)	349750
(3)	Rents	2b(3)	
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	
	(B) Aggregate carrying amount (see instructions).....	2b(4)(B)	
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	0
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	
	(B) Other	2b(5)(B) 1597190	
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	1597190

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		13393
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		3402064
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		8050561
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	2192132	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		2192132
f Corrective distributions (see instructions).....	2f		9978
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)	100441	
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		100441
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		2302551
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		5748010
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: SAMET & COMPANY, PC

(2) EIN: 04-3027605

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

	Yes	No	Amount
4a	X		63684

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection.
---	--	---

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

A Name of plan CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN	B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 CAPE AIR/NANTUCKET AIRLINES	D Employer Identification Number (EIN) 04-3005476

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	222542
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 42-0127290		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☒ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☒ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☒ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☒ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2021
v. 201209

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14b

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14c

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year.....

15a

b The corresponding number for the second preceding plan year.....

15b

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year.....

16a

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....

16b

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

**CAPE AIR/NANTUCKET AIRLINES KSOP
RETIREMENT PLAN**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

As of December 31, 2021 and 2020

TOGETHER WITH AUDITOR'S REPORT

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1 - 4
FINANCIAL STATEMENTS	
Statements of Net Assets Available for Benefits as of December 31, 2021 and 2020	5
Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2021	6
Notes to Financial Statements	7 - 16
SUPPLEMENTAL SCHEDULES	
Schedule H, Line 4i - Schedule of Assets (Held at End of Year)	17
Schedule H, Line 4a – Schedule of Delinquent Participant Contributions	18



INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator of
Cape Air/Nantucket Airlines KSOP Retirement Plan

Scope and Nature of the ERISA Section 103(a)(3)(C) Audit for the 2021 Financial Statements

We have performed an audit of the accompanying financial statements of Cape Air/Nantucket Airlines KSOP Retirement Plan (the "Plan"), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), as permitted by ERISA Section 103(a)(3)(C) [ERISA Section 103(a)(3)(C) audit]. The financial statements comprise the statement of net assets available for benefits as of December 31, 2021, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements (2021 Financial Statements).

Management, having determined it is permissible in the circumstances, has elected to have the audit of the Plan's 2021 financial statements performed in accordance with ERISA Section 103(a)(3)(C) pursuant to 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As permitted by ERISA Section 103(a)(3)(C), our audit need not extend to any statements or information related to assets held for investment of the plan (investment information) by a bank or similar institution or insurance carrier that is regulated, supervised, and subject to periodic examination by a state or federal agency, provided that the statements or information regarding assets so held are prepared and certified to by the bank or similar institution or insurance carrier in accordance with 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA (qualified institution).

Management has obtained a certification from a qualified institution as of and for the year ended December 31, 2021, stating that the certified investment information, as described in Note 3 to the financial statements, is complete and accurate.

Opinion on the 2021 Financial Statements

In our opinion, based on our audit and on the procedures performed as described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section—

- the amounts and disclosures in the 2021 financial statements referred to above, other than those agreed to or derived from the certified investment information, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- the information in the 2021 financial statements referred to above related to assets held by and certified to by a qualified institution agrees to, or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Basis for Opinion on the 2021 Financial Statements

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2021 Financial Statements section of our report.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Basis for Opinion on the 2021 Financial Statements (continued)

We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our ERISA Section 103(a)(3)(C) audit opinion.

Responsibilities of Management for the 2021 Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management's election of the ERISA Section 103(a)(3)(C) audit does not affect management's responsibility for the financial statements.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments; administering the plan; and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditor's Responsibilities for the Audit of the 2021 Financial Statements

Except as described in the Scope and Nature of the ERISA Section 103(a)(3)(C) Audit section of our report, our objectives are to obtain reasonable assurance about whether the 2021 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the 2021 Financial Statements (continued)

- 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 Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

Our audit did not extend to the certified investment information, except for obtaining and reading the certification, comparing the certified investment information with the related information presented and disclosed in the 2021 financial statements, and reading the disclosures relating to the certified investment information to assess whether they are in accordance with the presentation and disclosure requirements of accounting principles generally accepted in the United States of America.

Accordingly, the objective of an ERISA Section 103(a)(3)(C) audit is not to express an opinion about whether the financial statements as a whole are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

2021 Supplemental Schedules Required by ERISA

The supplemental schedule of Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2021 and Schedule H, Line 4a – Schedule of Delinquent Participant Contributions are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information included in the supplemental schedules, other than that agreed to or derived from the certified investment information, has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Matters (continued)

2021 Supplemental Schedules Required by ERISA (continued)

For information included in the supplemental schedules that agreed to or is derived from the certified investment information, we compared such information to the related certified investment information.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, other than the information agreed to or derived from the certified investment information, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion—

- the form and content of the supplemental schedules, other than the information in the supplemental schedules that agreed to or is derived from the certified investment information, are presented, in all material respects, in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.
- the information in the supplemental schedules related to assets held by and certified to by a qualified institution agrees to or is derived from, in all material respects, the information prepared and certified by an institution that management determined meets the requirements of ERISA Section 103(a)(3)(C).

Auditor's Report on the 2020 Financial Statements

We were engaged to audit the 2020 financial statements of Cape Air/Nantucket Airlines KSOP Retirement Plan. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, the plan administrator instructed us not to perform and we did not perform any auditing procedures with respect to the information certified by a qualified institution. In our report dated October 13, 2021, we indicated that (a) because of the significance of the information that we did not audit, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, we did not express an opinion on the 2020 financial statements, and (b) the form and content of the information included in the 2020 financial statements other than that derived from the certified information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Chestnut Hill, Massachusetts
October 14, 2022

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Investments, at fair value	\$ <u>33,466,471</u>	\$ <u>27,798,890</u>
Receivables:		
Other	153	-
Notes receivable from participants	<u>390,329</u>	<u>310,053</u>
	<u>390,482</u>	<u>310,053</u>
Total assets	<u>33,856,953</u>	<u>28,108,943</u>

LIABILITIES AND NET ASSETS

Refundable contributions due to participants	<u>11,166</u>	<u>9,978</u>
Net assets available for benefits	\$ <u><u>33,845,787</u></u>	\$ <u><u>28,098,965</u></u>

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2021

Additions to net assets attributed to:

Investment income:

Net appreciation in fair value of investments	\$ 5,012,647
Interest and dividends	<u>349,792</u>
	<u>5,362,439</u>

Interest income on notes receivable from participants	<u>15,376</u>
---	---------------

Contributions:

Participants' contributions	1,771,725
Employer contributions	547,685
Rollover contributions	<u>342,170</u>

2,661,580

Total additions	<u>8,039,395</u>
-----------------	------------------

Deductions from net assets attributed to:

Benefits paid to participants	2,192,132
Administrative expenses	<u>100,441</u>

Total deductions	<u>2,292,573</u>
------------------	------------------

Net increase	5,746,822
--------------	-----------

Net assets available for benefits, beginning of year	<u>28,098,965</u>
--	-------------------

Net assets available for benefits, end of year	\$ <u>33,845,787</u>
--	----------------------

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

Note 1 Description of Plan

The following description of Cape Air/Nantucket Airlines KSOP Retirement Plan (the “Plan”) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan’s provisions.

General

The Plan includes a tax exempt employee stock ownership plan (“ESOP component”) and a tax exempt 401(k) plan (“non-ESOP component”) established to provide all eligible employees of Hyannis Air Service, Inc. d/b/a Cape Air/Nantucket Airlines (the “Company”) with retirement benefits in accordance with Sections 401(a) and 401(k) of the Internal Revenue Code (“IRC”). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”).

The assets of the non-ESOP component of the Plan (mutual funds and the common collective trust) are held by the Delaware Charter Guarantee and Trust Company d/b/a Principal Trust Company (“Principal”). Principal is the trustee and recordkeeper of the Plan. The assets of the ESOP portion of the Plan are held by Bankers Trust Company of South Dakota (“Bankers Trust”).

Eligibility

Company employees who have attained the age of twenty-one are eligible to make voluntary contributions to the non-ESOP component of the Plan after completion of three months of service, as defined in the Plan document.

Employees who have attained the age of twenty-one and completed 1,000 hours of service are eligible to participate in the ESOP component of the Plan.

Employees whose employment is governed by the terms of a collective bargaining agreement, non-resident aliens who do not receive any earned income from the Company which constitutes United States source income, leased employees (as defined), and seasonal employees are ineligible to participate in the Plan.

Participant contributions

Eligible participants may make voluntary contributions to the non-ESOP component through salary reductions from 1% to 75% of eligible annual pre-tax compensation, as defined by the Plan, limited to the maximum amount allowable under the provisions of the IRC (\$19,500 in 2021). Further, participants who are 50 years of age or older as of December 31, 2021 may contribute an additional “catch up” contribution (\$6,500 in 2021). Effective July 1, 2017, the plan was amended to add an automatic enrollment feature. Eligible participants in the plan prior to the amendment date who did not have an affirmative election in place or who have affirmatively elected not to contribute shall be deemed to have a deferral election of 4% of eligible compensation. Eligible participants post amendment date are automatically enrolled in the plan with a deferral election of 4%. Participants may cancel, modify or otherwise change any of the automatic elections. The non-ESOP component’s investments are participant-directed, utilizing certain investment options offered by the Plan, including various mutual funds and a common collective trust.

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

Note 1 Description of Plan (continued)

Employer contributions non-ESOP component

The Company may make matching contributions to the non-ESOP component of the Plan in such amounts as the Company designates. During the year ended December 31, 2021, effective April 1, 2020, the matching contribution was amended to increase the match from 25% of the first 4% of the participant's eligible compensation to 50% of the first 4% of the participant's eligible compensation, as defined in the Plan document.

Employer contributions related to the non-ESOP component of the Plan define eligibility to receive matching contributions as employees who have attained the age of twenty-one and completed 1,000 hours of service.

For the year ended December 31, 2021, the Company made a contribution of \$441,640 to the non-ESOP component of the Plan.

Employer contributions ESOP component

The Company may make voluntary contributions to the ESOP component of the Plan at the discretion of the Board of Directors. These employer ESOP contributions may be paid in cash or shares of Company stock. For the year ended December 31, 2021, the Company made a contribution of \$106,045 to the ESOP-component of the Plan.

Voting rights

Bankers Trust Company of South Dakota (the "ESOP Trustee") shall vote all shares of Company stock held as part of the Plan assets, in accordance with the terms of the Plan. If any agreement entered into by the Company in connection with an acquisition loan provides for voting pledged shares, the ESOP Trustee shall vote the pledged shares in accordance with the agreement, but only to the extent such voting complies with the requirements as defined in the Plan document.

Participants' accounts

Each participant's account is credited with the participant's contribution and allocations of (a) ESOP and non-ESOP employer contributions and (b) ESOP and non-ESOP Plan earnings or losses. Allocations of ESOP contributions are based on participant's eligible compensation relative to total eligible compensation.

Vesting – non-ESOP component

Participants' voluntary contributions and earnings thereon vest immediately. Vesting in the Company's matching contributions in the non-ESOP component plus actual earnings thereon is based on the number of years of continuous service. Vesting begins after two years of service, as defined, with full vesting after six years of credited service. In the event of death, disability, or attainment of age 65, participants' accounts become fully vested.

Vesting – ESOP component

Vesting in the ESOP component of employer contributions plus actual earnings is based on the number of years of continuous service. For participants with at least one hour of service on or after January 1, 2015, vesting begins after two years of service, as defined, with full vesting after five years of credited service.

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

Note 1 **Description of Plan (continued)**

Vesting – ESOP component (continued)

For participants who were credited with at least one hour of service on or after January 1, 2007 through December 31, 2014, vesting begins after two years of service, as defined, with full vesting after six years of credited service. For participants who were not credited with at least one hour of service on or after January 1, 2007, vesting begins after three years of service, as defined, with full vesting after five years of credited service. In the event of death, disability, or attainment of retirement age, as defined, participants' accounts become fully vested.

Payment of benefits – non-ESOP component

Upon termination of employment, retirement, attainment of age 59½, death or disability, the participant or the participant's beneficiary is entitled to receive the vested portion of the participant's non-ESOP component account in a single lump-sum or installment payments, in accordance with Internal Revenue Service ("IRS") regulations and Plan provisions. Further, withdrawals from the Plan before leaving the Company are available for special "hardship" reasons (as defined) or after attaining the age of 59½. Distributions to participants are recorded when paid.

During the year ended December 31, 2020, the Plan adopted the distribution provisions of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. A CARES Act distribution allows certain eligible participants to take a coronavirus related distribution up to \$100,000 from the Plan retroactive to January 1, 2020 and through December 30, 2020. The Plan has not been formally amended to reflect these provisions. Plan amendments related to coronavirus related distributions must be adopted by December 31, 2025.

Payment of benefits – ESOP component

Upon termination of employment, retirement, attainment of age 59½, death or disability, the participant or the participant's beneficiary is entitled to receive the vested portion of the participant's ESOP component account in a single lump-sum or installment payments, in accordance with IRS regulations and Plan provisions. Distributions of the vested portion of the participant's ESOP component account balance shall begin when elected by the participant or beneficiary, but no later than the last day of the Plan year immediately following the Plan year in which the participant terminated employment. Distributions of Company stock shall be made in whole or fractional shares. Under the provisions of the Plan, the Company is obligated to repurchase participant shares which have been distributed under the terms of the Plan.

Put option

Under Federal income tax regulations, the employer stock that is held by the ESOP component of the Plan and its participants is not readily tradable on an established market and includes a put option. The put option, as defined in the Plan document, is a right to demand that the Company buy any shares of stock it has distributed to participants for which there is no market. The put price is representative of the fair market value of the stock. The purpose of the put option is to ensure liquidity for participants.

Diversification

At the discretion of the Company, any participant who is at least age 55, with ten or more years of Plan participation, may elect within 90 days after the close of each Plan year during the six year Plan period beginning with the Plan year in which the participant has met both such requirements, to diversify a portion of their ESOP account to other options.

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

Note 1 Description of Plan (continued)

Diversification (continued)

In each of the first five years thereafter, a participant may diversify up to 25% of their ESOP shares, less any shares previously diversified. In the sixth year and thereafter, the percentage increases to 50%. Any participant under the age of 55 may diversify the investment in Company stock in their ESOP account in an amount up to 20% of the aggregate ESOP account balance each year, determined as of the most recent valuation date. Such election is satisfied by converting the participant's shares to cash and transferring the balance to the non-ESOP component of the Plan.

Allocated and unallocated shares

All shares of Company stock contributed to the ESOP-component of the Plan have been allocated to participant accounts as of December 31, 2021 and 2020.

Forfeitures

The Plan provides that forfeitures, the unvested portion attributable to ESOP and Company matching contributions for terminated participants, will be used at the discretion of the plan administrator to pay administration costs of the Plan, restore previously forfeited account balances, as defined in the Plan document, or reduce Company matching contributions. During the year ended December 31, 2021, forfeitures were used to reduce administrative expenses and Company matching contributions by \$57,987. At December 31, 2021 and 2020, forfeited non-vested accounts totaled \$4,019 and \$2,881, respectively.

Notes receivable from participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest income is recorded on the accrual basis. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2021 or 2020. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be in default, the participant loan balance is reduced, and a benefit payment is recorded.

Participants may borrow up to 50% of their vested account balance in their non-ESOP component of the Plan with a minimum of \$1,000 and a maximum of \$50,000. Loans are subject to approval by the plan administrator and the interest rate is set periodically to be in line with current market rates for similar types of loans. Loan terms range from one to five years. However, if the loan is to acquire the principal residence of the participant, the term may be extended. Loans are secured by the balance in the participant's account in the non-ESOP component of the Plan. Principal and interest is paid ratably through payroll deductions.

During the year ended December 31, 2020, the Plan adopted the loan provisions of the CARES Act, effective for qualified participant loans initiated on or after March 27, 2020 and before September 23, 2020. The CARES Act provided Plan participants with the option to borrow up to 100% of their vested account balance, up to a maximum of \$100,000. Participants also have the option of suspending loan payments due between March 27, 2020 and December 31, 2020 for up to one year, however, originally scheduled payments must resume beginning on January 1, 2021. The Plan has not been formally amended to reflect these provisions. Plan amendments related to coronavirus related loans must be adopted by December 31, 2025.

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

Note 2 Summary of significant accounting policies

The following is a summary of significant accounting policies followed by the Plan.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Investment valuation and income recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan's sponsor determines the Plan's valuation policies utilizing information provided by the investment advisor and trustee. See Note 8 for discussions of fair value measurements.

Realized gains and losses on investments sold and the unrealized appreciation and depreciation of investments held are reported on an average current cost basis, based on fair market value of the investments at the beginning of the Plan year or at the time of purchase during the Plan year.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

Use of estimates

The preparation of the financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Administrative expenses

Administrative expenses of the Plan are paid by either the Company or the Plan, as provided in the Plan document.

Fair value

Accounting standards provide a common definition of fair value and establish a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. Accounting standards also require expanded disclosures to provide information about the extent to which fair value is used to measure certain financial assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. The Plan's financial assets reflected in the financial statements at fair value include its investments (Note 8).

Refundable contributions due to participants

Amounts payable to participants for contributions in excess of amounts allowed by the IRC are recorded as a liability with a corresponding reduction to contributions. The Plan distributed the 2021 and 2020 contributions to the applicable participants prior to April 15th of the following year.

Subsequent events

The Company has evaluated subsequent events through October 14, 2022, which is the date the financial statements were available to be issued.

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

Note 3 **Information certified by the Plan's trustees**

The plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. The investment assets, notes receivable from participants, investment transactions and investment income and interest income on notes receivable from participants presented in the Plan's financial statements and supplemental schedule was prepared by or derived from information prepared by Delaware Charter Guarantee and Trust Company d/b/a Principal Trust Company ("Principal") and GreatBanc Trust Company, the trustees, and furnished to the Company. The plan administrator has obtained a certification from the trustee as of December 31, 2021 and 2020, and for the year ended December 31, 2021, that such information is complete and accurate. The other receivable totaling \$153 as of December 31, 2021 is not certified. There was no other receivable as of December 31, 2020. The refundable contributions due to participants totaling \$11,166 and \$9,978 as of December 31, 2021 and 2020, respectively, are not certified.

Note 4 **Related party transactions**

The ESOP-component of the Plan holds Hyannis Air Service, Inc. common stock as an investment. Hyannis Air Service, Inc. is the employer and Plan sponsor. Any transactions in its common stock qualify as exempt party-in-interest transactions. At December 31, 2021, there were 270.10 shares outstanding of Company common stock valued at \$3,011,613. At December 31, 2020, there were 490.84 shares outstanding of Company common stock valued at \$4,476,421. During the year ended December 31, 2021, the Company repurchased 25.04 shares of Company common stock from the ESOP-component of the Plan of which 0.63 were reallocated to eligible participants.

Certain investments are a mutual fund and common collective trust managed by Principal. Principal is the trustee of the Plan and therefore these transactions qualify as party-in-interest transactions that are exempt from the prohibited transaction rules, as defined by ERISA.

Note 5 **Tax status**

The Plan is operating under an individually designed plan document. The Plan was amended and restated effective January 1, 2017. The Company believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

The Financial Accounting Standards Board has issued a standard regarding the accounting and recognition of income tax positions taken or expected to be taken by the Plan. The plan administrator assesses the tax positions taken by the Plan and has concluded that as of December 31, 2021, there are no uncertain tax positions taken or expected to be taken that would require recognition or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

Note 6 **Risks and uncertainties**

The Plan provides for various investment options in accounts which invest in various investment securities including privately held plan sponsor common stock. Investment securities are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that these changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Note 7 **Plan termination**

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan at any time by resolution of the Board of Directors, subject to the provisions of ERISA. In the event that the Plan and the related trust fund terminate, participants will be 100% vested in their accounts. All accounts will be valued as of the termination date and account balances will be distributed in full to participants.

Note 8 **Fair value measurements**

Accounting standards require that financial assets and liabilities, recognized or disclosed in financial statements on a recurring basis (at least annually), be measured at fair value. These standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset and liability in an orderly transaction between market participants on the measurement date.

These standards also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. These standards describe three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in markets that are not active; or model-derived valuations or other inputs that are observable or can be corroborated by observable market data for the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability that are significant to the fair value measurement. These inputs reflect the Plan's assumptions about the assumptions a market participant would use in pricing the asset or liability.

The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 and Level 3 inputs are only used when higher level inputs are not available. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements.

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

Note 8 Fair value measurements (continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Money Market Fund: Valued at the closing price reported by the fund sponsor from an actively traded exchange.

Company common stock: Valued annually at estimated fair value based upon an independent appraisal. The appraisal is based upon a combination of market and income valuation techniques consistent with prior years. The independent appraiser used a combination of a debt free discounted cash flow approach and the guideline company method for market value of invested capital. Unobservable inputs included the weighted average cost of capital, the discount rate and projected cash flow.

Common collective trust: Value is based on the underlying unit value of the assets held. The assets of the underlying fund are invested primarily in certain investment contracts, asset-backed securities, corporate bonds, and other securities. The fair value of the contracts is determined using the market approach based on market prices of similar contracts. The NAV is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur daily.

The following table summarizes the valuation of the Plan's financial assets which are measured at fair value at December 31, 2021. There are no participant redemption restrictions for these investments.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 29,539,492	\$ -	\$ -	\$ 29,539,492
Money market fund	280,086	-	-	280,086
Company common stock	<u>-</u>	<u>-</u>	<u>3,011,613</u>	<u>3,011,613</u>
Total assets in the fair value hierarchy	\$ <u>29,819,578</u>	\$ <u>-</u>	\$ <u>3,011,613</u>	32,831,191
Investments measured at net asset value as a practical expedient				<u>635,280</u>
Investments at fair value			\$	<u><u>33,466,471</u></u>

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

Note 8 Fair value measurements (continued)

The following table summarizes the valuation of the Plan's financial assets which are measured at fair value at December 31, 2020. There are no participant redemption restrictions for these investments.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 21,873,065	\$ -	\$ -	\$ 21,873,065
Money market fund	1,622	-	-	1,622
Company common stock	<u>-</u>	<u>-</u>	<u>4,476,421</u>	<u>4,476,421</u>
Total assets in the fair value hierarchy	\$ <u>21,874,687</u>	\$ <u>-</u>	\$ <u>4,476,421</u>	26,351,108
Investments measured at net asset value as a practical expedient				<u>1,447,782</u>
Investments at fair value			\$ <u>27,798,890</u>	

The following table summarizes investments for which fair value is measured using the NAV per share as a practical expedient as of December 31, 2021:

	<u>Fair Value at December 31, 2021</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
Common collective trust fund	\$ 635,280	N/A	Daily	12 Months

The following table summarizes investments for which fair value is measured using the NAV per share as a practical expedient as of December 31, 2020:

	<u>Fair Value at December 31, 2020</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If currently eligible)</u>	<u>Redemption Notice Period</u>
Common collective trust fund	\$ 1,447,782	N/A	Daily	12 Months

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2021 and 2020

Note 8 Fair value measurements (continued)

The following table provides further details of the changes in fair value measurements of the Plan's Level 3 assets as of December 31, 2021 and 2020:

	<u>Company Common Stock</u>	
	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 4,476,421	\$ 4,286,002
Total realized and unrealized gains (losses) included in changes in net assets available for benefits	(1,242,266)	505,735
Settlements	<u>(222,542)</u>	<u>(315,316)</u>
Balance, end of year	\$ <u>3,011,613</u>	\$ <u>4,476,421</u>

Note 9 Reconciliation of financial statements to the Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2021 and 2020 and net increase in net assets available for benefits per the financial statement to the net increase in net assets available for benefits per the Form 5500 for the year ended December 31, 2021:

	<u>2021</u>	<u>2020</u>
Net assets available for benefits per the financial statements	\$ 33,845,787	\$ 28,098,965
Liability for refundable contributions due to participants	<u>11,166</u>	<u>9,978</u>
Net assets available for benefits per the Form 5500	\$ <u>33,856,953</u>	\$ <u>28,108,943</u>
Net increase in net assets available for benefits per the financial statements	\$ 5,746,822	
Liability for refundable contributions due to participants as of December 31, 2020	(9,978)	
Liability for refundable contributions due to participants as of December 31, 2021	<u>11,166</u>	
Net increase in net assets available for benefits per the Form 5500	\$ <u>5,748,010</u>	

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN

SCHEDULE H, LINE 4I - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2021

EIN: 04-3005476

Plan No: 001

a) <u>Identity of Issue, Borrower, Lessor or Similar Party</u>	c) <u>Description of Investment Including Maturity Date, Interest Rate, Collateral, and Par or Maturity Value</u>	d) <u>Cost</u>	e) <u>Current Value</u>
American Funds AM Balanced R6 Fund	Mutual Fund	**	\$ 7,512,888
American Funds Target Date Retirement 2030	Mutual Fund	**	3,219,465
Vanguard Total Stock Market Index Inv Fund	Mutual Fund	**	2,673,585
American Funds Target Date Retirement 2040	Mutual Fund	**	2,646,619
Vanguard Extended Market Index Adm Fund	Mutual Fund	**	1,979,043
American Funds Target Date Retirement 2050	Mutual Fund	**	1,829,440
T. Rowe Price Blue Chip Growth R Fund	Mutual Fund	**	1,626,178
American Funds Target Date Retirement 2020	Mutual Fund	**	1,079,696
Dodge & Cox Stock Fund	Mutual Fund	**	953,683
American Funds Target Date Retirement 2025	Mutual Fund	**	934,127
American Funds Target Date Retirement 2055	Mutual Fund	**	757,597
Hartford Schrodgers International Stock Fund	Mutual Fund	**	697,879
American Funds Target Date Retirement 2035	Mutual Fund	**	666,952
American Funds Target Date Retirement 2060	Mutual Fund	**	588,097
American Funds Target Date Retirement 2045	Mutual Fund	**	569,540
Western Asset Core Bond Fund	Mutual Fund	**	414,168
Vanguard Real Estate Index Adm Fund	Mutual Fund	**	283,375
* Principal Small Cap S&P 600 Index Fund	Mutual Fund	**	232,204
Lord Abbett High Yield R6 Fund	Mutual Fund	**	211,640
American Funds Target Date Retirement 2010	Mutual Fund	**	185,307
Allspring Real Return Fund	Mutual Fund	**	160,660
American Funds Target Date Retirement 2015	Mutual Fund	**	124,854
Vanguard Developed Markets Index Adm Fund	Mutual Fund	**	63,242
BNY Mellon Global Fixed Income Fund	Mutual Fund	**	57,930
American Funds Target Date Retirement 2065	Mutual Fund	**	45,339
Fidelity Int'l Sustainability Index Fund	Mutual Fund	**	22,621
Fidelity U.S. Sustainability Index Fund	Mutual Fund	**	3,363
			<u>29,539,492</u>
* Principal Stable Value Fund	Common Collective Trust	**	635,280
Goldman Sachs Fin Sq Govt FD	Money Market Fund	\$	280,086
	Common Stock		
* Hyannis Air Service, Inc.	270.100 Shares	\$	235,132
			<u>3,011,613</u>
			33,466,471
* Participant loans	4.25% - 6.50%	-	<u>390,329</u>
			<u>\$ 33,856,800</u>

* = Party-in-interest

** = Cost information not required for participant-directed investment

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT PLAN

SCHEDULE H, LINE 4A - SCHEDULE OF DELINQUENT

PARTICIPANT CONTRIBUTIONS

Year Ended December 31, 2021

EIN: 04-3005476

Plan No: 001

Participant
Contributions
Transferred Late
to Plan

Total that Constitutes Nonexempt Prohibited Transactions

Check here if late
participant loan
repayments
are included: ☐

Contributions
Not Corrected

Contributions
Corrected
Outside VFCP

Contributions
Pending
Corrections in
VFCP

Total
Fully Corrected
Under VFCP
and PTE 2002-51

2020 \$	<u>63,684</u>	* \$	<u>-</u>	\$	<u>63,684</u>	\$	<u>-</u>	\$	<u>-</u>
---------	---------------	------	----------	----	---------------	----	----------	----	----------

* To be corrected during the Plan year ending December 31, 2022

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT P

EIN 04 3005476
 PLAN NUMBER 001
 PLAN YEAR 01/01/2021 TO 12/31/2021

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
	Wells Fargo	Registered Investment Company Allspring Real Return R6	\$ 0.00	\$ 160,659.91
	American Funds Service Company	Registered Investment Company Am Fds Trgt Dte Rtm 2010 R6 Fd	\$ 0.00	\$ 185,306.16
	American Funds Service Company	Registered Investment Company Am Fds Trgt Dte Rtm 2015 R6 Fd	\$ 0.00	\$ 124,854.11
	American Funds Service Company	Registered Investment Company Am Fds Trgt Dte Rtm 2020 R6 Fd	\$ 0.00	\$ 1,079,696.35
	American Funds Service Company	Registered Investment Company Am Fds Trgt Dte Rtm 2025 R6 Fd	\$ 0.00	\$ 934,127.42
	American Funds Service Company	Registered Investment Company Am Fds Trgt Dte Rtm 2030 R6 Fd	\$ 0.00	\$ 3,219,465.03
	American Funds Service Company	Registered Investment Company Am Fds Trgt Dte Rtm 2035 R6 Fd	\$ 0.00	\$ 666,952.30
	American Funds Service Company	Registered Investment Company Am Fds Trgt Dte Rtm 2040 R6 Fd	\$ 0.00	\$ 2,646,619.32
	American Funds Service Company	Registered Investment Company Am Fds Trgt Dte Rtm 2045 R6 Fd	\$ 0.00	\$ 569,539.00
	American Funds Service Company	Registered Investment Company Am Fds Trgt Dte Rtm 2050 R6 Fd	\$ 0.00	\$ 1,829,440.01
	American Funds Service Company	Registered Investment Company Am Fds Trgt Dte Rtm 2055 R6 Fd	\$ 0.00	\$ 757,595.96
	American Funds Service Company	Registered Investment Company Am Fds Trgt Dte Rtm 2060 R6 Fd	\$ 0.00	\$ 588,096.66
	American Funds Service Company	Registered Investment Company Am Fds Trgt Dte Rtm 2065 R6 Fd	\$ 0.00	\$ 45,338.82
	The American Funds	Registered Investment Company Amer Funds Amer Bal R6 Fd	\$ 0.00	\$ 7,512,887.04
	Dreyfus Funds	Registered Investment Company BNYM Global Fixed-Income I Fd	\$ 0.00	\$ 57,930.54

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT P

EIN 04 3005476
 PLAN NUMBER 001
 PLAN YEAR 01/01/2021 TO 12/31/2021

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
	Bankers Trust	Interest Bearing Cash Cape CASH - Interest Bearing Cash	\$ 0.00	\$ 280,085.75
	Dodge and Cox Funds	Registered Investment Company Dodge & Cox Stock Fund	\$ 0.00	\$ 953,684.63
	Fidelity Investments	Registered Investment Company FIDELITY INTL SUST INDEX FUND	\$ 0.00	\$ 22,620.69
	Fidelity Investments	Registered Investment Company FIDELITY U.S. SUST IDX FD	\$ 0.00	\$ 3,363.45
	Hartford Mutual Funds	Registered Investment Company Hartford Schroder Intl Stk SDR	\$ 0.00	\$ 697,878.92
	Lord Abbett	Registered Investment Company Lord Abbett High Yield R6 Fund	\$ 0.00	\$ 211,640.23
*	Principal Funds Inc	Registered Investment Company Prin SmCp S&P 600 Idx R6 Fd	\$ 0.00	\$ 232,204.00
*	Principal Global Investors Trust Co	Common/Collective Trust Principal Stable Value Z Fund	\$ 0.00	\$ 635,280.00
	PRINCIPAL LIFE INSURANCE COMPANY	Interest Bearing Cash PRINCIPAL LIFE INSURANCE COMPANY	\$ 0.00	\$ 0.01
	Hyannis Air Service, Inc.	Employer Security Stock - Employer Security	\$ 1,024,553.65	\$ 3,011,613.42
	T. Rowe Price Funds	Registered Investment Company T.Rowe Price Bl Chip Gr I Fd	\$ 0.00	\$ 1,626,178.85
	Vanguard Group	Registered Investment Company Vanguard Dev Mkts Index Adm Fd	\$ 0.00	\$ 63,241.93
	Vanguard Group	Registered Investment Company Vanguard Ext Mk Index Adm Fd	\$ 0.00	\$ 1,979,042.53
	Vanguard Group	Registered Investment Company Vanguard RE Index Adm Fund	\$ 0.00	\$ 283,376.30
	Vanguard Group	Registered Investment Company Vanguard Tl Stk Mkt Idx Adm Fd	\$ 0.00	\$ 2,673,584.15

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

CAPE AIR/NANTUCKET AIRLINES KSOP RETIREMENT P

EIN 04 3005476
PLAN NUMBER 001
PLAN YEAR 01/01/2021 TO 12/31/2021

(A)	(B) Identity of issuer, borrower, lessor or similar party.	(C) Description of investment including maturity date, rate of interest, collateral, par or maturity value.	(D) Cost	(E) Current Value
	Western Asset Management Co.	Registered Investment Company Western Asset Core Bond IS Fd	\$ 0.00	\$ 414,167.85
*	Participant Loans	Range of Interest Rates Rates Range From 4.25% To 6.50%	\$ 0.00	\$ 390,329.00

