



REGINA AIRPORT AUTHORITY

# 2021 ANNUAL REPORT



# THE REGINA AIRPORT AUTHORITY (RAA) IS GUIDED BY THE FOLLOWING VISION, MISSION AND VALUES

## VISION

To be Saskatchewan's leading travel gateway and business hub.

## VALUES

**Adaptive:** change is a constant within the aviation industry; we seek to understand the underlying risks and proactively plan for the unexpected.

**Act Ethically and With Integrity:** we understand the importance of honesty, consistency, transparency and the power of trusted relationships with our partners and community; and in our own actions, activities, and leadership.

**Safety and Security:** we shall comply with regulatory obligations and strive to exceed safety and security targets, while maintaining and growing public and team confidence.

**Environment and Community Impact:** we shall exercise due diligence in all of our activities to meet environmental regulatory requirements and act for the benefit of our community.

## MISSION

To seamlessly connect people and business to a world of experiences and opportunities.

**Respect and Value Our Team:** we actively communicate and act with fairness, dignity, and respect; everyone contributes to our success. We will invest in our RAA team to realize our corporate vision.

**Enrich Customer Experience:** we focus on a "can do" attitude in all of our relationships and seek to understand, engage and respond to meet and exceed customer expectations.

**Financially Responsible:** we manage, develop and operate in a financially prudent manner to sustain and support our growth.

**Promote Economic Growth and Community Partnership:** we endeavor to grow our business and support community and tourism through innovation, advocacy, partnership and open communications.

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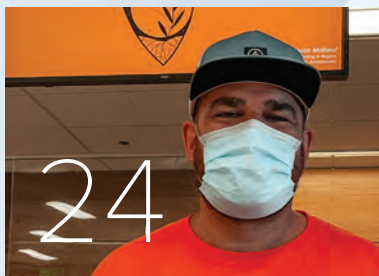
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# MESSAGE FROM THE BOARD & CEO



**TRENT FRASER**  
BOARD CHAIR

2021 began much in the same way as 2020 ended, with continued challenges for the travel sector. Tight COVID-19 restrictions and dramatically reduced airline capacity diminished almost any prospect of recovery. Concerns of new variants, the potential challenges related to YQR's air traffic control tower, and the seemingly steady stream of bad news, with additional mandates prohibiting or discouraging travel, had our airport in a tailspin.

They say that overcoming adversity makes you stronger. Seeing the actions, positive attitudes, and approach of the many people that make this the best mid-size airport in Canada, was truly inspirational. The businesses operating at the airport were forced to evolve. Airlines worked hard to adjust schedules to match passenger demand. Service

“THEY SAY THAT OVERCOMING ADVERSITY MAKES YOU STRONGER. SEEING THE ACTIONS, POSITIVE ATTITUDES, AND APPROACH OF THE MANY PEOPLE THAT MAKE THIS THE BEST MID-SIZE AIRPORT IN CANADA, WAS TRULY INSPIRATIONAL.”



**JAMES BOGUSZ**  
PRESIDENT AND CEO

providers in the terminal building did all they could to keep staff employed while facing continued unpredictability. The RAA worked tirelessly to encourage the federal government to provide support for the battered sector, at the same time marketing to airlines to offer better service for our community.

There are many things to reflect on this past year. One of the major initiatives was to save the airport's Air Traffic Control Tower from closing.

This was a massive effort that garnered the support from many stakeholders, including the City of Regina, the Province of Saskatchewan, local MPs and countless businesses and residents. After a sustained national effort, our community came together to defend YQR's Control Tower. As a result, we have been provided assurances that any potential changes in the future will not include the closure of its function. As the growing capital city of Saskatchewan, protecting the airport's ability to expand, and supporting our province's recovery is essential.

Throughout the year, the airport authority continued to promote our region to our airline partners and was quite successful in regaining some of the previously lost air service. City pairs including Winnipeg and Edmonton returned, and the major airlines even added two brand new domestic routes. Montreal was a new flight from Air Canada that operated for a portion of the peak summer season shared with Saskatoon, and WestJet ran the summer season with a non-stop flight to Kelowna. Sunwing returned with six amazing sun destinations, which helped beat our cold winter. Flair Airlines provided service to both Vancouver and Toronto for a good segment of the year, offering very competitive fares with their ultra-low-cost model. Many residents enjoyed these routes, and we appreciate the support the southern Saskatchewan residents showed our airline partners by utilizing them.

The Regina Airport's Board of Directors worked closely with airport management throughout the year, revising strategy and ensuring that appropriate resources were available to manage through continued uncertainty. The airport continued with its low-cost approach by holding the line on fees and charges to provide additional incentive to airlines in order to return previously lost routes. A concerted effort by the entire organization at all levels was evident in the success that YQR had in 2021, as our community enjoyed a higher level of airline capacity than many other similar sized cities in the country.

As we look forward, the skies are getting much clearer for YQR. Some much-needed government financial support came through, which was immediately reinvested and used to pay down some of the accumulated pandemic debt. The airport authority was able to re-hire some team members in key areas, and, although not at pre-pandemic levels, this has helped to revitalize many core functions. Partnerships in the community are stronger than ever, with efforts to improve the visitor experience and various airport programs back underway.

From all of us at YQR, we want to thank southern Saskatchewan residents, businesses, and leaders for showing us so much support this past year. As a major contributor to the provincial economy, having a strong airport is essential for the long-term prosperity of our region. Our team is unwavering in its commitments, and we will continue to move the airport forward as we all focus on getting things back to normal.

YQR, it's your airport!

**TRENT FRASER**  
BOARD CHAIR

**JAMES BOGUSZ**  
PRESIDENT AND CEO

# OUR ROUTES

## BY THE END OF 2020

### Domestic Destinations:

Calgary	Vancouver
Toronto	

## BY THE END OF 2021

### Domestic Destinations:

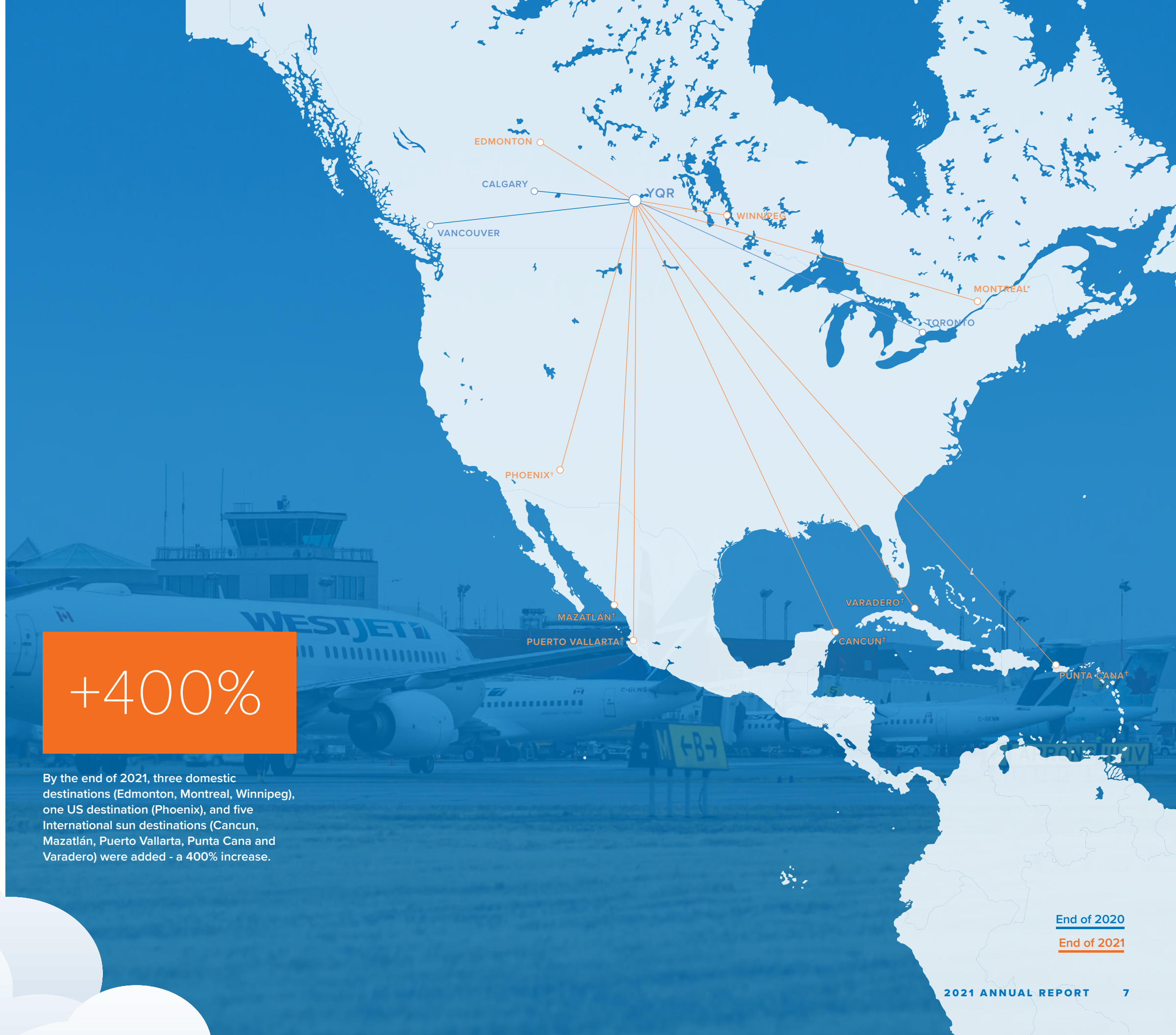
Calgary	Toronto
Edmonton	Vancouver
Montreal*	Winnipeg

### Transborder Destinations:

Phoenix†

### International Sun Destinations:

Cancun†	Punta Cana†
Mazatlán†	Varadero†
Puerto Vallarta†	



+400%

By the end of 2021, three domestic destinations (Edmonton, Montreal, Winnipeg), one US destination (Phoenix), and five International sun destinations (Cancun, Mazatlán, Puerto Vallarta, Punta Cana and Varadero) were added - a 400% increase.

\* Seasonal, summer service  
 † Seasonal, winter service

End of 2020

End of 2021

# STRATEGIC PLAN

The strategic plan was developed for the period of 2019-2023, and will serve as the blueprint document for RAA to deliver on its aspirations and vision for YQR.

## STRATEGIC OBJECTIVES



## FOUNDATIONAL & BEDROCK ELEMENTS



EN ROUTE  
TO RECOVERY



**THOUGH THE ROAD TO RECOVERY REMAINED LONG AND FULL OF UNFORESEEABLE TWISTS AND TURNS, A NEW YEAR BROUGHT RENEWED HOPE FOR BETTER THINGS TO COME.**

As the world bid an enthusiastic “adieu” to 2020, the general mood around RAA was one of cautious optimism. The initial stress and uncertainty of trying to operate an airport during a global pandemic had become a little less overwhelming, as staff and management eased into the new normal of the unknown. Though the road to recovery remained long and full of unforeseeable twists and turns, a new year brought renewed hope for better things to come.

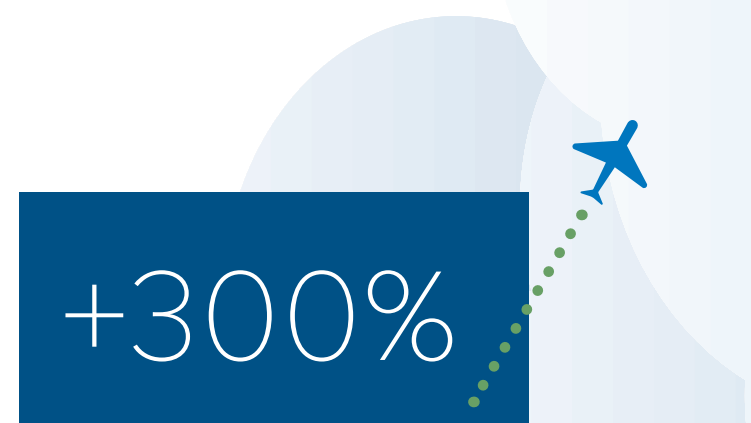
When 2021 commenced, the federal government was continuing to discourage the Canadian public from any non-essential travel. This position was reflected in the airport’s

passenger numbers, with January and February seeing an average 87.46% drop in passenger volumes from the same period the previous year. With numerous Covid-19 variants emerging and health officials warning of more to come, the public was understandably nervous about travel. However, by spring, the first round of vaccines were being administered, providing the public with a glimmer of hope. This growing confidence was reflected in passenger numbers, which began to climb in April. As vaccination rates continued to increase, the Government of Saskatchewan announced a phased re-opening plan, resulting in travel numbers continuing to climb with each new phase throughout spring and into summer. With vaccination rates rising across the country, and provinces across Canada easing restrictions, the idea of air travel became more appealing. By September, passenger loads had reached nearly 60% of 2019 numbers and exceeded the 2020 numbers by 300%. Though typical revenues were still dramatically reduced, things were finally looking up for YQR.

The steady growth in passenger volumes provided airlines with some confidence that the appetite for travel was increasing. In June, Sunwing announced plans to return to southern Saskatchewan with a variety of warm winter holiday destinations, including Cancun, Puerto Vallarta, Los Cabos, Mazatlán, Punta Cana, and Varadero. In addition to Sunwing returning, WestJet and Air Canada both added back several domestic routes in 2021, bringing the total number of direct destinations available from YQR to 16 (up from just three in 2020). With a growing appetite for domestic travel, WestJet also added direct service to Kelowna and Winnipeg, while Air Canada began offering direct flights to Montreal as of August.

Between the steady rise in passenger numbers, return of routes, and addition of new destinations, all signs pointed to the beginning of recovery at YQR. With the easing of travel restrictions world-wide, and the government of Canada removing the non-essential travel recommendation as of November 30th, passenger numbers continued to climb right up until the end of the year.

If 2021 could be summed up in just one word, it would most likely be “unpredictable”. With continually morphing variants, travel restrictions constantly changing, and every country and province taking a slightly different approach, travellers were left in a constant state of uncertainty regarding travel. Yet, through it all, the staff at RAA remained optimistic and committed to recovery. As the year came to a close, YQR had made significant strides toward recovery. More passengers and more routes equated to more revenues and more optimism for better things to come in 2022.



**BY SEPTEMBER, PASSENGER LOADS HAD REACHED NEARLY 60% OF 2019 NUMBERS AND EXCEEDED THE 2020 NUMBERS BY 300%. THOUGH TYPICAL REVENUES WERE STILL DRAMATICALLY REDUCED, THINGS WERE FINALLY LOOKING UP FOR YQR.**





# COMMUNICATION IS KEY



**EMPATHIZING WITH THE TRAVELLING PUBLIC WAS EASY FOR YQR STAFF. FIELDING QUESTIONS VIA SOCIAL MEDIA, EMAIL, PHONE, AND THROUGH THE WEBSITE PAINTED A CLEAR PICTURE OF THE ONGOING CONFUSION SURROUNDING TRAVEL PROTOCOLS.**

Since taking the helm several years ago, airport President and CEO James Bogusz has passionately promoted the importance of transparency. Clear communication with staff, partners, guests, and the community in which the airport operates, is key to building trust and developing strong relationships. This commitment to open communication was critical throughout 2021, when travel regulations changed regularly.

From the earliest days of 2021, it became evident that navigating the restrictions and regulations around travel was going to be a challenge. Restrictions around proof of vaccination requirements and testing protocols were continually being revised and different destinations would have completely different requirements. Within our own country, federal and provincial regulations were often not aligned. Even media outlets were struggling to keep information accurate and up-to-date. This made the prospect of traveling a rather daunting task, as it was immensely confusing figuring out what travellers did or didn't need to do based on their destination.

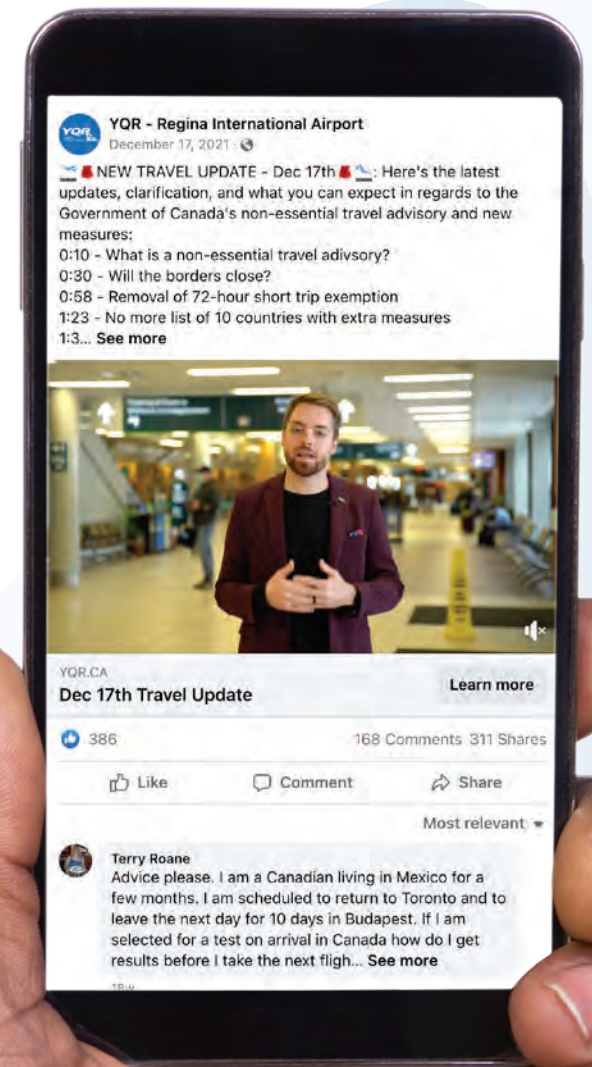
Empathizing with the travelling public was easy for YQR staff. Fielding questions via social media, email, phone, and through

the website painted a clear picture of the ongoing confusion surrounding travel protocols. That's why, early in 2021, the airport made a conscious effort to add more resources in order to step-up communications efforts. The goal? Clarify murky rules, simplify the information, and clearly outline current travel regulations on a timely and ongoing basis. As well as adding a new travel regulation section to YQR.ca, airport staff fielded countless phone calls, promptly responded to email queries, engaged constantly on social media, and reached out to local media outlets on a regular basis in order to share the latest in travel news.

One of the most prominent and widely accessed communication tools was the airport's social media channels. Regular video updates posted to Facebook and Instagram shared essential travel details and provided the public with simplified and easy-to-understand information. The videos were extremely well received by the community, garnering thousands of likes and shares. Numerous followers commented on their appreciation for the helpful information and clear manner in which it was shared.

Though staff at YQR did a great job of keeping the public informed throughout the year, this was no simple task. Being able to provide travellers with clear and accurate information meant keeping a pulse on ever-changing regulations. YQR staff needed to be able to separate and decipher the difference between federal and provincial-level regulation and educate themselves on both current and upcoming changes at both levels. At times, the federal government would release high-level information about upcoming changes to the public without providing specific details. This often proved to be challenging, as travellers would be contacting the airport for those details. Another challenge came by way of misinformation regarding travel restrictions, an obstacle airport staff worked tirelessly to overcome throughout the year.

Looking back at 2021 and the constant re-routing of travel regulations, it's easy to see why clear communication was so critical. Though it was often complex and confusing, airport staff did an incredible job of navigating new information as it developed. As a result of the ever-changing rules for travel, airport staff had the opportunity to reach out and speak to community members far more often than usual, resulting in stronger connections and a greater overall level of trust.



**ONE OF THE MOST PROMINENT AND WIDELY ACCESSED COMMUNICATION TOOLS WAS THE AIRPORT'S SOCIAL MEDIA CHANNELS.**



# ADAPT AND DELIVER

They say the only constant is change, and that certainly rang true for 2021. With so many aspects of the travel experience being impacted throughout the year, it was important for the airport to remain flexible and adapt services however necessary to better serve the community. As one of the airport's core values, adaptability has always been important – but never more so than in 2021. In order to safely serve guests and provide value-add to the community, the airport offered several new services.

One such service was on-site covid testing for travellers. The airport partnered with Haztech to provide pre-booked and drop-in testing for departing and arriving passengers, and offered both PCR and Rapid Antigen testing. Working closely with the airport authority, Haztech offered guests the appropriate testing options based on their destination of travel and airline requirements. This helped to increase customer confidence, while smoothing the travel experience.

Another way in which the airport adapted services was by hosting the Saskatchewan Health Authority (SHA) on-site for pop-up vaccination clinics. In total, nine different vaccination clinics were held throughout the year, allowing the SHA to administer hundreds of vaccines to the public.

In addition to hosting on-site testing and vaccine clinics, the airport demonstrated adaptability through enhanced cleaning protocols, additional signage communicating current travel regulations, and by adjusted hours at retail outlets in order to better meet demand. With the overarching goal of ensuring travel remained as safe and accessible as possible, masks were made available through various retailers, federal vaccine mandates were consistently followed, and airport staff adhered to provincial public health measures at all times. By pulling together as a team, clearly communicating on a regular basis, and remaining flexible, YQR was able to stay nimble and provide increased value to the community throughout the year.

**THE AIRPORT PARTNERED WITH HAZTECH TO PROVIDE PRE-BOOKED AND DROP-IN TESTING FOR DEPARTING AND ARRIVING PASSENGERS, AND OFFERED BOTH PCR AND RAPID ANTIGEN TESTING.**



**NINE DIFFERENT VACCINATION CLINICS WERE HELD THROUGHOUT THE YEAR, ALLOWING THE SHA TO ADMINISTER HUNDREDS OF VACCINES TO THE PUBLIC.**

# PILOT PROGRAM PARTNERSHIP

In early 2021, the need for covid testing became increasingly important for the travelling public. In order to fly, proof of a negative covid test was often required. This added a new level of complexity to travel and resulted in added confusion at times. When the CEO of Haztech approached YQR about partnering on a covid testing pilot program, the decision was easy. The ability to provide passengers with the convenience of private on-site covid testing supported the airport's commitment to adaptability and provided an obvious value-add to the public.

Beginning in late March, Haztech offered YQR passengers the ability to have their covid testing completed right at the airport for a nominal fee. The on-site testing program was the first of its kind at Saskatchewan airports and offered private

testing with quick turnaround times. As requirements changed, Haztech adapted their services and began offering RT-PCR (molecular), Rapid Antigen, and Hawaii-approved testing options. The airport worked to find a great space right in the airport for Haztech to provide both pre-booked and drop-in covid testing options for departing and arriving passengers between 8am and 8pm.

This partnership symbolized the airport's commitment to enriching the customer experience and was key to creating additional consumer confidence regarding travel. By providing passengers with a convenient option for when, where, and how to test, Haztech and YQR were able to fill gaps in an often-overwhelmed healthcare system, and ensured the public felt safe while travelling.



# CARE FOR THE CARRIERS



**984,110 Impressions**

**6,000 users clicked through to YQR.ca**

**PHASE ONE OF THE “PLACES TO GO” CAMPAIGN RECEIVED 984,110 IMPRESSIONS, RESULTING IN NEARLY 6,000 USERS CLICKING THROUGH TO THE YQR WEBSITE.**

As pandemic news fatigue set in, many people had become overwhelmed and confused by travel restrictions. Was non-essential travel allowed? What direct flight options were available through YQR? What documentation needed to be shown in order to travel? These types of questions deterred many people from considering travel. However, when the federal government offered access to funding for travel and tourism promotion, the RAA eagerly applied and was happy to receive some financial assistance that could be used to help encourage safe travel. Funds were used to develop two separate marketing campaigns aimed at supporting airline partners by promoting available flight options.

The first marketing campaign was developed in late spring and launched on August 2nd. The “Places to Go” campaign ran for a total of eight weeks and promoted six great domestic destinations available for direct flight from Regina. A diverse media mix was utilized in order to successfully reach the broad target audience of everyone aged 18+ in southern Saskatchewan. A series of light-hearted ads were developed to clearly inform the public that direct flights from Regina to Vancouver, Kelowna, Calgary, Edmonton, Toronto and Montreal were available. Ads encouraged the

target audience to visit YQR.ca to learn more. The goal of this campaign was to educate the public that domestic travel was indeed an option, and to support airline partners by encouraging bookings. After eight weeks, the campaign had received 984,110 impressions and drove nearly 6,000 users to the YQR website. Engagement rates were also impressive at 33.96%, outperforming the industry average of 1-5% by leaps and bounds.

Thanks to the success of the first marketing campaign, a second one was developed in fall of 2021. The second campaign was aimed at communicating the upcoming international flight destinations available through YQR. Using a similarly broad media mix as the first campaign, phase two promoted hot winter holiday destinations including Cuba, Mexico, the Dominican Republic, and the general Caribbean. To reflect the airport’s friendly and welcoming brand, campaign creative was once again developed with a light and fun personality in mind. Overall, phase two of the “Places to Go” campaign received 1,804,657 impressions, resulting in over 10,000 users clicking through to the YQR website.

Another way that YQR was able to support airline partners was with the production of a video that promoted the benefits of travel. *It’s Your Airport* premiered on social media platforms

**PHASE TWO OF THE “PLACES TO GO” CAMPAIGN RECEIVED 1,804,657 IMPRESSIONS, RESULTING IN OVER 10,000 USERS CLICKING THROUGH TO THE YQR WEBSITE.**

**1,804,657 Impressions**

**10,000 users clicked through to YQR.ca**



The ‘It’s Your Airport’ video shared heartwarming footage of actual passengers connecting with loved ones at YQR. Check it out by scanning the code below.





**OPEN** AS A RESULT OF THE VARIOUS INITIATIVES, YQR WAS ABLE TO EFFECTIVELY COMBAT THE PUBLIC MISCONCEPTION THAT THE AIRPORT WAS CLOSED, REIGNITE THE PUBLIC'S EXCITEMENT FOR TRAVEL, AND PROVIDE AIRLINE PARTNERS WITH SUPPORT WHEN IT WAS MOST NEEDED.

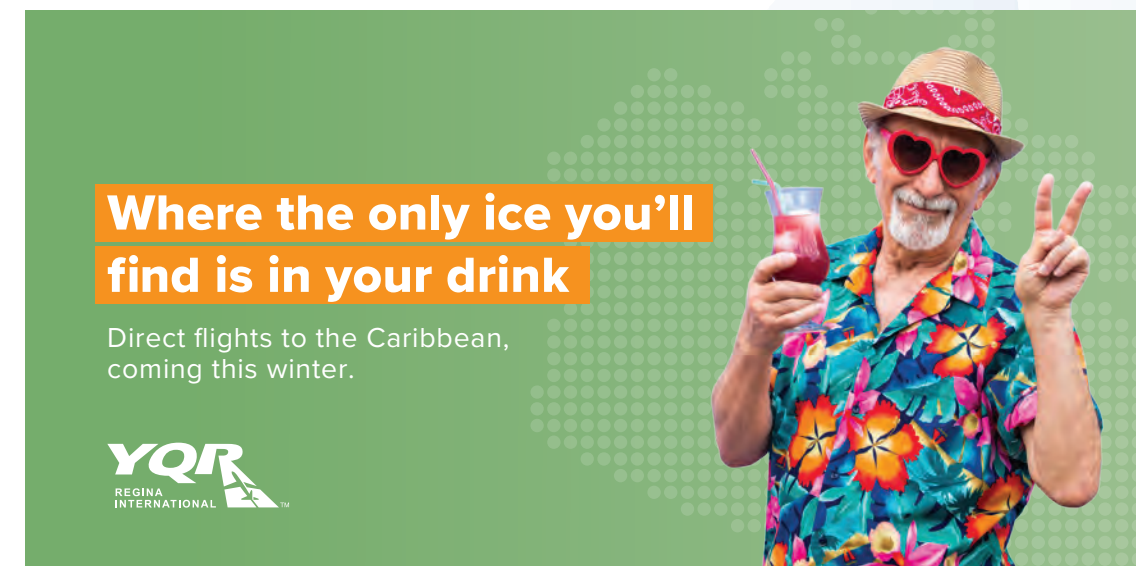
on December 15th and reminded passengers of the joys of connecting with others through travel. The video helped break up the regulation-heavy messaging that had become standard for months, and shared heartwarming footage of actual passengers connecting with loved ones at YQR.

In addition to the video, a series of airline giveaways were also awarded via social media throughout December. Members of the public were asked to share travel photos to the YQR Facebook and/or Instagram page, state where they'd like to go, and tag a friend who they would like to take on a trip. In total, thousands of entries were received between the two platforms and three winners were randomly selected to receive \$1000 travel vouchers for Air Canada, West Jet, and Sunwing. The giveaway helped take the focus off negative regulatory-style news, fueled excitement for future travel, and provided the perfect outlet for people to reminisce about the joys of past vacations.

As a result of the various initiatives, YQR was able to effectively combat the public misconception that the airport was closed, reignite the public's excitement for travel, and provide airline partners with support when it was most needed. Airlines expressed genuine gratitude for the various campaigns and were grateful for the airport's assistance during the particularly challenging time.

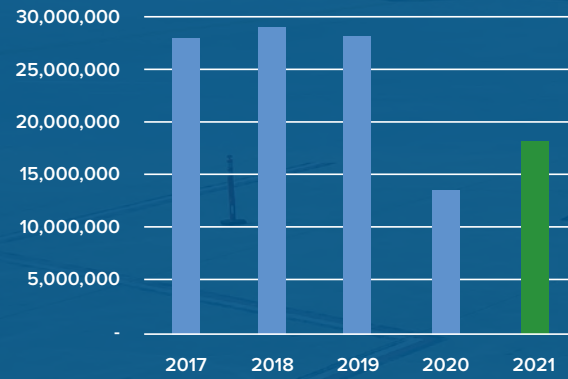


Sample digital advertising featured in the "Places to Go" Campaign.

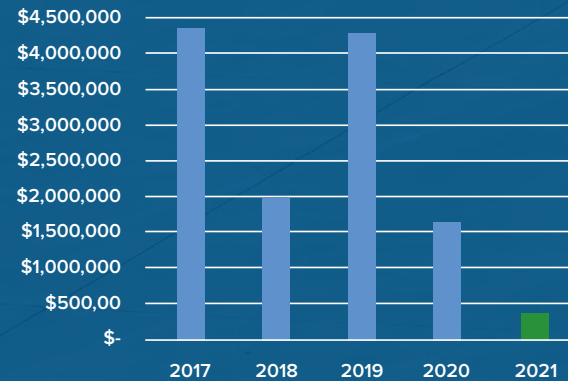


# A LOOK BACK AT 2021

## TOTAL REVENUE



## TOTAL CAPITAL



**\$18,293,819**

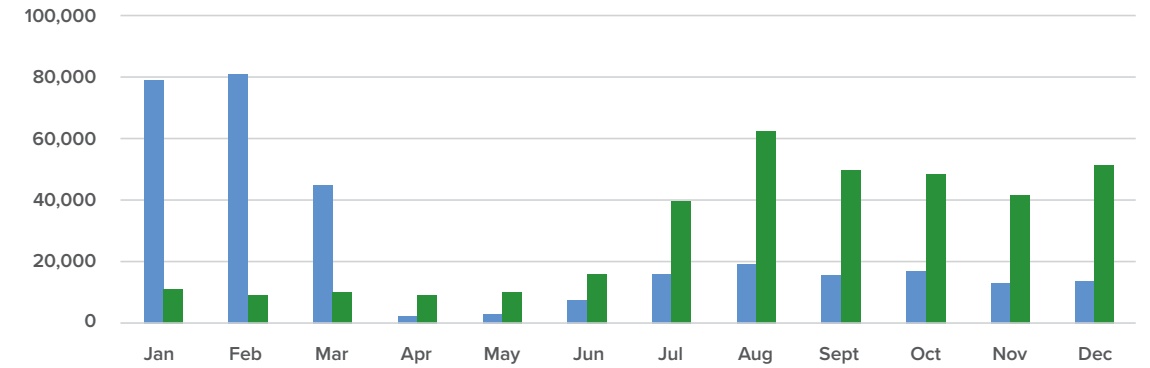
TOTAL REVENUE 2021

## TOTAL PASSENGERS

2020	2021
370,364	355,490

Year 2020

Year 2021



## TOTAL PFF COLLECTED

PFF	2020	2021
Net PFF Revenue Earned	3,388,625	3,263,691*

\*For all of 2020 and part of 2021, the fee collected was AIF, until it switched to PFF in October of 2021.

## DESTINATIONS

Year 2020



Year 2021



**\$365,548**

TOTAL CAPITAL 2021



# MAINTAINING CONTROL

**“WE ARE A CAPITAL CITY WITH MANY COMMERCIAL FLIGHTS, A FLYING SCHOOL, A LOT OF GENERAL AVIATION, AS WELL AS MILITARY OPERATIONS. LOSING THE AIR TRAFFIC CONTROL TOWER WOULD BE CATASTROPHIC FOR OUR COMMUNITY AND SERIOUSLY IMPEDE OUR ABILITY TO MAKE AN ECONOMIC RECOVERY POST PANDEMIC.”**

**JAMES BOGUSZ, CEO**

In late 2020, airport management received notice from NAV CANADA that an aeronautical study was being conducted to determine what level of service was most appropriate for Regina. Depending upon study findings, closure of the Regina air traffic control tower was a distinct possibility. This consideration was being made partially as a result of historically low air traffic volumes caused by the pandemic. The news was extremely disheartening and a serious concern for many stakeholders.

According to CEO James Bogusz, losing the air traffic control tower would be devastating to operations and the entire region. “We are a capital city with many commercial flights, a flying school, a lot of general aviation, as well as military operations. Losing the air traffic control tower would be catastrophic for our community and seriously impede our ability to make an economic recovery post pandemic.” The CEO was not alone in his concerns. By early 2021, news of the potential closure had hit mainstream media outlets, and the community began to rally around the airport. Passionate advocates for the retention of the control tower sprung up at all levels. From provincial to civic leaders, the local business community to airline pilots, everyone was invested in the outcome of NAV CANADA’s decision.

Federal MP Michael Kram, Premier Scott Moe, and Regina Mayor Sandra Masters were just a few of the many local leaders who made direct pleas to the federal government asking that the control tower be spared. In addition, representatives from city council, the University of Regina, the Saskatchewan Chamber of Commerce, multiple municipal chambers of commerce, plus numerous others from local business and aviation industries all passionately advocated for the retention of the tower.

On April 15th of 2021, NAV CANADA announced their decision – the air traffic control tower at YQR would remain open. Everyone was able to breathe a collective sigh of relief. Retaining the tower meant that YQR would maintain a high level of operating capacity, and be there to help serve the community as it moves toward economic recovery. Having the support of the local community when it mattered most meant a lot to everyone at YQR. “We are very lucky to have a community who cares a great deal about the airport. They understood the impact that losing this tower would have, and they weren’t willing to let that happen,” says Bogusz. “The advocacy we heard and saw first-hand from the community played a critical role in NAV CANADA’s ultimate decision, and for that we’re truly grateful.”

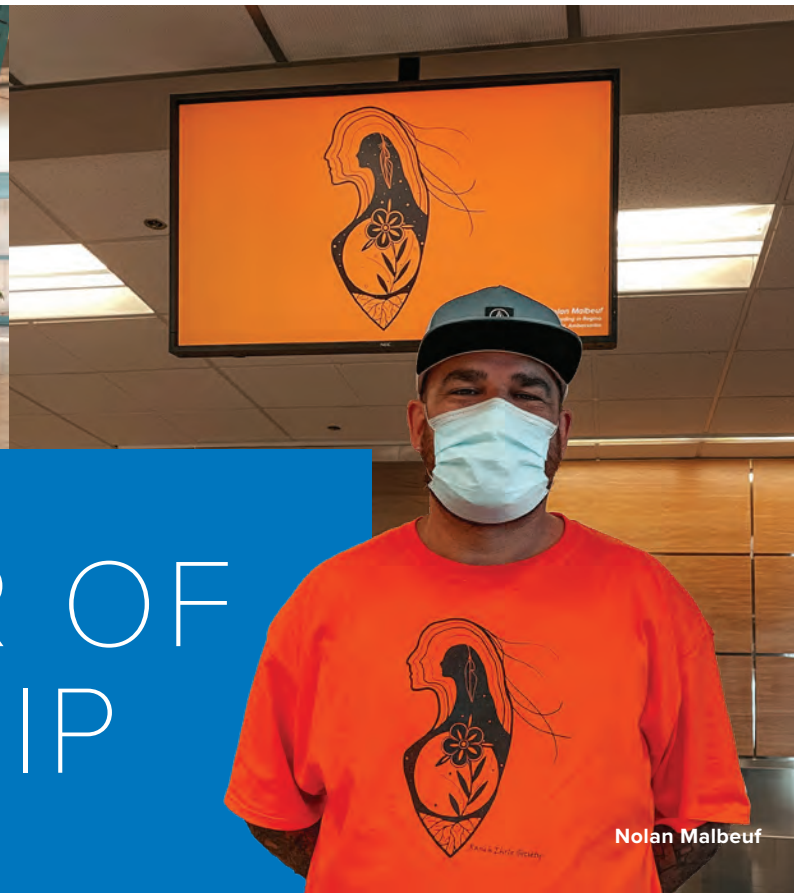


## MINIMIZING OUR ENVIRONMENTAL FOOTPRINT

The RAA is committed to reducing the environmental footprint of its activities, while ensuring that operations are conducted in a safe and secure manner. As the primary air access gateway to southern Saskatchewan, it is vital that airport operations consider impacts on future generations, while balancing the need to grow the airport for the benefit of the region.

In 2021, environmental programs continued to further reduce the airport’s carbon footprint, divert waste from landfills, and effectively manage water quality. Across the year, the waste and recycling program diverted 25% of all waste from the landfill (nearly double what was diverted the previous year). In addition, RAA continues to proactively minimize pollutant discharge into the local watershed by routinely monitoring water quality, maintaining an active spill response program, and minimizing features that may attract wildlife hazards.

The RAA proudly maintained its Level I Carbon Accreditation in 2021. Created by the Airport Council International (ACI), this industry-recognized program strives to help airports around the globe to reduce their carbon footprint. Regina International was the first airport in Saskatchewan to achieve this accreditation. The RAA has adopted a carbon reduction target this year, which aims to achieve a reduction of the organization’s carbon footprint by 30% below the 2016 baseline by 2030. As the airport considers future projects, management consistently looks for ways to make targeted investments that will not only reduce energy consumption, but greenhouse gas emissions as well.



# THE POWER OF PARTNERSHIP

Nolan Malbeuf

The RAA has always taken its role in the community very seriously. The airport is a hub that brings people together and provides a gateway to opportunity. It's also the first place many visitors see when they arrive in Saskatchewan, which is why it's so important that the airport successfully represents and celebrates the community. Each year YQR collaborates with community partners to help support the local economy whenever possible; 2021 was no exception, with numerous community sponsorships taking place.

After months of cancelled or postponed events, it was exciting to see some of them return throughout 2021. The airport was thrilled to provide in-kind sponsorship to Agribition, including signage throughout the terminal, hosting volunteers and shuttles, and making room to park a beautiful 1971 GMC 1500 custom truck in the arrivals hall, which was raffled off to raise money for the Canadian Western Agribition Scholarship Fund.

In addition, the airport recognized the National Day for Truth and Reconciliation (NDTR) on September 30th. In order to honour this important day, the airport proudly displayed artwork by local Indigenous artist, Nolan Malbeuf. Nolan's artwork was

displayed on multiple digital screens throughout the terminal to remind travellers and staff about this new and significant holiday. In exchange for displaying his artwork, the airport donated to the Métis Addictions Council of Saskatchewan on his behalf. YQR also shared a variety of NDTR educational resources through their social media channels.

In December the airport welcomed over 300 athletes for the 2022 Skate Canada Challenge held at Evraz Place. In addition to skaters, the event drew thousands of spectators and delegates to the four-day competition. The airport supported this exciting competition by providing free parking for shuttle services and by welcoming event volunteers onsite to help promote various events.

In late 2021, the airport offered exhibit space near its administration offices to showcase some eye-catching creations made by the Saskatchewan Lego Users Group. The winter-themed art display featured many well-known Regina landmarks, all made entirely out of Lego. This fun and playful exhibit provided airport visitors of all ages with a smile, while supporting a local organization through increased visibility.

Throughout 2021, as more and more events began to come back to the Queen City, YQR was there to help welcome back guests. Regular meetings with community partners ensured the airport was able to maximize on every opportunity to support community initiatives in order to help the local economy grow in any and every way possible throughout the year.



**EACH YEAR YQR COLLABORATES WITH COMMUNITY PARTNERS TO HELP SUPPORT THE LOCAL ECONOMY WHENEVER POSSIBLE; 2021 WAS NO EXCEPTION, WITH NUMEROUS COMMUNITY SPONSORSHIPS TAKING PLACE.**



## COMMUNITY COLLABORATION

In early spring, the City of Regina and RAA formalized their commitment to continued collaboration with the signing of The Municipal Authorities Agreement. This agreement provides a formal framework of cooperation between the Airport and the City and outlines how the two entities will work together on a variety of areas, such as emergency response, airport access to city utilities, and the development of land in and around the airport.

Since the airport is located on federal land and falls under federal jurisdiction, it's important that there is clear communication and a mutual recognition of the current needs and future plans of both parties. The agreement also provides alignment between the City's Official Community Plan and the Airport's Land Use Plan. Regina Mayor Sandra Masters believes the agreement signifies the strong and positive relationship between the City of Regina and the RAA. "We are committed to working together to ensure the community's interests are well served and to contribute to the long-term prosperity of the city and region."

On average, the Regina International Airport contributes over \$800 million in economic impact. Thanks to its function as a gateway for so many different organizations and people, its total economic impacts are much greater across the region. With a mutual commitment to fostering economic prosperity, it's important that the City of Regina and Regina International Airport follow a coordinated growth plan. For Trent Fraser, Chair of the RAA Board of Directors, the agreement represents progress. "The signing of the Municipal Authorities Agreement highlights a new level of trust, cooperation and vision between our organizations." Having a shared roadmap for the future ensures both the Airport and the City are on the same page as they work toward mutually beneficial progress.

# RELIEF FOR RECOVERY

It's no secret that 2021 was an incredibly challenging year. The first few months of the year saw traffic numbers at the airport drop to approximately 10% of typical volumes. This, combined with the substantial financial losses experienced in 2020, painted a rather bleak picture for airport prosperity. On top of lost revenues, the airport was incurring additional pandemic-related operating costs for things like increased cleaning and marketing promotions to combat public misconceptions that the airport was closed. In short, revenues were somewhat meager while expenses continued to soar.

When the federal government announced that several financial support programs for Canadian airports would be made available, the news brought great relief. The Canada Emergency Wage Subsidy helped offset some wage costs for staff, while the Regional Air Transportation Initiative helped to cover specific pandemic-related costs, including increased cleaning procedures, marketing campaigns to promote available flights, and a variety of additional operational expenses. In addition, The Airport Relief Fund provided RAA with approximately \$2.6 million in grant funding to help offset general airport expenses.

Combined, the various federal funding programs helped offset approximately half of the RAA's total losses (around \$5 million). The federal assistance was greatly appreciated by RAA, who plans to apply for additional funding through the Airport Critical Infrastructure Program which would help to support the upcoming overlay project for runway 13-31. The financial support injected more than just capital, it also injected some peace of mind and hope that a full economic recovery at YQR could happen sooner rather than later.

**WHEN THE FEDERAL GOVERNMENT ANNOUNCED THAT SEVERAL FINANCIAL SUPPORT PROGRAMS FOR CANADIAN AIRPORTS WOULD BE MADE AVAILABLE, THE NEWS BROUGHT GREAT RELIEF.**



YQR Staff

# TREMENDOUS TEAMWORK

The pandemic has presented numerous challenges for our team at YQR. Whether having to do more with less, responding to tumultuous flight schedules, adapting the terminal and facilities to ever-changing health restrictions, or caring for infrastructure and equipment that had to be extended beyond a typical lifespan, our staff were able to pull together, find solutions, and overcome each hurdle along the way. During a time filled with great uncertainty, the team consistently demonstrated tenacity, resilience, flexibility, and courage. These qualities are not always easy to embody during stressful times, but the staff at YQR were committed to success, and it showed.

From operations to the firehall, administration to maintenance, environment to security, airlines to cleaners, to the trades and

many, many more, all members of the airport family worked tirelessly and collaboratively throughout the year. Like a well-oiled machine, each team member played an important part in successfully running an airport during an unprecedented year in travel. Beyond managing the typical challenges that an airport may face in economic uncertainty, staff got extra creative in order to help out and add value to the community. Whether it was by making room for vaccine pop-up clinics, increasing cleaning protocols, educating themselves on ever-changing Federal travel regulations, fielding difficult guest questions, communicating with media, or countless other tasks, the team at YQR pulled together often and did whatever was necessary to keep the airport running safely, securely, and successfully.

# OUR BOARD SOARS



**TRENT FRASER**  
Board Chair  
*City of Regina*

**TRISH MARTYNOOK**  
Vice Chair  
Chair, Governance and Nominations Committee  
*City of Moose Jaw*

**TYLER WILLOX**  
Chair, Human Resources Committee  
*Province of Sask.*

**GILLIS LAVALLEY\***  
Director  
*City of Regina*

**KELLIE GARRETT**  
Director  
*Regina Airport Authority*

**JULIANA WONG\***  
Director  
*City of Regina*

\* Term started in 2021

**ROBERT VANDERHOFT**  
Chair, Planning and Development Committee  
*RM of Sherwood*

**TERESA DREW**  
Director  
*Government of Canada*

**HAROLD HUGG**  
Chair, Community Consultative Committee  
*Government of Canada*

**RENU KAPOOR**  
Director  
*City of Regina*

**BERNADETTE MCINTYRE**  
Chair, Audit and Finance Committee  
*City of Regina*

**PAT MCGINN**  
Director  
*City of Regina*

## CORPORATE GOVERNANCE

In accordance with Public Accountability Principles for Canadian Airport Authorities, the Board provides oversight to RAA to ensure its purpose and objectives are realized, and that the airport operates in a safe, efficient and reliable manner for the general benefit of the region.

The Regina Airport Authority Inc. is governed by a Board of Directors consisting of eleven to thirteen prominent men and women from southern Saskatchewan. All members are expected to act with honesty, integrity and impartiality, adhering to the policy and procedures set out through the RAA's Governance Manual.

The Authority has six nominating entities, including itself who strive to ensure a balanced composition of skills and knowledge relating to the aviation industry, air transportation, business, finance, administration, law, government, engineering, labour relations, risk, strategy, and the interests of consumers. A Director may serve no more than three (3) year-terms for a total of nine (9) consecutive years on the Board.

Nominating Entity	Board Positions
Government of Canada	2
Province of Saskatchewan	1
City of Regina	6
City of Moose Jaw	1
RM of Sherwood	1
Regina Airport Authority	1

## COMPENSATION FRAMEWORK

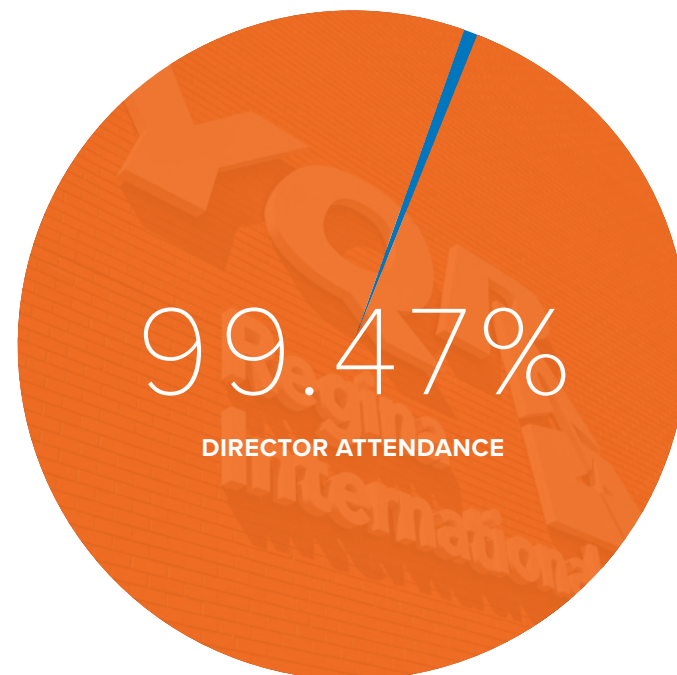
### Board Remuneration

The annual remuneration of the Board of Directors, consisting of honorariums and per diems for the year ending December 31, 2021 was \$200,349.75 (2020 was \$229,223).

Type	Remuneration
Board Chair Annual Retainer	\$20,000
Board Vice-Chair and Committee Chair Annual Retainer	\$12,250
Individual Director Annual Retainer	\$10,000

## DIRECTOR ATTENDANCE

In 2021 there were 33 Board, Committee and Public meetings. Overall participation by the Board members was 100% for Committee meetings and 98% for Board meetings. The overall attendance rate was 99.47%. (2021 was 99.52%)



## CODE OF CONDUCT & CONFLICT OF INTEREST

The RAA has adopted Code of Conduct and Conflict of Interest policies and guidelines to govern the actions of all officers and directors, with an annual disclosure requirement to avoid potential conflicts of interest.

The Conflict of Interest Policy was implemented to highlight the legal obligations of Directors and Officers. Directors,

Officers, and Proposed Directors and Officers are obligated to disclose any existing conflicts of interest or potential conflicts of interest that may arise in the business of the Authority and its Board.

All Directors and Officers complete disclosure statements on an annual basis.

Director	Position	Code of Conduct	Conflict of Interest
Trent Fraser	Board Chair	✓	✓
Trish Martynook	Vice Chair / Chair, Governance and Nominations Committee	✓	✓
Harold Hugg	Chair, Community Consultative Committee	✓	✓
Bernadette McIntyre	Chair, Audit and Finance Committee	✓	✓
Rob Vanderhooff	Chair, Planning and Development Committee	✓	✓
Tyler Willox	Chair, Human Resources Committee	✓	✓
Teresa Drew	Director	✓	✓
Kellie Garrett	Director	✓	✓
Renu Kapoor	Director	✓	✓
Gillis Lavalley*	Director	✓	✓
Pat McGinn	Director	✓	✓
Juliana Wong*	Director	✓	✓

\*Term started in 2021

Officer	Code of Conduct	Conflict of Interest
James Bogusz	✓	✓
Earl Spencer	✓	✓
Jenna Khoury	✓	✓

## RISK MANAGEMENT OVERSIGHT

The Audit and Finance Committee takes the lead role working closely with the Board for risk management oversight. Organizational risks, business impact analysis and business continuity reviewed were considered and incorporated into annual business planning processes during 2021.



## MANAGEMENT DISCUSSION AND ANALYSIS

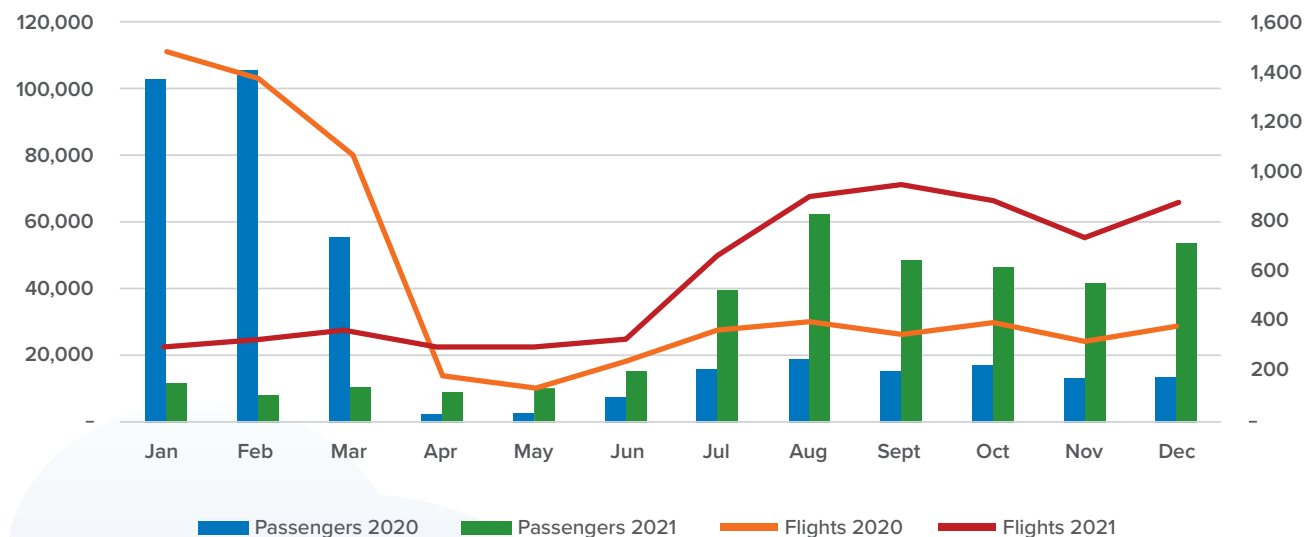
The Management Discussion and Analysis (MD&A) provides details to assist in the interpretation of the operations and financial condition of the Regina Airport Authority Inc. (Authority) for the fiscal period ending December 31, 2021. The MD&A should be read in conjunction with the Authority's audited financial statements including note disclosures, which have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook – Accounting.

The Authority is a not-for-profit, locally based entity without share capital that manages and operates the Regina International Airport (YQR). All excess revenues over expenditures are applied to managing and operating the Regina International Airport consistent with its mission statement. As of December 31, 2021, the Authority is into its twenty-second year of operation in its lease arrangement with the Crown. The lease will expire on April 30, 2079.

### Performance Highlights

The Authority, along with the rest of the industry, faced a severe and abrupt drop in passenger traffic as a result of the COVID-19 pandemic. The impact of the COVID-19 pandemic started to translate into the Authority's financial performance in March 2020. The Authority saw drastic declines in revenue and cash as the pandemic continued. As a response to the current industry conditions, the Government of Canada had announced key federal measures to support airports and air carriers, of which the Authority has benefited from.

Figure 1



Despite the gradual return of air service, airports remain highly underutilized. There is very limited visibility on travel demand given changing government restrictions in place around the world and the severity of the restrictions in Canada. The RAA has seen increases in 2021 passenger traffic over 2020 pandemic lows, indicating that consumer demand is on the rise. While the ever-changing post pandemic environment is still unknown, the 2022 financial outlook appears to be more positive than initially anticipated.

With travel restrictions and the travelling public's perception of travel, the Authority cannot accurately predict the timing for when travel will improve. Management is actively managing risk by leveraging relationships with lenders and other stakeholders.

### Passenger Statistics

Passenger volumes are the key driver for most of the Authority's revenues. Total passenger volumes were down 4.0% (14,874 fewer passengers compared to 2020; 154,007 more compared to budgeted passengers of 201,483). Flights have decreased in comparison to prior years; however up 4.4% from 2020 scheduled flights. After March 2020, the Airport had no Transborder or International service for the remainder of the year. International flights resumed toward the end of November 2021 once border restrictions were lifted. The passenger traffic and flight statistics for the year are summarized in Figure 1.

Passenger volumes and scheduled flights have increased toward the end of 2021 with relaxed travel restrictions and increased vaccination rates.

The overall decreased passenger traffic had a negative effect on revenue. For example, aeronautical revenues and parking revenues decreased by a total of \$624,000.

	%	\$
Airport Improvement Fees/ Passenger Facility Fees	3.72%	(126,000)
Public Parking	- 12.4%	(163,000)
Airline Fees (Landing, Terminal, Other)	- 9.54%	(335,000)

→ For 2022, The Authority has forecasted 768,918 passengers.

### Rate and Fees

There were no aeronautical rate and fees changes in 2021. There are no rate and fees changes planned in 2022; however, the Authority will review rates and fees, including the passenger facility fee (PFF) to ensure operational and capital requirements are met and consistent with the market. Any changes will be implemented toward the end of 2022.

### Airport Improvement Fee (AIF) & Passenger Facility Fee (PFF)

The AIF is collected by the airlines on behalf of the Authority for the purpose of funding capital programs for airport infrastructure and the related financing costs. The AIF is collected from all passengers originating from YQR and does not include connecting and non-revenue passengers.

Due to the decline in passengers and ongoing liquidity risk, the Authority has withdrawn from the AIF agreement effective September 30, 2021 and entered into the PFF agreement effective October 1, 2021.

The AIF rate at the time remained unchanged at \$20/enplaned passenger and reduced to \$5/enplaned passenger for intra-provincial enplanements. Similarly, the PFF rate set for 2021 was \$20/enplaned passenger.

AIF eligible expenditures in 2021 were low due to reduced passenger traffic. The Authority significantly scaled back the 2021 forecasted capital, resulting in a net surplus of AIF revenue over expenditures of \$960,000. On a cumulative basis since inception in May of 1999, the Authority has a deficiency of AIF revenue over expenditures of \$27,967,000 (2020 - \$28,926,000).

The PFF collected can be used not only to fund the costs of new airport infrastructure and major capital improvements like the AIF but can also be used toward operating activities at the airport. This was a key decision for the Authority in order to continue operating a safe and secure facility.

### Capital Activity Highlights

The 2021 capital programming included the following major project highlights on a capital spend of \$366,000 (2020 - \$1,645,000):

#### ELIGIBLE AIF FUNDED ACTIVITIES: - \$366,000

\$ 69,000	Multi-tenant facility groundside improvements
\$ 34,000	ATB Fire Pump Removal
\$ 34,000	Installation of a man trap at Vehicle Non-Passenger Screening (NPS-V)
\$ 33,000	Runway 08-26 Cable Feed
\$ 27,000	Display hardware upgrade
\$ 21,000	Conveyor belt for loading de-icing chemical
\$ 148,000	Other capital projects

AIF eligible interest expense of \$833,000 was incurred during 2021 (2020 - \$1,012,000).

For 2022, the Authority has projected a minimal capital spend of \$5,756,000 due to the forecasted passengers.

The Government of Canada announced \$489,600,000 of funding available over five years under the Airport Critical Infrastructure Program (ACIP) to provide financial support for critical infrastructure projects related to safety, security, or connectivity to mass transit. The program will help eligible airports mitigate the financial impact of the COVID-19 pandemic by contributing up to 50% for eligible critical infrastructure projects. The Authority has applied and been approved for this program and is expected to receive a total of \$13,250,000 representing 50% of the cost to rehabilitate the primary runway at the Regina International Airport.

### Liquidity and Capital Resources

The Authority is funded through operating revenues, AIF revenues, PFF revenues and bank credit facilities.

The Authority completed 2021 operations with a cash balance of \$3,426,000 compared to \$887,000 at December 31, 2020. Federal Government assistance received in response to COVID-19 was a total of \$6,399,000 which significantly helped the Authority's cashflow position in 2021. \$366,000 of cash was used to purchase capital assets, and \$2,336,000 was paid throughout the year for principal payments on outstanding debt.

### LENDING AGREEMENTS

- **Debt Service Ratio (DSR)**

The Authority is required to maintain at all times a DSR of 1.25 to 1 or better. This ratio is defined by earnings before interest, depreciation and amortization (EBITDA) divided by annual interest payments and current portions of long-term debt. The Authority was in compliance with this covenant as at December 31, 2021.

- **Minimum Liquidity**

The Authority is required to have no less than \$3,500,000 in liquidity defined as the maximum operating line of credit available less amount drawn. The Authority was in compliance with this covenant as at December 31, 2021.

### LINES OF CREDIT / CREDIT FACILITIES

The Authority carries two lines of Credit:

- Operating line of credit facility of \$10,000,000, which is undrawn at December 31, 2021.
- Revolving line of credit of \$7,000,000 for capital expenditures, which is undrawn at December 31, 2021.

Given the lack of certainty of government travel restrictions, expected passenger traffic, and increasing capital requirements, ongoing liquidity is the largest risk currently faced by the Authority.

### Statement of Financial Position

Total assets of the corporation decreased by \$7,836,000 (6.6%) to \$110,533,000 (2020 - \$118,369,000).

Capital assets decreased \$8,905,000 due to expenditures of \$366,000 and amortization of \$9,270,000, reflecting low capital investment activity in 2021. Capital programming was drastically reduced in 2021 in response to the COVID-19 pandemic.

Receivables increased \$783,000 primarily due to higher aeronautical, AIF and parking revenue toward the end of 2021.

Pension net assets decreased by \$2,211,000. The discount rate was 2.30% which decreased from 2020 (3.50%). The decrease in discount rate increases the estimated defined benefit liabilities and ultimately represents an actuarial loss of \$2,669,000. This was offset by \$311,000 in special payments made.

Total liabilities increased by \$289,000 (0.6%) to \$46,103,000 (2020 - \$45,814,000).

Long-term debt increased by \$94,000 representing debt repayments of \$2,336,000 offset by proceeds from debt issued in July 2021 of \$2,430,000.

Accounts payable and accrued liabilities increased \$278,000 mainly due to increased activity at the airport toward the end of 2021.

Overall net assets decreased \$8,125,000 (2020 - \$11,071,000) reflective of excess expenses over revenue and the employee future benefits re-measurement.

### Statement of Operations

#### REVENUE:

Revenues increased \$4,906,000, a 36.6% increase compared to the prior year. This is mainly due to Government assistance received offset by decreased passenger traffic and international flights noted earlier.

Government assistance is higher than 2020 as we received the following Federal Government assistance:

- Regional Air Transportation Initiative (RATI) funding in the amount of \$2,464,000
- Transport Canada Airport Relief Fund (ARF) grant in the amount of \$2,622,000
- Canadian Emergency Wage Subsidy (CEWS) of \$1,050,000
- Tourism and Hospitality Recovery Program (THRP) of \$263,000

In 2020, the Authority received \$1,300,000 in Government assistance from CEWS.

#### EXPENSES:

Expenses decreased \$1,506,000 (6.0%) compared to the prior year.

Amortization decreased from 2020 by \$1,105,000 due to capital assets being fully depreciated during 2021.

In response to COVID-19 impacts, the Authority put into place cost cutting measures. The most significant savings related to these are noted below:

- Services, supplies and administration decreased \$190,000
- Interest expense \$318,000

Ground lease expense decreased \$23,000 due to Transport Canada waiving the requirement to make lease payments for all of 2021.

### Contracts Not Tended

All projects with a value in excess of \$125,000 require a public tender or request for proposal process. All projects complied with this requirement for 2021.

# BUSINESS PLAN FINANCIAL SUMMARY

## Report on the Business Plan and Objectives for 2021 - shown in (000s)

	Plan	Actual	POS (NEG) Variance
Operating Revenue	9,199	14,755	5,556
Operating Expense	13,736	13,397	339
Net Airport Improvement Fees	4,273	2,158	-2,115
Net Passenger Facility Fees	-	1,105	1,105
Capital Expenditures	1,509	366	-1,143

## Report on the Business Forecast for 2022-2026 - shown in (000s)

	2022	2023	2024	2025	2026
Operating Revenue	12,511	12,824	13,144	13,473	13,810
Operating Expense	16,336	16,744	17,163	17,592	18,032
Capital Expenditures	5,756	19,375	12,600	5,300	9,025

- *Capital Expenses & Forecast* include both eligible and non-eligible AIF/PFF items.
- *Auditors Report & Financial Statements* are found within the 2021 Financial Statement Section.
- *Management Discussion & Analysis* may also be found within the 2021 Financial Statement Section.

# FINANCIALS

Financial Statements of

**REGINA AIRPORT AUTHORITY INC.**

Year ended December 31, 2021



Deloitte LLP  
2103 - 11th Avenue  
9th Floor  
Bank of Montreal Building  
Regina SK S4P 3Z8  
Canada

Tel: 306-565-5200  
Fax: 306-757-4753  
www.deloitte.ca

## Independent Auditor's Report

To the Members of  
Regina Airport Authority Inc.

### Opinion

We have audited the financial statements of Regina Airport Authority Inc. (the "Authority"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

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

### Material Uncertainty related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Authority has experienced a significant decline in revenues and cash flows due to the COVID-19 pandemic. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Authority's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises:

- The information included in the Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

*Deloitte LLP*

Chartered Professional Accountants  
March 24, 2022  
Regina, Saskatchewan

## REGINA AIRPORT AUTHORITY INC.

Statement of Financial Position

As at December 31, 2021

	2021	2020
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 3,425,947	\$ 887,004
Accounts receivable and accrued revenue (note 4)	2,511,379	1,728,157
Prepaid materials and supplies	634,797	688,377
	6,572,123	3,303,538
Pension asset (note 10)	926,000	3,137,000
Investments (note 5)	56,054	44,556
Capital assets (note 6)	102,978,651	111,884,118
	<b>\$ 110,532,828</b>	<b>\$ 118,369,212</b>

### LIABILITIES AND NET ASSETS

#### Current Liabilities:

Accounts payable and accrued liabilities (note 8)	\$ 1,540,685	\$ 1,262,933
Deferred revenue	421,827	259,498
Current portion of long-term debt (note 9)	2,765,989	2,579,538
	4,728,501	4,101,969

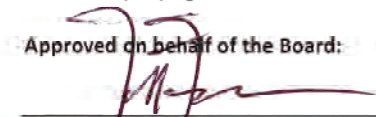
Long-term debt (note 9)	35,767,261	35,860,129
Tenant security deposits	132,845	102,020
Deferred contributions (note 12)	5,474,224	5,750,362
	46,102,831	45,814,480


Net assets	64,429,997	72,554,732
	<b>\$ 110,532,828</b>	<b>\$ 118,369,212</b>

Commitments (note 13)

See accompanying notes to financial statements

Approved on behalf of the Board:

  
Trent Fraser, Chair of Board

  
Bernadette McIntyre, Chair of Audit and Finance Committee

## REGINA AIRPORT AUTHORITY INC.

Statement of Operations and Changes in Net Assets  
Year ended December 31, 2021

	2021	2020
<b>Revenue:</b>		
Airport improvement fees (note 14)	\$ 2,158,387	\$ 3,388,625
Passenger facility fees (note 15)	1,105,304	-
Rentals	1,704,657	1,708,522
Landing fees	1,428,558	1,605,881
Concessions	1,843,085	1,489,310
Government assistance (note 11)	6,494,995	1,370,812
Public parking	1,146,688	1,310,323
General Terminal Fees	927,028	1,041,009
Other Airline fees	821,815	866,187
Customer facility charge (note 16)	343,541	292,802
Amortization of deferred contributions (note 12)	276,138	276,137
Other	43,623	38,791
	<u>18,293,819</u>	<u>13,388,399</u>
<b>Expenses:</b>		
Amortization	9,270,438	10,375,073
Services, supplies and administration	5,577,252	5,767,279
Salaries and benefits (note 10)	5,466,411	5,362,841
Interest (note 18)	1,068,268	1,386,480
Property taxes	1,547,687	1,218,934
Utilities	843,734	912,904
Bad debt (recovery) expense (note 4)	(39,236)	106,396
Loss on disposal of capital assets	-	88,031
Ground lease	-	22,845
	<u>23,734,554</u>	<u>25,240,783</u>
Deficit of revenue over expenses	(5,440,735)	(11,852,384)
Net assets, beginning of year	72,554,732	83,626,116
Employee future benefits remeasurement (note 10)	(2,684,000)	781,000
<b>Net assets, end of year</b>	<b>\$ 64,429,997</b>	<b>\$ 72,554,732</b>

See accompanying notes to financial statements

## REGINA AIRPORT AUTHORITY INC.

Statement of Cash Flows  
Year ended December 31, 2021

	2021	2020
<b>Cash provided by (used in):</b>		
<b>Operations:</b>		
Deficit of revenue over expenses	\$ (5,440,735)	\$ (11,852,384)
Add (deduct) non-cash items:		
Amortization of capital assets	9,270,438	10,375,073
Amortization of deferred contributions	(276,138)	(276,137)
(Gain) loss on sale of capital assets	(223)	88,031
Difference between pension expense and amount funded	(161,680)	(130,384)
Unrealized (gain) loss on investments	(8,309)	10,429
	<u>3,383,353</u>	<u>(1,785,372)</u>
Changes in non-cash working capital:		
Accounts receivable and accrued revenue	(783,222)	1,558,835
Prepaid materials and supplies	53,580	217,663
Accounts payable and accrued liabilities	277,752	(962,094)
Pension asset funding	(311,320)	(136,616)
Deferred revenue	162,329	188,174
Tenant security deposits	30,825	2,700
Cash flow provided by (used in) operations	<u>2,813,297</u>	<u>(916,710)</u>
<b>Investing:</b>		
Purchase of capital assets	(365,548)	(1,645,035)
Proceeds on sale of capital assets	800	18,400
Purchase of investments	(3,189)	(4,077)
Proceeds on sale and maturity of investments	-	2,064,270
Cash flow (used in) provided by investing activities	<u>(367,937)</u>	<u>433,558</u>
<b>Financing:</b>		
Proceeds from operating line of credit	3,776,920	-
Repayment of operating line of credit	(3,776,920)	-
Proceeds from long term debt	2,430,000	-
Repayments of long term debt	(2,336,417)	(8,282,835)
Cash flow provided by (used in) financing activities	<u>93,583</u>	<u>(8,282,835)</u>
Increase (decrease) in cash	<u>2,538,943</u>	<u>(8,765,987)</u>
Cash, beginning of year	887,004	9,652,991
<b>Cash, end of year</b>	<b>\$ 3,425,947</b>	<b>\$ 887,004</b>

See accompanying notes to financial statements

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2021

### 1. Purpose and description of business:

Regina Airport Authority Inc. (the "Authority") was incorporated June 18, 1997, as a corporation without share capital under Part II of the *Canada Corporations Act* (the "Act") and continued under the Canada Not-for-profit Corporations Act. The Authority is exempt from federal and provincial income tax. The Authority has operated Regina International Airport since May 1, 1999, under a lease from the Government of Canada (the "Ground Lease"). The Ground Lease had an initial term of 60 years with an option to extend for 20 years. The option to extend the Ground Lease was exercised in 2014 and, accordingly the Ground Lease will now expire on April 30, 2079. The parties agreed that the extension is on the same conditions as the initial Ground Lease, except that there is no longer any option to renew the Ground Lease or further extend the term. At the end of the renewal term, the Authority is obligated to return control of the Airport to the Landlord. The Airport must be returned in a state of good order, condition, and repair. The Airport must also be free and clear of any Occupancy Agreement, Transfer, Leasehold Mortgage, (as defined in the Ground Lease) or other encumbrances of any nature or kind except those which the Landlord has granted rights of non-disturbance.

Pursuant to the Act, the Authority shall operate as a not-for-profit corporation and as such, the Authority reinvests all excess of revenue over expenses in the capital renovation and expansion requirements of the airport for which it is responsible. In addition to the investment of the excess of revenue over expenses, the Authority is authorized to borrow to invest in the airport infrastructure, and current borrowings are detailed in Note 9. Capital requirements are generally determined on an annual basis in conjunction with the Authority's business planning cycle, although longer term projects may involve financial commitments that extend beyond one year. The Authority annually re-evaluates its economic condition and facility demands in setting its objectives.

The mandate of the Authority is to manage and operate the airport in a safe, secure, efficient and commercially viable and environmentally responsible manner in its objective to advance economic and community development by means that include promoting and encouraging improved airline transportation for the general benefit of the public in its region.

### 2. Basis of preparation:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook-Accounting.

The Authority, along with the rest of the aviation industry, has experienced an unprecedented downturn as a result of the COVID-19 pandemic. The impact of the COVID-19 pandemic started to translate into the Authority's financial performance in March 2020. Since then the Authority saw a drastic decline in revenue and cash as the pandemic continued. Despite the gradual return of air service, airports remain highly underutilized. There is very limited visibility on travel demand given changing government restrictions in place around the world and the severity of the restrictions in Canada. While the ever-changing post pandemic environment is still unknown, the 2022 financial outlook appears to be more positive than initially anticipated. The fourth wave brought new risks to the financial outlook of Saskatchewan. The hope is that Canada's high vaccination rates leave the country in a more resilient position to navigate the associated challenges.

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2021

### 2. Basis of preparation (continued):

The Authority has historically experienced greater demand for its services in the first and fourth quarters of the calendar year and lower demand in the second and third quarters of the calendar year. This demand pattern was principally a result of the high number of winter travelers preferring to travel to a warmer destination. However, given the impact of the COVID-19 pandemic, the normal seasonal demand pattern is not expected to occur, with demand being considerably depressed; certain revenues, expenses, and Statement of Financial Position items tied directly to sales and operating activities are and will continue to be impacted by the drop in traffic. The Authority has substantial fixed costs in its cost structure that do not fluctuate with passenger demand in the short term. With federal government assistance received, the Authority's cash flow position has improved; however, until passenger traffic increases, the Authority will continue to experience lower than normal revenue. With ongoing capital requirements and increased operating costs, the Authority's cashflow position will continue to deplete. As a result, a material uncertainty exists that casts significant doubt on the Authority's ability to continue as a going concern, and therefore the Authority may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Authority is actively monitoring the situation and will respond as the impact of the COVID-19 pandemic evolves, which will depend on a number of factors including the course of the virus, government actions, and passenger reaction, as well as timing of a recovery in international and business travel which are important segments of the Authority's market, none of which can be predicted with any degree of certainty.

In response to these matters, the Authority has taken the following actions:

- Obtained from our lenders a waiver of the forecast breaches of our covenants until the end of December 31, 2022;
- Delaying capital projects for the foreseeable future that are not safety or regulatory related.

The Government of Canada announced \$489.6 million of funding available over five years under the Airport Critical Infrastructure Program (ACIP) to provide financial support for critical infrastructure projects related to safety, security, or connectivity to mass transit. The program will help eligible airports mitigate the financial impact of the COVID-19 pandemic by contributing up to 50% for eligible critical infrastructure projects. The Authority has applied and been approved for this program and is expected to receive a total of \$13.25 million representing 50% of the cost to rehabilitate the primary runway at the Regina International Airport.

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2021

### 3. Significant accounting policies:

The following accounting policies are considered significant:

#### a) Capital assets

Capital assets are recorded at cost less accumulated amortization. Cost includes expenditures that are directly attributable to the acquisition of the asset. Acquisition costs include the purchase price, installation, design and engineering fees, legal fees, survey costs, site preparation, transportation, direct labour, insurance and duties required to bring the asset to a working condition for its intended use.

The cost of capital assets are allocated into significant separable parts to record and amortize. Componentization is performed when costs may be reasonably allocated between parts and a reasonable estimate can be made of the useful lives of the separable components.

Interest on debt directly attributable to finance the construction of capital assets is capitalized and included in the cost of capital assets. Capitalization of interest ceases when the asset is substantially complete and available for use.

Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Asset Category	Years
Leased land	48-65
Office furniture and equipment	3-10
Computer equipment	3- 5
Vehicles and equipment	3-15
Leasehold improvements	1-50
Work in progress	not amortized, as not available for use

The various components of the air terminal building, other building structures, roadways and airfield surfaces, included in leasehold improvements, are amortized on a straight-line basis over the estimated economic life of the component asset, limited to the term of the Ground Lease. These assets revert back to the Government of Canada upon expiry of the Ground Lease.

The Authority has previously purchased Land for operational purposes and future development. The Ground Lease requires that at commencement of development the applicable land be transferred to the Government of Canada at which time the Authority reclassifies Land to Leased Land and commences amortization on a straight-line basis over the remaining full fiscal years of the Ground Lease.

Capital projects under construction at year end are capitalized to work in progress at cost. Costs are transferred to the appropriate capital asset class and amortization commences when the project is completed, and the assets become operational.

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2021

### 3. Significant accounting policies (continued):

#### b) Impairment of long-lived assets

The Authority uses a two-step process for determining whether an impairment of long-lived assets should be recognized in the financial statements. If events or changes in circumstances indicate that the carrying value of the long-lived asset may have been impaired, a recoverability analysis is performed on the estimated undiscounted cash flows to be generated from the asset's operations and its projected disposition. If the analysis indicates that the carrying value is not recoverable from future cash flows, the long-lived asset is written down to its estimated fair value and an impairment loss is recognized in the Statement of Operations and Changes in Net Assets. If circumstances change impairment loss may be adjusted reflecting a partial or full reversal.

#### c) Employee future benefits - Pension plan

The Authority has a retirement pension plan (the "Plan") for all permanent and term employees. The plan provided employees with an option to elect to continue as defined benefit members or elect to become defined contribution members at the time of transfer (May 1, 1999) to the Authority from the Government of Canada. The defined benefit membership is limited to those that continued on as defined benefit members with all new employees since transfer classified as defined contribution members. The Authority does not provide any non-pension post-retirement benefits.

The Authority accrues its obligation under the pension plan as the employees render their services necessary to earn the pension benefits. For the defined benefit plan, the fair value of pension assets are used for the purpose of calculating the expected return on plan assets. Pension obligation is determined by an independent actuary using the projected benefit method prorated on service and management's best estimate assumptions. The Authority uses the funding valuation as the basis for financial reporting purposes and determination of costs. The cost of the defined contribution component of the plan is recognized based on the contributions required to be made during each period. Actuarial gains and losses arise because of changes in assumptions and from experience differing from what has been assumed. Actuarial gains and losses arising from remeasurement are recognized in net assets.



## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2021

### 3. Significant accounting policies (continued):

#### d) *Financial instruments*

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Authority determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Authority expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

The Authority accounts for qualifying hedges of interest-bearing liabilities as follows:

- (i) Interest on the hedged item is recognized using the instrument's stated interest rate plus or minus amortization of any initial premium or discount and any financing fees and any transaction costs.
- (ii) Net amounts receivable or payable on the interest rate swap are recognized as an adjustment to interest on the hedged item in the period in which they accrue.

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2021

### 3. Significant accounting policies (continued):

#### e) *Revenue recognition*

Restricted contributions are reflected as deferred contributions and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government contribution towards capital assets are deferred and amortized on the same basis as the related capital assets. Government assistance is considered a contribution and recognized as revenue.

Specifically, revenue is recognized as follows:

- Landing, general terminal and other airline fees are recognized when airport facilities are utilized.
- Public parking and concession revenues are recognized when facilities are utilized. Concession revenue is recognized based on the greater of agreed percentages of reported concessionaire sales and specified minimum guaranteed amounts over the terms of the respective leases.
- Rental revenues are recognized over the terms of the respective leases at the commencement of each month when rent is due.
- Other income is recognized when earned or received.
- Airport Improvement Fee ("AIF")/Passenger Facility Fee ("PFF") revenue is recognized when the originating departing passengers board their aircraft as reported by the airlines.
- Customer Facility Charge ("CFC") revenue is recognized based on the transaction day information contained in the rental car agreements as reported by the operators.
- Government assistance is considered a contribution in the period to which it relates.

Deferred revenue consists primarily of land leasing, space rental, aeronautical fees and concession fees received in advance of land or facilities being utilized.

#### f) *Use of estimates*

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include allowance for doubtful accounts, estimated useful lives of capital assets and determination of defined benefit obligation. Actual results could differ from those estimated and the ability of the Authority to continue as a going concern.

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2021

### 4. Accounts receivable and accrued revenue:

Accounts receivable and accrued revenue are reported net of any allowance for doubtful accounts that are estimated to occur. The allowance for doubtful accounts as at December 31, 2021 is \$34,610 (December 31, 2020 - \$106,519). Bad debt recovery for 2021 was \$39,236 (2020 expense - \$106,396).

### 5. Investments:

The carrying value of the Authority's investments are as follows:

	2021	2020
Long-term investments:		
Common shares	\$ 47,287	\$ 38,978
Savings account	8,767	5,578
	\$ 56,054	\$ 44,556

In January 2020 when the investment matured, the Authority liquidated the GIC's, growth notes and savings account that included high interest savings at an interest rate of 2.2%. There were no investments matured in 2021.

### 6. Capital assets:

Asset Category	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Leased land	\$ 3,407,483	\$ 718,810	\$ 2,688,673	\$ 2,795,911
Leasehold improvements	174,495,218	79,223,696	95,271,522	103,015,708
Vehicles and equipment	9,877,359	6,473,907	3,403,452	3,951,790
Computer equipment	2,400,045	1,484,814	915,231	1,240,526
Office furniture and equipment	375,350	160,270	215,080	276,219
Work in progress	484,693	-	484,693	603,964
	\$191,040,148	\$ 88,061,497	\$102,978,651	\$111,884,118

Capital assets acquired in the amount of \$31,203 (2020- \$227,939) are included in accounts payable and accrued liabilities.

### 7. Operating line of credit:

The Authority has a \$10,000,000 (2020 - \$10,000,000) operating line of credit (the "Operating Facility") bearing interest at prime lending rate less 0.25%. The Operating Facility is unsecured and repayment terms are on demand. As at December 31, 2021 and December 31, 2020, no amounts were drawn against this line of credit.

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2021

### 8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable for provincial sales taxes and goods and services taxes of \$47,873 (2020 - \$5,220).

### 9. Long-term debt:

Details of the long-term debt outstanding are described in the following table:

	2021	2020
Term loan bearing interest at prime lending rate less 0.50% per annum plus stamping fee of 1.25% per annum, repayable in monthly instalments of \$54,795 plus interest and stamping fee, due May 2042	\$ 13,533,665	\$ 14,191,205
Term loan bearing interest at prime lending rate less 0.50% per annum plus stamping fee of 1.25% per annum, repayable in monthly installments of \$65,828 plus interest and stamping fee, due September 2031	7,899,320	8,689,256
Term loan bearing interest at prime lending rate less 0.50% per annum plus stamping fee of 1.25% per annum, repayable in monthly instalments of \$25,000 plus interest and stamping fee, due October 2041	6,025,000	6,325,000
Term loan bearing interest at prime lending rate less 0.50% per annum plus stamping fee of 1.25% per annum, repayable in monthly instalments of \$25,794 plus interest and stamping fee, due June 2037	4,874,868	5,184,396
Term loan bearing interest at prime lending rate less 0.50% per annum plus stamping fee of 1.35% per annum, repayable in monthly instalments of \$16,670 plus interest and stamping fee, due December 2040	3,799,760	4,049,810
Term loan bearing interest at prime lending rate per annum, repayable in monthly instalments of \$10,840 including interest, due February 2034	2,400,637	-
	38,533,250	38,439,667
Less: current portion	2,765,989	2,579,538
	\$ 35,767,261	\$ 35,860,129

All debt is secured by general assignment of book debts providing the bank with priority security interest over all revenues and deposits.

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2021

### 9. Long-term debt (continued):

The Authority received an accommodation for a three-month postponement of principal payments for the months of April, May, and June 2020. There were no accommodations in 2021.

Interest rate swap financial contracts (note 17(a)) are used to reduce cash flow risk on substantially all of the outstanding loan balance. Accordingly, the effective interest rate on the Authority's long-term debt was 2.76% in 2021 (2020 - 3.21%). The prime interest rate as at December 31, 2021, was 2.45%.

The Authority has a credit facility that provides for an ongoing \$7,000,000 commitment to finance construction and acquisition of capital assets, bearing interest at prime lending rate. As at December 31, 2021 and December 31, 2020, no amounts were drawn against this line of credit.

Future principal payments required on all long-term debt for the next five years are summarized below. These payments do not consider any renegotiation of the due dates for the next five years.

2022	\$ 2,765,989
2023	2,330,905
2024	2,410,118
2025	2,334,611
2026	2,336,533

The Authority's loan agreements are subject to covenant clauses, whereby the Authority is required to always maintain a ratio of earnings before interest and depreciation to interest expenses plus current portion of long-term debt of 1.25:1 or better. The Authority was not in compliance with this covenant from September 30, 2020 to September 30, 2021. The bank has waived this requirement until December 31, 2022. The Authority is also required to have no less than \$3,500,000 in liquidity. Liquidity is defined as cash and/or undrawn availability of the operating line of credit. As at December 31, 2021, the Authority was in compliance with this covenant (2020 – not in compliance).

### 10. Pension plan asset:

The Authority sponsors and funds a registered pension plan (the "Plan") on behalf of its employees, which has both defined benefit and defined contribution components. Pensions payable from the defined benefit component are generally based on the member's average annual earnings near retirement and indexed annually at 100% of the consumer price index. The Authority accrues its obligation and related costs under the Plan, net from plan assets.

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2021

### 10. Pension plan asset (continued):

The last actuarial valuation for funding was prepared as at December 31, 2020, by Mercer. The results of the valuation have been extrapolated to December 31, 2021. The next scheduled valuation for funding purposes will be completed as at December 31, 2021, final valuation results are not available for this reporting period.

Significant actuarial assumptions used in measuring the Authority's accrued benefits are:

Discount rate for 2021 was 2.30% (2020 - 3.50%), rate of compensation increases for 2021 was 2.00% (2020 - 2.00%) and pre- and post-retirement indexing for 2021 at 2.00% (2020 - 2.00%).

Information about the defined benefit component of the Authority's pension plan is as follows:

	2021	2020
Accrued benefit obligation:		
Balance, beginning of year	\$ 14,407,000	\$ 13,344,000
Current service cost	164,000	211,000
Interest cost	504,000	467,000
Employee contributions	22,000	33,000
Benefits paid	(2,683,000)	(357,000)
Actuarial loss due to changes in assumption	2,669,000	709,000
Balance, end of year	\$ 15,083,000	\$ 14,407,000

	2021	2020
Fair value of plan assets:		
Balance, beginning of year	\$ 17,544,000	\$ 15,433,000
Interest income	614,000	540,000
Actual return on plan assets (excluding interest income)	(15,000)	1,490,000
Employer contributions	527,000	405,000
Employee contributions	22,000	33,000
Benefits paid	(2,683,000)	(357,000)
Balance, end of year	\$ 16,009,000	\$ 17,544,000

	2021	2020
Funding status of plan:		
Accrued benefit obligation	\$ 15,083,000	\$ 14,407,000
Fair value of plan assets	16,009,000	17,544,000
Funding Status	\$ 926,000	\$ 3,137,000

Special payments paid during 2021 total \$311,320 (2020 - \$136,616). As the December 31, 2021, final funding valuation results are not available and 2022 special payments are not yet determined.

Salaries and benefits are recorded net of recognition of pension plan recovery of \$161,680 (2020 - \$130,384).

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2021

### 10. Pension plan asset (continued):

The Authority's policy is to invest fund assets in a balanced and diversified manner in accordance with the Pension Benefits Standards Act.

Effective January 1, 2019, the Authority implemented a dynamic de-risking investment strategy in order to achieve a portfolio that will allow settlement of the obligation while reducing the volatility of the Plan's funding position and required contributions given that the defined benefit component is closed to new members. The new asset mix is aligned with the Authority's de-risking strategy and investment policy.

The asset allocation benchmark and actual balanced fund asset allocations are:

	2021	2021	2020	2020
	Benchmark	Benchmark	Benchmark	Benchmark
Equities	10.0%	10.0%	20.0%	20.0%
Fixed income	90.0%	90.0%	80.0%	80.0%

The total defined contribution expense recorded in salaries and benefits for the year ended December 31, 2021, was \$252,700 (2020 - \$197,155).

### 11. Government assistance:

In response to COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy (CEWS) program in March 2020. CEWS provides a wage subsidy on eligible remuneration, subject to a maximum per employee, to eligible employers based on meeting certain eligibility criteria, including demonstration of revenue declines as a result of COVID-19. The Authority has accessed its eligibility related to CEWS and determined it has qualified for the subsidy. CEWS in the amount of \$1,050,038 (2020 - \$1,296,485) is included in government assistance on the Statement of Operations and Changes in Net Assets. The Authority intends to apply for the CEWS in subsequent application periods, subject to continuing to meet the applicable qualification criteria.

As at December 31, 2021, \$nil (2020 - \$187,003) related to CEWS was receivable and is included in accounts receivable on the Statement of Financial Position.

The Government of Canada announced the Tourism and Hospitality Recovery Program (THRP) in October 2021. THRP provides wage and rent support for eligible businesses, charities, and non-profits in the tourism or hospitality sector. Qualifying organizations must have a 12-month average revenue drop from March 2020 to February 2021 of at least 40%, and more than 50% of total eligible revenue must come from one or more of the determined tourism and hospitality activities. The Authority has assessed its eligibility related to THRP and determined it has qualified for the subsidy. THRP in the amount of \$262,707 is included in government assistance on the Statement of Operations and Changes in Net Assets. The Authority intends to apply for THRP in subsequent applications periods, subject to continuing to meet the applicable qualification criteria.

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2021

### 11. Government assistance (continued):

The Authority has a Maintenance Contribution and Support Agreement (the "Support Agreement") with the Canadian Air Transport Security Authority ("CATSA"), under which CATSA agreed to pay to the Authority a contribution in respect to baggage handling systems maintenance support and handler support services. The contribution is equal to the lesser of the maximum amount defined in the Support Agreement or the amount of allocated costs incurred. The Support Agreement can be extended annually by mutual agreement. Contributions were received during 2021 in the amount of \$96,250 (2020 - \$74,326) and are recorded in other revenue in the Statement of Operations and Changes in Net Assets.

The Authority received funding by way of grant from the Government of Canada under the Airport Relief Fund (ARF). The ARF will provide immediate one-time financial support to identified airport authorities managing the financial impact of reduced air travel as a result of the impact of the COVID-19 pandemic. Funds must be used to cover activities that are directly related to the airports operations to ensure that the airport remains open to travelers and surrounding communities. As at December 31, 2021, \$2,622,000 was received and included in government assistance on the Statement of Operations and Changes in Net Assets.

The Authority qualified for funding under the Regional Air Transportation Initiative (RATI) from the Government of Canada. The RATI provides financial assistance to support the regional ecosystems that depend on air transportation as an essential factor for regional economic development. The objectives of RATI are to support projects that contribute to the economic development of a community through the restoration or addition of regional air service, and the increase in air passenger volumes. Under the agreement, contributions are to be paid toward eligible costs incurred after April 1, 2020, until the agreement completion date of March 31, 2022. The Authority qualified for total funding of \$2,464,000 of which all was received in December 2021 and recorded as government assistance on the Statement of Operations and Changes Net Assets.

### 12. Deferred contributions:

The Authority received funding from CATSA for capital reimbursement in the amount of \$6,903,434 for Hold Baggage Screening Recapitalization and Non-Passenger Screening Vehicle Checkpoint projects. The funding is recognized as a deferred contribution on the Statement of Financial Position and is amortized into revenue over the estimated useful life of the assets.

	2021	2020
CATSA grants	\$ 6,903,434	\$ 6,903,434
Accumulated amortization	(1,429,210)	(1,153,072)
	\$ 5,474,224	\$ 5,750,362

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2021

### 13. Commitments:

#### a) Ground lease commitments:

The Authority pays an annual ground lease rental payment based on a sliding scale percentage of gross revenue to Transport Canada pursuant to the Ground Lease. The estimated operating lease payments over the next five years are:

2022	\$ 521,000
2023	638,000
2024	726,000
2025	993,000
2026	1,013,000

As a result of the COVID-19 pandemic, the requirement to pay rent for 2021 was waived by Transport Canada.

#### b) Contracted and other operating leases:

The Authority is committed under contractual and operating lease agreements with the following estimated annual payments over the next five years:

2022	\$ 3,544,000
2023	3,324,000
2024	3,390,000
2025	2,161,000
2026	1,865,000

The Authority accounts for its ground lease with Transport Canada and other leases as operating leases.

#### c) Capital commitments:

During the year the Authority entered into contractual agreements for certain capital projects. As at December 31, 2021, \$266,083 (2020 - \$500,000) in work remains to be completed on these projects.

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2021

### 14. Airport improvement fee:

The Authority derives revenue from the AIF which is collected by the carriers pursuant to an agreement among various airports in Canada, the Air Transport Association of Canada ("ATAC") and air carriers serving airports that are signatories to the agreement (the "AIF Agreement"). Pursuant to the AIF agreement, signatories receive a 7% collection fee. AIF revenue is used to fund the costs of new airport infrastructure, as well as major improvements to existing facilities at the Regina International Airport. The Authority withdrew from the AIF agreement effective September 30, 2021 in favour of the Passenger Facility Fee (see Note 15). The rate at the time was \$20 (2020 - \$20) for each originating passenger departing Regina International Airport. Intra-provincial flights were charged an AIF of \$5 (2020 - \$5) per enplaned passenger.

AIF funding activities on the year are outlined below:

	2021	2020
Earned revenue	\$ 2,318,827	\$ 3,650,775
Airline/ATAC handling and administration fees	(160,440)	(262,150)
Net AIF revenue earned	2,158,387	3,388,625
Eligible capital asset purchases	(365,548)	(1,645,035)
Eligible interest expense	(833,316)	(1,011,960)
Surplus of AIF revenue over AIF expenditures	\$ 959,523	\$ 731,631

AIF funding activities on a cumulative basis since inception of the AIF are outlined below:

	2021	2020
Earned revenue	\$ 165,257,261	\$ 162,938,434
Airline/ATAC handling and administration fees	(11,746,638)	(11,586,198)
Net AIF revenue earned	153,510,623	151,352,236
Eligible capital asset purchases	(173,837,087)	(173,471,539)
Eligible interest expense	(7,640,832)	(6,807,516)
Deficiency of AIF revenue over AIF expenditures	\$ (27,967,296)	\$ (28,926,819)

### 15. Passenger facility fee:

Effective October 1, 2021, the Authority entered into an agreement among various airports in Canada, the Air Transport Association of Canada ("ATAC") and air carriers serving airports that are signatories to the agreement (the "PFF Agreement"). The PFF is collected by the signatory carriers pursuant to the PFF Agreement and receive a 5% collection fee. The PFF for 2021 was \$20 for each originating passenger departing Regina International Airport.

## REGINA AIRPORT AUTHORITY INC.

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### 16. Customer facility charge:

The Authority derives revenue from the CFC which is collected by the rental vehicle concession operators pursuant to the Rental Vehicle Concessionaires Agreements (the "RVCA"). Pursuant to the RVCA agreements, revenue is used to fund the capital investment, financing, operation and maintenance of the common use support facility at Regina International Airport. The CFC as at December 31, 2021, was \$5.50 (2020 - \$5.50) applied for each transaction day under the rental agreement.

### 17. Financial risk management:

#### a) Risk management

The Authority's Board is responsible for understanding the principal risks of the business in which the Authority is engaged, achieving a proper balance between risks incurred and the legislated purpose of the Authority and confirming that there are systems in place that effectively monitor and manage those risks with a view to the long-term viability of the Authority.

#### b) Credit risk

The Authority is subject to credit risk through its accounts receivable and accrued revenue, cash and savings account. The maximum credit risk to which it is exposed as at December 31, 2020, is limited to the fair value of the financial assets summarized as follows:

	2021	2020
Accounts receivable and accrued revenue	\$ 2,511,379	\$ 1,728,157
Cash	3,425,947	887,004
Savings account	8,767	5,578
	\$ 5,946,093	\$ 2,620,739

Accounts receivable and accrued revenue consist primarily of airline fees and AIF/PFF owing from the carriers and concession and CFC fees owing from concession operators. The majority of concessions and CFC owing are settled within 15 days after the end of the month. The majority of airline fees are billed monthly and settled within 30 days thereafter. The majority of AIF/PFF owing is settled on a monthly basis on the first day of the subsequent month. Accounts receivable credit risk is reduced further by the Authority's requirement for letters of credit, customer credit evaluations and maintenance of an allowance for potential credit losses. Provisions under the Airport Transfer (Miscellaneous Matters) Act provide the Authority with the right to seize and detain aircraft until unpaid airline fees are paid further mitigating risk.

Credit risk in cash and savings account is managed through an investment policy.

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### 17. Financial risk management (continued):

#### c) Liquidity risk

The Authority manages its liquidity risk by maintaining adequate cash, investments and credit facilities by updating and reviewing multi-year cash flow projects on a regular and as-needed basis and by matching its long-term financing arrangements with its cash flow needs. The Authority achieves mitigation of liquidity risk through funds generated by operations and ready access to sufficient long-term funds as well as lines of credit through a credit facility.

#### d) Interest rate risk

Interest rate risk arises because of fluctuations in interest rates. The Authority is exposed to interest rate risk on its cash and investments which are maintained to provide liquidity while achieving a satisfactory return. The Authority is exposed to interest rate risk associated with its long-term debt which is managed by entering into interest rate swaps. The Authority is also exposed to interest rate risk in the valuation of its pension plan obligation.

#### e) Market risk

Market risk represents the potential for loss from changes in the value of financial instruments including those in the pension plan. Value can be affected by changes in interest rates and equity prices. Market risk primarily impacts the value of common share investments.

Common shares represent 1.36% (2020 - 4.01%) of the fair value of the Authority's total investments.

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**18. Financial Instruments:**a) *Interest rate swap contracts*

The Authority has entered into interest rate swap contracts, to reduce the interest rate risk of any potential increases in interest rate related to the Authority's long-term debt. The Authority applies hedge accounting to these contracts. The following contracts hedge substantially all of the outstanding debt at a fixed interest rate and are projected to match the Authority's loan repayment terms:

- i. Declining balance interest rate swap contract with interest rate fixed at 2.58%. The initial contract balance had a notional amount of \$6,938,388 which declines on a monthly basis by \$25,794 until the contract was terminated on January 6, 2021. As at December 31, 2021, the notional amount of the contract is \$0 (2020 - \$5,107,014).
- ii. Declining balance interest rate swap contract with interest rate fixed at 2.14%. The initial contract balance was a notional amount of \$5,000,000 which declines on a monthly basis by \$16,670 until the contract was terminated on January 6, 2021. As at December 31, 2021, the notional amount of the contract is \$0 (2020 - \$3,999,800).
- iii. Declining balance interest rate swap contract with interest rate fixed at 1.62%. The initial contract balance was a notional amount of \$11,717,344 which declines on a monthly basis by \$65,828 until the end of the contract on November 7, 2025. As at December 31, 2021, the notional amount of the contract is \$7,701,836 (2020 - \$8,491,772).
- iv. Declining balance interest rate swap contract with interest rate fixed at 1.62%. The initial contract balance was a notional amount of \$7,475,000 which declines on a monthly basis by \$25,000 until the end of the contract on November 7, 2025. As at December 31, 2021, the notional amount of the contract is \$5,950,000 (2020 - \$6,250,000).
- v. Declining balance interest rate swap contract with interest rate fixed at 2.03%. The initial contract balance was a notional amount of \$16,437,800 which declines on a monthly basis by \$54,795 until the end of the contract on April 20, 2027. As at December 31, 2021, the notional amount of the contract is \$13,369,280 (2020 - \$14,026,820).
- vi. Declining balance interest rate swap contract with interest rate fixed at 2.60%. The initial contract balance had a notional amount of \$4,797,486 which declines on a monthly basis by \$25,794 until the end of the contract on December 2, 2030. As at December 31, 2021, the notional amount of the contract is \$4,797,486 (2020 - \$0).
- vii. Declining balance interest rate swap contract with interest rate fixed at 2.40%. The initial contract balance was a notional amount of \$3,799,760 which declines on a monthly basis by \$16,670 until the end of the contract on December 15, 2021. As at December 31, 2021, the notional amount of the contract is \$3,799,760 (2020 - \$0).

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**18. Financial Instruments (continued):**b) *Interest income and interest expense*

Interest and investment income received during 2021 was \$7,118 (2020 - \$76,243).

Interest expensed during the year was as follows:

	2021	2020
Interest on long-term variable interest-bearing loans (note 9)	\$ 183,116	\$ 336,000
Stamping fee on long-term loans (note 9)	468,292	492,783
Payments made on settlement of interest rate swaps	405,361	557,697
Interest on operating line of credit	11,499	-
Interest expense for the year reflected in Statement of Operations and Changes in Net Assets	\$ 1,068,268	\$ 1,386,480

**19. Officers' remuneration:**

Officers of the Authority comprised of the President and Chief Executive Officer, Chief Financial Officer, and Vice President, Operations and Safety received remuneration for the period ended December 31, 2021, in the amount of \$594,774 (2020 - \$585,232).







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