



REGINA AIRPORT AUTHORITY

2022 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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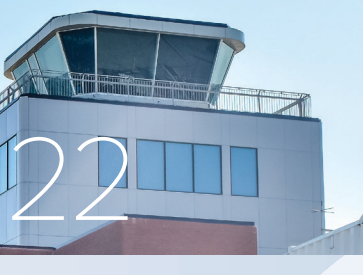
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MESSAGE FROM THE BOARD & CEO



TRISH MARTYNOOK
BOARD CHAIR

The travel industry started 2022 under the dark clouds of another non-essential travel advisory from the Government of Canada in response to concerns about the Omicron variant. The coldest months of winter, which are typically the busiest travel months for YQR, were put on ice as passenger levels plunged to 30 per cent of pre-pandemic levels. Strong COVID-19 testing regimes for international travel, and proof of vaccination still being required for even domestic

travel within Canada, significantly deterred many Canadians from choosing to fly or visitors from entering our borders.

However, as the snow melted in the spring of 2022, so too did the travel restrictions. The non-essential travel advisory was lifted for the last time and COVID-19 testing softened from molecular to rapid testing, to eventually no testing at all. The pent-up demand for travel very quickly saw the highest number of travellers since before the pandemic, but the industry was struggling to keep up with such an increase in demand.

In the summer of 2022, major hub airports in Canada experienced mass delays, long lines, lost bags, and significant travel challenges as the decimated travel industry was trying to re-build from over two years of financial devastation in only a matter of weeks. Some airlines were also struggling to immediately add back the capacity to meet the surge in travel demand which meant full planes and higher pricing on some routes. Despite these issues, it was clear that travel demand was coming back and the public was once again ready to socially connect.

The return of the strong demand in 2022 also meant a return to investment into the airport and the traveller experience. Planning for the rehabilitation of YQR's main runway became a priority and many other capital projects that had been postponed due to finances were put back on the front burner, including passenger amenities such as new main floor concessions. Most importantly, our team continued to grow and reverse some of the significant staff reductions that were required to weather the pandemic. With a mixture of both returning and new team members, YQR will be well positioned for the full return of travellers.



JAMES BOGUSZ
PRESIDENT AND CEO

Critical to our future growth, YQR's designation as an International Airport was officially re-instated after an update by Transport Canada had excluded many airports in the country. As the capital city of Saskatchewan, maintaining Regina Airport's international status has long term strategic importance for the community, along with sending a strong signal that southern Saskatchewan's major airport is open for business for airlines to operate.

Throughout the year, our organization focused on working directly with the airlines, advocating for a strong return of service, knowing that the more airline seats we could see return to the market, the better their pricing and availability would be. When it came to United States and international flights, several routes began to return including WestJet's winter service with direct flights to Phoenix, Las Vegas, Orlando, Cancun, and Puerto Vallarta. We also saw Sunwing announce eight direct flights per week to six Caribbean destinations that operated until their unfortunate cancellations at the end of 2022.

This tenacious focus on air service set YQR up well for recovery, as we were one of the top airports in Canada in regard to returning seat capacity with a peak of 91 per cent of pre-pandemic capacity in December. Sadly, the year ended on a sour note as continued crew shortages, mixed with massive storms that rolled across North America, caused chaos at major hub airports. The highest rates of cancellations in years left many passengers stranded abroad.

When we look at the year, there were many positives to take away with passenger levels rising from 30 per cent of pre-pandemic in January to 64.78 per cent by the end of the year. We welcomed Swoop Airlines for the first time during the summer season serving three Canadian city pairs. Air Canada and WestJet added more flights to more destinations. Nearly every business at the airport added more staff. Revenues grew and on many days, it felt very like we were once again operating the 15th busiest airport in Canada.

As the industry recovers, there will no doubt be some turbulence ahead. When we strip away some of the recent headlines and recovery challenges, the longer-term future in aviation remains bright. Airline capacity and passenger levels will continue to grow with new airlines entering the Canadian market. More resilience is being added to the aviation system along with technology to assist passengers on their journey. At a local level, we have an amazing province of people who love to travel and support their local airport and for that, we are truly humbled and grateful.

TO OUR ENTIRE COMMUNITY, OUR AMAZING STAFF, AND THE MANY BUSINESSES WHO ARE CONNECTED WITH THE AIRPORT, WE WANT TO PERSONALLY THANK YOU FOR WEATHERING THE STORM WITH US. THE SKIES ARE CLEAR, AND WE LOOK FORWARD TO WELCOMING YOU ON YOUR NEXT JOURNEY.

TRISH MARTYNOOK
BOARD CHAIR

JAMES BOGUSZ
PRESIDENT AND CEO

OUR DIRECT ROUTES

BY THE END OF 2021

Direct Domestic Destinations:

- | | |
|-----------|-----------|
| Calgary | Vancouver |
| Toronto | Winnipeg |
| Edmonton | Kelowna |
| Montreal* | |

Direct International Sun Destinations:

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

BY THE END OF 2022

Direct Domestic Destinations:

- | | |
|----------|-----------|
| Calgary | Montreal* |
| Toronto | Vancouver |
| Edmonton | Winnipeg |

Direct Transborder Destinations:

- | | |
|------------|----------|
| Phoenix† | Orlando† |
| Las Vegas† | |

Direct International Sun Destinations:

- | | |
|------------------|-------------|
| Cancun† | Punta Cana† |
| Mazatlán† | Varadero† |
| Puerto Vallarta† | Los Cabos† |



* Seasonal, summer service

† Seasonal, winter service

End of 2022

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



A YEAR OF
REBUILDING



NAVIGATING THE PANDEMIC HAS BEEN A LONG AND WINDING ROAD. FOR A LONG TIME, THE PROMISE OF RECOVERY WAS EXACTLY THAT – SIMPLY A PROMISE. TODAY THOUGH, AIR TRAFFIC IS BEGINNING TO TAKE OFF AGAIN, AT TIMES EVEN APPROACHING PRE-PANDEMIC LEVELS.

2019 → 1,179,485 passengers passed through YQR

2020 → 370,364 passengers passed through YQR

2021 → 355,490 passengers passed through YQR

2022 → 764,128 passengers passed through YQR

It was a quiet start to 2022, even with the return of sun destination flights at the end of 2021, and with flights once again landing directly in Saskatchewan from out of country. People were still apprehensive to resume flying and YQR was seeing only about 30 per cent of pre-pandemic traffic.

It wasn't until travel restrictions and public health mandates began to be lifted that travellers became more comfortable and traffic began to increase. Passenger traffic picked up

again in May after the federal government further eased COVID-19 restrictions by removing the quarantine plan requirement from fully vaccinated travellers, though there were still several requirements in place, such as mandatory masking and vaccinations.

Traffic numbers continued to rise as the year progressed and the summer months saw traffic reach around 50 per cent of its pre-pandemic average. That being the case, Air Canada and WestJet began adding more flights to Calgary, Vancouver, Toronto, and Montreal.

Swoop, a low-cost airline, also began service out of Regina to Winnipeg, Edmonton, and Toronto. Regina residents had the choice of two flights per week to either of those three destinations. That meant an additional 1,200 or so seats coming through YQR weekly.

When 230 displaced Ukrainians arrived on July 4, they arrived on a Boeing 787, the first flight to ever travel directly to Regina from Warsaw, Poland. It was a mission that required extensive planning and assistance due to the size of the aircraft and cargo requirements. Appropriate equipment, like airstairs, and a certified ground crew to service the plane had to be brought in from outside the city.

On October 1, the federal government lifted the proof of COVID-19 vaccination, quarantine, and isolation requirements, as well as all pre-arrival or on-arrival COVID-19 testing. The federal government also made the ArriveCan application optional and lifted the mask mandate and health check requirements for air travellers.

The removal of the COVID-19 vaccine mandate for air travel marked the start of a full recovery for the air travel industry.

Numbers increased steadily heading into the fall, with December being the busiest month to date, hitting 91 per cent of pre-pandemic airline capacity. Overall, the airport saw 64.78 per cent of pre-pandemic passenger volumes during 2022. The hard reality is that the airport is still operating at a loss and will continue to do so for another year at least.

Air travel in Canada is working towards a recovery, but challenges still remain. The airlines have had to make strategic decisions to offer the best service they can.

As some of the economic factors began to improve, the RAA was able to start hiring staff and filling positions again. At any given time, pre-pandemic, there were over 50 full-time employees at the RAA with additional seasonal employees. Several capital plans that had been postponed due to financial constraints caused by the pandemic were once again back on track.

2022 was full of challenges and opportunities for YQR. The team came together and worked tirelessly for the community and the many guests who visited this amazing province. Now looking toward 2023, there are much better days ahead and even more opportunities.



NUMBERS INCREASED STEADILY HEADING INTO THE FALL, WITH DECEMBER BEING THE BUSIEST MONTH TO DATE, HITTING 91% OF PRE-PANDEMIC AIRLINE CAPACITY.



TRENT FRASER, A LEGACY FOR YQR!

IN 2013, THE RAA WELCOMED TRENT FRASER TO THE YQR BOARD OF DIRECTORS

During Trent's time with YQR, the airport saw unprecedented growth. In 2020, he was elected as Chair of the Board and was integral in supporting YQR as the pandemic took hold and the industry dealt with unprecedented challenges.

In June of 2022, Trent's nine-year term, which is the maximum time a person may serve on the board, came to an end. During his time as Chair, he not only helped bring a strategic focus to the organization but, towards the end of his term, was able to help guide YQR toward a road of recovery. His outgoing personality, dynamic nature, and love for Saskatchewan are things to be celebrated.

In signature style and humour, Trent downplayed his role in the ongoing recovery. As he joked at the RAA 2022 AGM: "I'm the Chair of a Board at an airport during the pandemic. Smart cookie, right?"

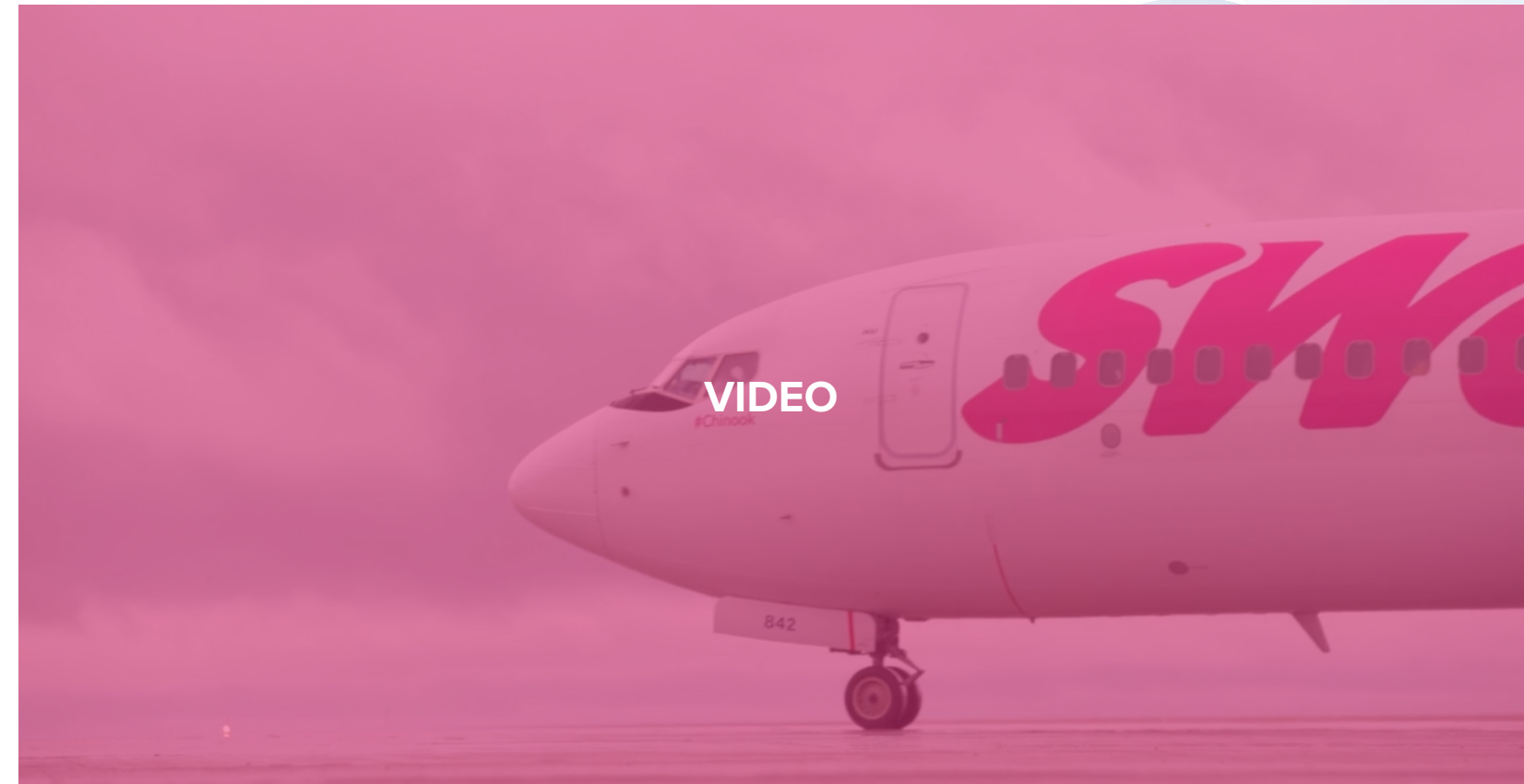
All joking aside, Trent's service and dedication to YQR will be felt for years to come.

With Trent stepping down, Trish Martynook from the City of Moose Jaw took over the reins as Chair of the Board in the spring of 2022.

Trish has served as a member of the Board since 2014. She is the first woman in the history of the RAA to hold the position of Chair and the first City of Moose Jaw nominee in this position. "It's a challenging time, but also exciting as YQR moves forward with recovery plans," said Martynook.

Taking over the vacated role of Vice-Chair is Rob Vanderhooft, who will also continue as the Chair of the Planning and Development Committee.

Together, the Board will continue working on the great success of YQR, the 15th busiest airport in Canada, lending their expertise and experience to benefit all southern Saskatchewan.



LOOK WHAT SWOOPED IN!



There was just enough time between arrival and take-off on the morning of June 16, 2022, for Swoop Flight 582, in its signature pink and white colours, to be welcomed to Regina with a full water-cannon salute on the tarmac.

The fanfare, while much deserved, was soon over as the 8:01 a.m. arrival from Edmonton was quickly deplaned and reboarded with Regina passengers bound for Winnipeg half an hour later.

But it was the first of many. For the entire summer, the Calgary-based ultra-low-cost airline, a subsidiary of WestJet, offered six flights a week out of Regina YQR, with service to Edmonton, Winnipeg, and Toronto.

For YQR, this represented over 1,100 departing seats per week with two flights weekly to Edmonton, two to Winnipeg, and two to Toronto. The increased capacity for the airport directly translated into tens of millions of dollars of GDP for the city, and also created jobs.

The timing couldn't have been better, with the announcement that week of the lifting of domestic COVID-19 mandates. The demand for travel grew in leaps and bounds, and the low fares assisted in the recovery. For YQR travellers, Swoop offered a low-cost alternative to major carriers WestJet and Air Canada at a time when affordability was a key concern.

A FLIGHT TO REMEMBER

The invasion of Ukraine by the Russian army has forced millions of Ukrainian people to flee their country in search of safety. On July 4, a humanitarian flight carrying 230 Ukrainian citizens arrived in Saskatchewan at the Regina Airport for the first time in history. It was a big day, to say the least.

The donated flight was coordinated by Open Arms and Solidaire, two humanitarian organizations working to support Ukrainian people. To get the most value from the trip, and because there was no sense sending the plane back empty, Saskatchewan collected and packaged non-perishable food items, sleeping bags, and medical supplies for the return flight to be distributed to Ukrainian people.

While the arrival of the Boeing 787 flight direct from Warsaw, Poland happened quickly, it took a tremendous amount of effort from many individuals and organizations in Saskatchewan. Not only had YQR never received a direct flight from Poland, YQR also does not typically service this size of commercial aircraft. This special operation meant three weeks of early mornings and late nights, hundreds of hours of planning, countless meetings and phone calls, and the determination of so many.

Since Regina is not an international cargo destination or hub, the federal government, through Transport Canada, made provisions to ensure the cargo could be screened at YQR using local police resources. Whether it was Air Canada sending equipment from other cities, or the operators who traveled from across the country to operate the equipment required, this team was unstoppable.



The RAA would like to recognize the contributions of so many that made this operation possible:

- The Government of Saskatchewan was instrumental in bringing this flight to Saskatchewan and supported the Regina Airport Authority throughout the operation.
- Airport Terminal Services worked tirelessly on the ground-handling and above-wing operations, including bringing in additional staff from across the country to help manage this aircraft.
- Air Canada provided airstairs designed for a 787 from their operations in Calgary to ensure passengers could disembark the aircraft safely. They also provided additional staff to help with unloading baggage.
- Canada Border Services Agency brought in additional staff and did everything in their power to ensure the comfort and speedy processing of 230 passengers through customs and immigration.
- Engelheim Charter Bus Service had six buses dedicated to taking passengers to their temporary residence at the University of Regina as well as bringing volunteers to the airport.
- Manitoulin Global Transport ensured the safe transport of the humanitarian cargo and the airstairs from Calgary.
- Transport Canada put in long hours, ensuring the humanitarian cargo would meet regulations for the return flight to Warsaw, Poland.
- Cargojet provided additional equipment and staff for the operation.
- Createx palletized the cargo, getting it ready and safe for transportation.
- Executive Flight Centre ensured fueling for the aircraft to return to Warsaw, Poland. This meant over 110,000 pounds of fuel – far, far more than our usual flights.
- Countless volunteers and staff from the Provincial Government, Saskatchewan Public Safety Agency, and local law enforcement were on hand throughout the operation.
- Many of our airport partners including GardaWorld, CATSA, ServiceTec, and Dexterra brought in additional resources.

President and CEO James Bogusz took special pride in the entire staff at the Regina Airport that day. “Standing there on the tarmac, watching the doors open and watching dozens and dozens of women and children and elderly coming off this plane, having them look at Canada for the first time, was unbelievable,” he recalled. “I’m proud to say that Saskatchewan welcomed these people.”

BACK TO WORLD CLASS

IN JANUARY OF 2021, TRANSPORT CANADA RELEASED AN UPDATED LIST OF THE CANADIAN AIRPORTS THAT WERE TO RETAIN THEIR INTERNATIONAL DESIGNATION. UNFORTUNATELY, DESPITE DECADES OF HISTORY, MANY CANADIAN AIRPORTS INCLUDING REGINA (YQR) HAD BEEN REMOVED FROM THE LIST.

While YQR was able to resume transborder, Mexico, and Caribbean flights in the fall of 2021, there was significant concern about the long-term effects of this decision. The term 'international' is not just an honorary title. It's a global classification system that requires specific criteria from an airport, but also commits to other countries' airlines that the appropriate facilities and related government functions are in place to accommodate a truly international flight operation.

The loss of this designation is a concern that is more long term in nature. YQR and its community all agree that ensuring the vibrancy of the airport, including having a designated international airport in the provincial capital, is vital for long term growth and investment attraction. This designation also provides deeper assurances that partners at the federal level will maintain appropriate resources locally to ensure these operations may occur.

"As the 15th busiest airport in the country and the airport for the capital city of Saskatchewan, it's critical that Regina have an international airport designation," said RAA President and CEO James Bogusz. "Not only does it increase the prominence of the airport, but an international designation also helps grow business opportunities in all of southern Saskatchewan."

Thanks to strong advocacy from the RAA and partners, YQR was able to regain international status in a following update from Transport Canada. However, the RAA is awaiting clarification on why YQR was removed in the first place and will be diligently addressing any concerns to hopefully prevent this from happening again in the future.

WE WANT TO MAKE SURE OUR AIRPORT CAN GET BACK UP TO FULL STRENGTH. THE INTERNATIONAL DESIGNATION IS CERTAINLY A COMPONENT OF THAT, AND WE ARE GOING TO PUSH HARD TO MAKE SURE WE KEEP IT."

- RAA President and CEO James Bogusz

THE POWER TO PARTNER



A guiding principle of the organization is that YQR and the community have a symbiotic relationship. As the airport grows, the community benefits from more direct flights, more destinations, more seat capacity, and more travel options. The RAA works to bring those benefits and opportunities to the community whenever possible by marketing to airlines and sharing the southern Saskatchewan story.

The RAA partners with community organizations and events throughout the year to raise awareness of important happenings in Regina as well as to welcome visitors who come to the city for specific events.

One example is Miyo-wicîwitowin Day, which took place on September 29, 2022. The RAA partnered with the Canada

Border Services Agency (CBSA) to host a fundraiser for the North Central Family Centre. Orange shirt pins were provided by the RAA and CBSA provided orange shirt cookies at a station in the arrivals hall, all available with a donation. Every dollar went to the North Central Family Centre.



Community organizations and events are also provided with on-site opportunities to welcome visitors, receive assistance with airport shuttles, and display promotional signage within the terminal.

IN 2022, THE RAA PARTNERED WITH:

- | | | | | | |
|---|--|---|--|---|--|
| 
GREY CUP FESTIVAL | 
SKATE CANADA CHAMPIONSHIP | 
FROST REGINA FESTIVAL | 
AGRIBITION | 
SASKATCHEWAN LEGO USERS GROUP | 
YORKTON FILM FESTIVAL |
| 
FEDERATION OF CANADIAN MUNICIPALITIES | 
CANADIAN MASTERS OUTDOOR TRACK AND FIELD CHAMPIONSHIPS | 
CANADA'S FARM SHOW | 
QUEEN CITY EX | 
REGINA FOLK FESTIVAL | 
UNIVERSITY OF REGINA WELCOME WAGON |
| 
REGINA OPEN DOOR SOCIETY | 
REGINA FOODBANK | 
NORTH CENTRAL FAMILY CENTRE | 
AGTECH ACCELERATOR | 
TOURISM REGINA | 
CITY OF MOOSE JAW |



BACK IN MOTION

Prior to the pandemic, the RAA had plans for improvements to be made to the airport arrivals hall and main runway. All privatized airports in Canada, including the RAA, generate revenue through a user pay model, which relies primarily on passengers and flight activity. With a steep reduction in commercial flight activity during the pandemic, extreme budget cuts were necessary along with a significant list of planned capital investments being postponed to maintain operations at YQR.

As signs of a rebound began in mid 2022, the RAA was able to revive capital projects and get plans back in motion. In June, previously delayed projects, such as pre-security retail and food, and post-security food and beverage programs were able to be put back on track.

With plans to move the existing local retail space to a more prominent location on the main floor, the RAA put out a request for proposals to the entire community, looking for a partner who shared the organization's devotion to popular local brands and artists, while also providing essentials for travellers. The opportunity was ultimately awarded to Janis Procyk of Brick + Mortar in Regina and their store opened in a temporary location in the arrivals area in November of 2022.

Brick + Mortar's local shop in Regina's Warehouse District represents over 100 Canadian-made artists, makers, and businesses with many of the vendors from Saskatchewan. The store offers products from local brands such as 22Fresh, Hillberg & Berk, The Everyday Kitchen, Queen City Cakes, Wild Prairie Designs, Rebellion Brewing, Chocolate Moose Fudge Factory, and more. Everything from clothing and jewelry, to gifts, grab-and-go food, art, and travel items are featured at the airport location where people can easily shop when flying into or out of the city.

The food and beverage program at YQR took significant hits throughout the pandemic and 2022 was a year to look at expanding that program again. The Skyway Lounge reopened past pre-board screening in November 2022, which once again makes for a total of three food and beverage options available to travellers waiting to board a flight.

Construction began on the relocation of Brioche Dorée, the French-inspired urban café bakery. It was previously located upstairs, where travellers could find it after they went through pre-board screening. The new location on the main floor in the arrival area is set to launch in 2023.



For the convenience and comfort of our four-legged guests, the RAA added an indoor service animal/pet relief area available past pre-board screening. The outdoor service animal/pet relief area was already well established in compliance with accessibility regulations. For use by service animals and pets, the indoor location features a well-drained artificial grassed area, disposable dog bowls, a sink with running water, and disposal bags.

The RAA parking program was also enhanced in 2022 with a transition to a new provider – Platinum Parking. With the new company onsite, parkers will enjoy 24/7 assistance and enhanced customer care to assist in building a strong parking program for 2023 and beyond.

In 2022, in addition to putting capital projects back in motion, the RAA was able to reverse some of the previous pandemic layoffs and bring in more permanent employees. Ultimately, each of these projects will benefit travellers and their families and friends for years to come, with an eye to evolve the products offered to meet customer demand.





“THERE ARE MANY THINGS THAT CAN HAPPEN AND THERE ARE MANY PARAMETERS. WHEN WE REGULARLY TRAIN TOGETHER, WE CAN ENSURE EVERYONE IS ON THE SAME PAGE TO KEEP THE PUBLIC SAFE IF DISASTER STRIKES.”

- Fire Chief Chad Kemery

RED LEADER STANDING BY

One of the requirements of the RAA to maintain an international designation from Transport Canada is to host a full-scale emergency exercise every two years. These exercises typically involve simulating a large-scale emergency event, such as a plane crash. This is done to test the emergency response plans and capabilities of the airport and local partners. Since emergency events of this scale are extremely rare at YQR, this is an opportunity for the airport to test and fine-tune all emergency response plans, and for first responders to test their training in this environment.

The 2022 Emergency Exercise, which included over 150 people, took place on September 27. The simulation of an aircraft accident near the main runway included large plumes of smoke and actors playing the parts of passengers, families, and friends – in makeup and appearing to be in distress.

Many organizations were involved in the exercise including Regina Fire and Protective Services, Regina Police Service, City of Regina officials, Canada Border Services Agency, Public Safety Canada, NAV Canada, local airlines, Saskatchewan Health Authority – Emergency Medical Services, Airport Emergency Response, RAA Operations and Security departments, and many volunteers. President and CEO James Bogusz explained, “It’s about bringing the agencies together and creating a scenario that’s realistic, testing both established processes and communications.”

The Public Safety Agency provided actors to fill in as friends and family who would undoubtedly come to the airport very upset and looking for information about their loved ones on the flight. They provided as much drama as possible, even going so far as to stage a heart attack inside the airport.

The exercise was built to test every possible complication within the scenario. The event began by sounding the crash alarm at 8:30 a.m. A dedicated team convened at the airport’s emergency operations centre – a designated space that operates as a command centre during an emergency.

As the simulated emergency unfolded, it was revealed that the aircraft had sustained significant damage, fire had broken out, and 19 passengers were still on board. Emergency response teams took action to attend to the passengers and react to the fire on the aircraft.

YQR’s emergency response team and the many partner agencies worked collaboratively to ensure the day was a success. Training together ensures everyone is on the same page to keep the public safe if disaster strikes.



CELEBRATING A WIN



2022 WAS A YEAR OF MANY FIRSTS. ON A HAPPY NOTE, IT WAS THE FIRST TIME THE RAA HAS WON AN AWARD FOR EXCELLENCE IN AIRPORT MARKETING, COMMUNICATIONS, AND CUSTOMER EXPERIENCE FROM AIRPORTS COUNCIL INTERNATIONAL – NORTH AMERICA (ACI-NA).

The award recognizes the annual report that best projects a positive image for the airport through well-written and well-organized content, excellent design, and well-conceived overall packaging.

“ACI-NA is pleased to honor our industry’s communications, marketing, and customer experience professionals through the 2022 Excellence in Airport Marketing, Communications, and Customer Experience Awards,” said ACI-NA President and CEO Kevin M. Burke. “As we continue our industry’s recovery from the pandemic, the ability to effectively communicate to both passengers and airport staff and connect with communities is paramount.”

RAA Director, Revenue Development, Public Relations and Customer Experience Justin Reves said, “This is a great honour and welcomed recognition during a year filled with challenges. I share this award with everyone on our team at YQR including project leader Mandy Pavlovsky, Marketing, Communications, and Community Relations Officer, and the team at Bravo Tango, our communications and design agency.”

ACI-NA is the trade association representing commercial service airports in the United States and Canada. Since 1990, the Excellence in Airport Marketing, Communications, and Customer Experience Awards have recognized the quality of work, abundance of talent, and creativity within the marketing, communications, and customer experience fields of the airport industry.

THIS IS A GREAT HONOUR AND WELCOMED RECOGNITION DURING A YEAR FILLED WITH CHALLENGES. I SHARE THIS AWARD WITH EVERYONE ON OUR TEAM AT YQR INCLUDING PROJECT LEADER MANDY PAVLOVSKY, MARKETING, COMMUNICATIONS, AND COMMUNITY RELATIONS OFFICER, AND THE TEAM AT BRAVO TANGO, OUR COMMUNICATIONS AND DESIGN AGENCY.

- RAA Director, Revenue Development, Public Relations and Customer Experience Justin Reves



ENVIRONMENTALLY RESPONSIBLE

As the primary air access gateway to southern Saskatchewan, it is vital that the RAA does its part for future generations, while balancing the need to grow the airport for the benefit of the region.

THE RAA IS COMMITTED TO REDUCING THE ENVIRONMENTAL FOOTPRINT OF ITS ACTIVITIES, WHILE ENSURING THAT OPERATIONS ARE CONDUCTED IN A SAFE AND SECURE MANNER. THIS IS ACCOMPLISHED THROUGH AN ENVIRONMENTAL MANAGEMENT SYSTEM WHICH HELPS THE RAA TO IMPLEMENT ITS ENVIRONMENTAL POLICY, FOCUSED IN:

POLLUTANT AND WASTE MINIMIZATION

The RAA continues to proactively minimize pollutant discharge into the local watershed by managing facilities to prevent off-site releases, routinely monitoring water quality, and maintaining an active spill response program. In 2022, the RAA became the first airport in Saskatchewan to transition away from fire-fighting foam that contained Perfluorooctanesulfonic acid (PFSA), a family of chemicals that has been identified as potentially harmful to human health and the environment. In addition, drainage on the airport’s main apron was upgraded to improve de-icing fluid management. The RAA also once again achieved its target of reducing waste going to the land fill by 25 per cent.

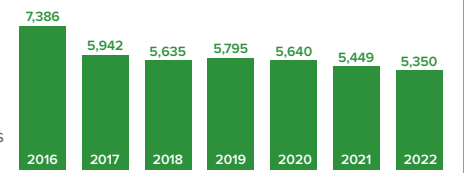
CARBON MANAGEMENT

The RAA adopted a carbon reduction target in 2021, which aims to reduce the organization’s carbon footprint by 30 per cent below the 2016 baseline year by 2030.

The RAA proudly maintained its Level I Carbon Accreditation in 2022. Created by the Airports Council International (ACI), this industry-recognized program strives to help airports around the globe to reduce their carbon footprint. Regina was the first airport to achieve this accreditation in Saskatchewan, and its 2022 carbon footprint has seen a 27 per cent reduction below the baseline year.

Carbon Reduction Target

Achieve a 30 per cent reduction in carbon emissions from the 2016 baseline year by 2030.



Maintain the improvements made year-to-year since 2016.

ENVIRONMENTAL PLANNING AND DESIGN

As the airport considers future projects, the RAA looks for ways to make targeted investments that will reduce energy consumption and greenhouse gas emissions. In 2022, the RAA partnered with SaskEnergy to introduce Clean O2’s Carbin-X carbon capture device. Another first for Saskatchewan, the device directly captures carbon emissions from the airport terminal’s heating system, reducing natural gas usage while also permanently capturing carbon as a useful by-product, pearl ash, which is then used in Canadian-made soaps and detergents.

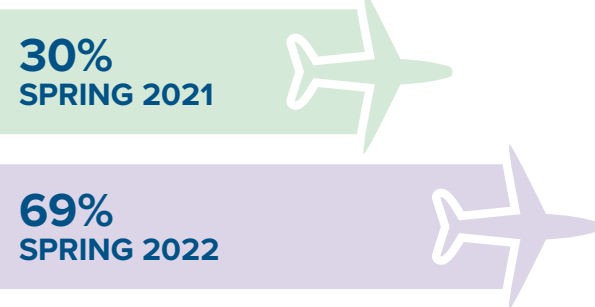
ENVIRONMENTAL STEWARDSHIP

The RAA seeks to build partnerships and find potential collaborators to help achieve and exceed its environmental goals, while also supporting sustainability initiatives at the local, provincial, and federal levels. The RAA partnered with the University of Regina in 2022 to research water treatment for both de-icing fluids and PFAS compounds. The methodologies developed locally can help other airports facing similar challenges and provide broader applications for environmental remediation.



RECOVERY CONTINUES NATIONWIDE

2022 WAS A TURBULENT YEAR IN AVIATION, BUT IT DID MARK THE FIRST SIGNS OF THE SECTOR'S RECOVERY SINCE THE START OF THE PANDEMIC. TO PUT THIS IN PERSPECTIVE, YQR BEGAN THE YEAR FOLLOWING THE CONCERNS OF OMICRON AT ONLY 30 PER CENT OF PRE-PANDEMIC LEVELS. A NOTICEABLE RECOVERY BEGAN TO OCCUR IN THE LATE SPRING AS PASSENGER VOLUMES REACHED WELL OVER 69 PER CENT OF PRE-PANDEMIC LEVELS. THIS RUSH IN PASSENGER VOLUMES MEANT THERE WAS NO DOUBT THE AIRLINE INDUSTRY WAS RECOVERING. THE DIFFERENCE BETWEEN 2021 AND 2022 WAS DRAMATIC.



In the spring of 2021, YQR was at 30 per cent of pre-pandemic passenger levels versus spring of 2022 with passenger volumes of 69 per cent.

Throughout 2021-2022, travel restrictions were in place, staff were laid off, and there was a vaccination mandate in place until October of 2022. When flights did begin to pick back up, airlines initially struggled to meet passenger demand.

Airports, airlines, ground handling companies and other service providers in the travel industry couldn't immediately get back to business as usual. With an industry-wide shortage of crews, pilots, and planes, the level of service and flight capacity that passengers had expected pre-pandemic was slow to return. On top of everything else, airlines and airports had to overcome unexpected challenges like the severe weather event, over peak Christmas travel dates, that spanned from Vancouver to Toronto. Weather events of such magnitude are typically quite rare.

THE AIR TRAVEL INDUSTRY IS NOT YET REMOVED FROM ITS PANDEMIC PROBLEMS, BUT THE NUMBERS ARE DEFINITELY IMPROVING.



In 2021, Air Canada recorded 2,022 domestic flights leaving the Regina Airport. Last year, it elevated that number to 2,820, a significant 39 per cent increase.



In 2021, Air Canada seat capacity was 7,347 and in 2022 it was 65,899.



WestJet's numbers are even more compelling. From 1,503 domestic flights from YQR in 2021, WestJet boosted that number by 80 per cent to 2,717 in 2022.



In 2021, WestJet seat capacity was 144,583 and in 2022 it was 255,932.



And international WestJet flights went from zero in 2021 to 101 in 2022.



OUR BOARD SOARS



TRISH MARTYNOOK

Board Chair
City of Moose Jaw

* Departed May 2022
** Term started in 2022



ROBERT VANDERHOOF

Vice Chair; Chair, Planning and Development Committee
Regina Airport Authority



TRENT FRASER*

Past Chair



BERNADETTE MCINTYRE

Chair, Audit and Finance Committee
City of Regina



CORY FURMAN**

Director
City of Regina



GILLIS LAVALLEY

Director
City of Regina



JULIANA WONG

Director
City of Regina



HAROLD HUGG

Chair, Governance and Nominating Committee
Government of Canada



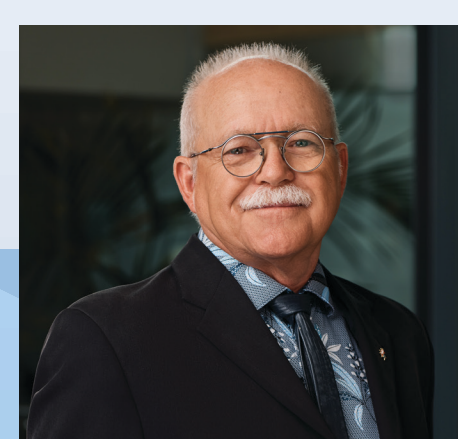
RENU KAPOOR

Chair, Community Consultative Committee
City of Regina



TYLER WILLOX

Chair, Human Resources Committee
Province of Saskatchewan



PAT MCGINN

Director
City of Regina



ROBERT SCHUTZMAN**

Director
RM of Sherwood



TERESA DREW

Director
Government of Canada

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) three-year-terms for a total of nine (9) consecutive years.

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	2



COMPENSATION FRAMEWORK

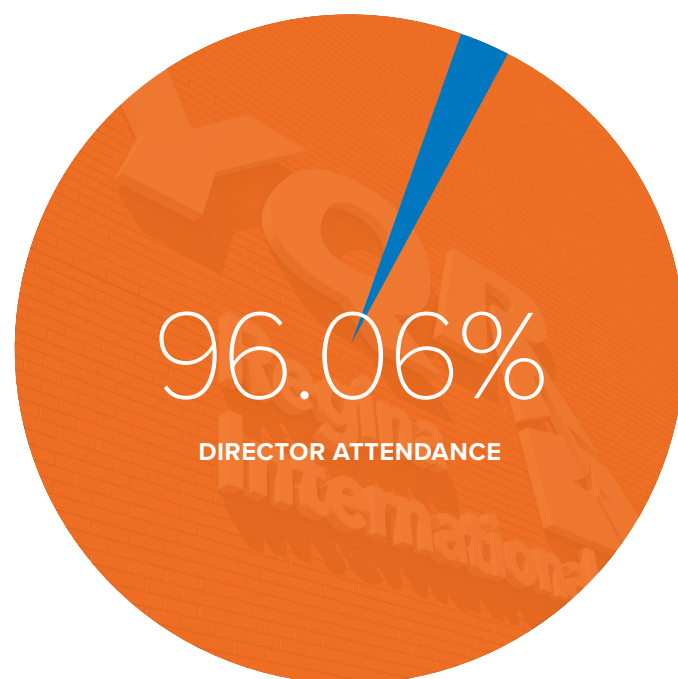
Board Remuneration

The annual remuneration of the Board of Directors, consisting of honorariums and per diems for the year ending December 31, 2022 was \$206,158 (2021 was \$200,349).

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 2022 there were 33 Board, Committee and Public Meetings. Overall participation by the Board members was 97.37% for Committee meetings and 94.75% for Board meetings. The overall attendance rate was 96.06% (2021 was 99.47%).



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
Trish Martynook	Board Chair	✓	✓
Rob Vanderhooft	Vice Chair; Chair, Planning and Development Committee	✓	✓
Trent Fraser*	Past Chair	✓	✓
Bernadette McIntyre	Chair, Audit and Finance Committee	✓	✓
Harold Hugg	Chair, Governance and Nominating Committee	✓	✓
Renu Kapoor	Chair, Community Consultative Committee	✓	✓
Tyler Willox	Chair, Human Resources Committee	✓	✓
Cory Furman**	Director	✓	✓
Gillis Lavalley	Director	✓	✓
Juliana Wong	Director	✓	✓
Pat McGinn	Director	✓	✓
Robert Schutzman**	Director	✓	✓
Teresa Drew	Director	✓	✓

* Departed May 2022

** Term started in 2022

Officer	Position	Code of Conduct	Conflict of Interest
James Bogusz	President and CEO	✓	✓
Earl Spencer	Vice President, Operations and Safety	✓	✓
Jenna Khoury	Chief Financial Officer	✓	✓

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 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

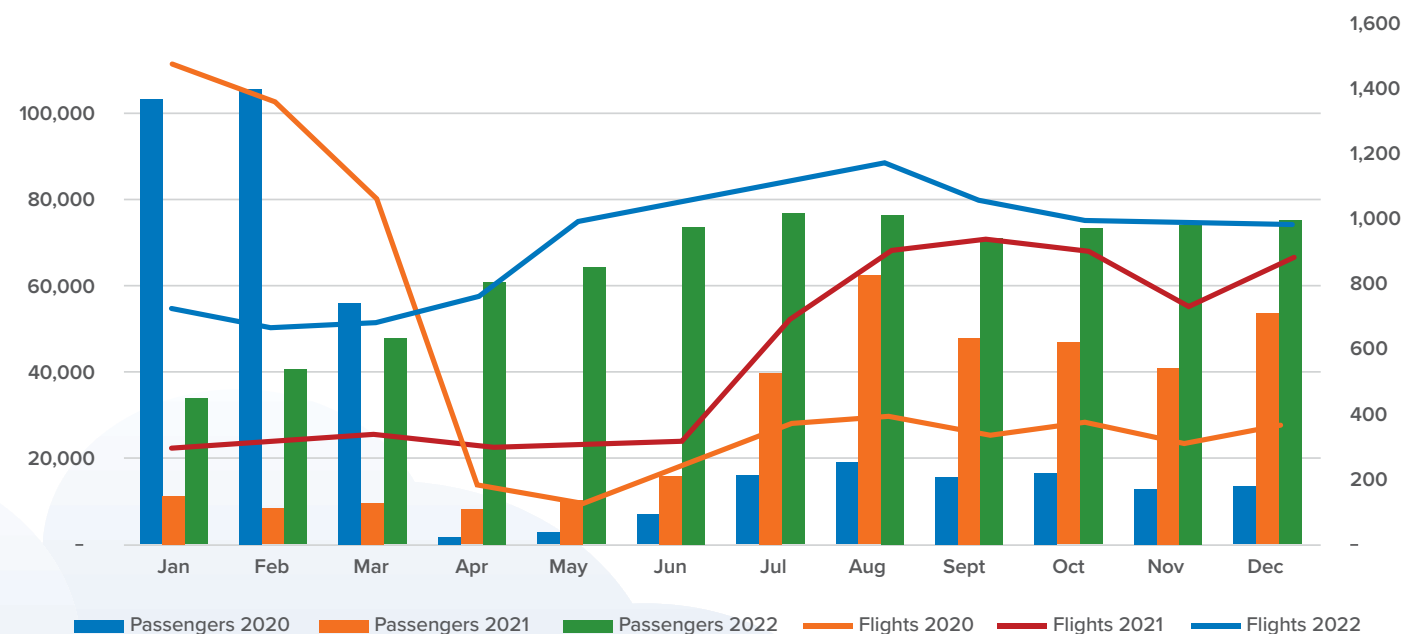
The Management Discussion and Analysis (MD&A) provides details to assist in the interpretation of the operations and financial condition of the Regina Airport Authority Inc. (Authority) for the fiscal period ending December 31, 2022. The MD&A should be read in conjunction with the Authority's audited 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, 2022, the Authority is into its twenty-third 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. Throughout the year, the Authority saw drastic declines in revenue and cash as the pandemic continued. In 2020, 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



With COVID-19 emergency border measures ending in early October 2022, the Authority has seen increased air service and the gradual return of passenger traffic. While the ever changing post pandemic environment is still unknown, the 2023 financial outlook appears to be more positive. The pandemic brought with it new risks to the financial outlook of Saskatchewan. With travel once again normalizing for the general public, we expect the recovery trend we are seeing to continue towards pre-pandemic levels and then beyond.

Passenger Statistics

Passenger volumes are the key driver for most of the Authority's revenues. Total passenger volumes were up 114.95% (408,638 more passengers compared to 2021; 4,790 fewer compared to budgeted passengers of 768,918). Flights have increased in comparison to prior years; up 62.32% from 2021 scheduled flights. 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 2022 as emergency border measures were lifted and travellers became more resilient.

The overall increase in passenger traffic had a positive effect on revenue by \$2,900,000.

For 2023, the Authority has forecasted 1,003,476 passengers.

Rate and Fees

There were no aeronautical rate and fee changes in 2022. There are rate and fees changes planned in 2023, which have since been announced. The fee increases include a 5% increase to general terminal fees and landing fees effective April 1, 2023.

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

The Airport Improvement Fee (AIF) was 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 as a result of the pandemic, the Authority has withdrawn from the AIF agreement effective September 30, 2021 and entered into the Passenger Facility Fee (PFF) agreement effective October 1, 2021. The PFF collected is used to fund the costs of new airport infrastructure and major capital improvements as well as toward operating activities at the airport. This was a key decision for the Authority in order to continue operating a safe and secure facility.

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 is \$20/enplaned passenger.

Effective April 1, 2023, the Authority had announced raising the PFF fee by \$10, to \$30 for inter-provincial, transborder and international flights and \$5 for intra-provincial flights. The increase in fees will be key in funding future capital programs as well as infrastructure deficits that have occurred over the pandemic.

Capital Activity Highlights

The 2022 capital programming included the following major project highlights on a capital spend of \$1,532,000 (2021 - \$397,000):

AIF eligible interest expense of \$1,273,000 was incurred during 2022 (2021 - \$833,000).

For 2023, the Authority has projected a capital spend of \$17,610,000 of which, \$13,250,000 is the Authority's share of the main runway rehabilitation project.

2022 CAPITAL EXPENDITURES - \$1,532,000

\$ 354,000	Apron 1 Glycol Valve and Piping Improvements
\$ 84,000	New Line Painting Equipment
\$ 81,000	Boiler Replacement at the Quick Turn Around Facility
\$ 42,000	Virtual Server Storage Upgrade
\$ 32,000	Virtual Server Hardware Upgrade
\$ 14,000	Mobile Kiosk for Food and Retail Vendors
\$ 925,000	Other capital projects

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 per cent for eligible critical infrastructure projects. The Authority has applied and been approved for this program and is to receive a total of \$13,250,000 representing 50 per cent of the cost to rehabilitate the primary runway at the Regina International Airport.

Liquidity and Capital Resources

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

The Authority completed 2022 operations with a cash balance of \$384,000 compared to \$3,426,000 at December 31, 2021. In the prior year, the 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.

For 2022, \$1,390,000 of cash was used to purchase capital assets, and \$2,734,000 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 Debt Service Ratio (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 not in compliance with this covenant as at December 31, 2022; however the Authority has a DSR covenant waiver in place until January 1, 2024.

• **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, 2022.

LINES OF CREDIT / CREDIT FACILITIES

The Authority carries two lines of Credit:

- Operating line of credit facility of \$10,000,000, bearing an interest rate of prime less 0.25%, which is undrawn at December 31, 2022.
- Revolving line of credit of \$19,000,000 for capital expenditures, bearing an interest rate of prime, which is undrawn at December 31, 2022.

Given the lack of certainty around passenger recovery and increasing capital requirements, ongoing liquidity is the largest risk currently faced by the Authority. The Authority has mitigated this risk by increasing its rates and fees effective April 1, 2023.

Statement of Financial Position

Total assets of the corporation decreased by \$8,607,000 (7.8%) to \$101,926,000 (2021 - \$110,533,000).

Capital assets decreased \$5,953,000 due to expenditures of \$1,532,000 and amortization of \$7,483,000.

Receivables increased \$1,186,000 primarily due to higher aeronautical, PFF and parking revenue toward the end of 2022.

The Pension asset moved into a liability position in 2022. This is due to the return on plan assets which decreased \$2,700,000 from prior year due to the ever-volatile markets experienced post pandemic. This change was offset by actuarial gains and special payments made throughout the year.

Total liabilities decreased by \$1,458,000 (3.2%) to \$44,645,000 (2021 - \$46,103,000).

Total debt decreased by \$2,733,000 representing debt repayments. No new debt was issued in 2022. The Authority has reduced the interest rate risk of any potential increases in interest rates related to the Authority's long-term debt by entering into interest rate swap contracts.

Accounts payable and accrued liabilities increased \$722,000 mainly due to increased activity at the airport toward the end of 2022.

Overall net assets decreased \$7,149,000 (2021 - \$8,125,000) reflective of excess expenses over revenue and the employee future benefits re-measurement.

Statement of Operations

REVENUE:

Revenues increased \$2,858,000, a 15.6% increase compared to the prior year primarily due to increased passengers and flights. Concession revenue was higher as well due to increased concession percentage negotiated with the current car rental companies effective July 1, 2022. Higher rental revenue was received when comparing to prior year due to new leases signed with three new tenants and an increase in space for a current tenant.

In 2022, the Authority received \$356,000 in Government assistance from wage subsidies received through the Tourism and Hospitality Recovery Program. This program ended in May of 2022.

EXPENSES:

Expenses increased \$2,488,000 (10.5%) compared to the prior year.

Amortization decreased from 2021 by \$1,787,000 due to our main runway being fully depreciated at the end of 2021 as well as other assets that became fully depreciated throughout the year.

Salaries and benefits increased \$780,000 compared to prior year due to increasing staffing levels as workload requirements and spending allowed as well as wage increases, overlapping on retirement replacements, overtime and a severance package.

Service, Supplies and Administration increased \$2,118,000 as operational efforts have increased as a result of higher passenger traffic and flight levels. This includes higher fuel prices on purchased fuel and increased fuel usage due to our full-scale exercise that occurred in September 2022. As an airport with an International Designation, the Canadian Aviation Regulations requires the RAA to test its Airport Emergency Plan by conducting a full-scale emergency exercise once every two years. The exercise involves airport personal and community organizations and are based on scenarios that relate to a major aircraft accident which includes the deployment of firefighting, policing and medical services organizations. Heavy equipment repairs and maintenance are also a contributing factor to this increase.

Ground lease expense increased \$570,000 as lease payments resumed in 2022 after Transport Canada waived the requirement to make lease payments for all of 2021.

Contracts Not Tendered

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 2022.

BUSINESS PLAN FINANCIAL SUMMARY

Report on the Business Plan and Objectives for 2022 - shown in (000s)

	Plan	Actual	POS (NEG) Variance
Operating Revenue	12,511	13,939	1,428
Operating Expense	16,336	17,108	-772
Net Airport Improvement Fees / Passenger Facility Fees	7,348	6,937	-411
Capital Expenditures	5,756	1,390	-4,366

Report on the Business Forecast for 2023-2027 - shown in (000s)

	2023	2024	2025	2026	2027
Operating Revenue	15,259	15,689	16,067	16,408	17,271
Operating Expense	20,768	21,287	21,819	22,365	22,924
Capital Expenditures	17,610	20,768	26,550	30,614	23,118

→ *Capital Expenses & Forecast* include both eligible and non-eligible AIF/PFF items.

→ *Auditors Report & Financial Statements* are found within the 2022 Financial Statement Section.

→ *Management Discussion & Analysis* may also be found within the 2022 Financial Statement Section.

FINANCIALS

Financial Statements of

REGINA AIRPORT AUTHORITY INC.

Period ended December 31, 2022

Management Responsibility

The accompanying financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles. The most significant of these are set out in Note 3 of the financial statements.

Regina Airport Authority Inc. (Authority) accounting procedures and related system of internal control are designed to provide reasonable assurance that its assets are safeguarded and its financial records are reliable. These financial statements include some amounts based upon management's best estimate and judgements. Recognizing that the Authority is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been prepared within reasonable limits of materiality.

The Board of Directors has appointed an Audit and Finance Committee consisting of four (4) independent Directors. The Committee meets periodically during the year to review with management and the auditors any significant accounting, internal controls, and auditing matters. They also review and finalize the annual financial statements.

The financial information throughout the text of this annual report is consistent with the information presented in these consolidated financial statements.

On behalf of the Regina Airport authority Inc.:



James Bogusz

President & CEO



Jenna Khoury, CPA, CA

Chief Financial Officer

Deloitte.

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

Phone: 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, 2022, 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, 2022, 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.

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 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 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 30, 2023
Regina, Saskatchewan

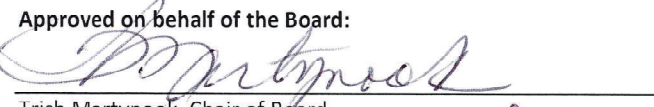
REGINA AIRPORT AUTHORITY INC.

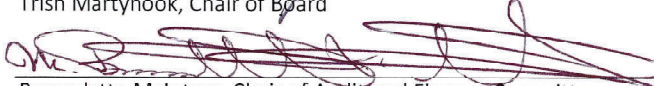
Statement of Financial Position
As at December 31

	2022	2021
ASSETS		
Current Assets:		
Cash	\$ 384,014	\$ 3,425,947
Accounts receivable and accrued revenue (note 4)	3,696,774	2,511,379
Prepaid materials and supplies	756,245	634,797
	4,837,033	6,572,123
Pension asset (note 9)	-	926,000
Investments (note 5)	62,691	56,054
Capital assets (note 6)	97,026,067	102,978,651
	\$ 101,925,791	\$ 110,532,828
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 2,214,874	\$ 1,492,812
Government remittance payable	66,193	47,873
Deferred revenue	213,850	421,827
Current portion of long-term debt (note 8)	2,257,044	2,765,989
	4,751,961	4,728,501
Long-term debt (note 8)	33,542,674	35,767,261
Pension liability (note 9)	1,004,000	-
Tenant security deposits	147,960	132,845
Deferred contributions (note 11)	5,198,086	5,474,224
	44,644,681	46,102,831
Net assets	57,281,110	64,429,997
	\$ 101,925,791	\$ 110,532,828

See accompanying notes to financial statements

Approved on behalf of the Board:


Trish Martynook, Chair of Board


Bernadette McIntyre, Chair of Audit and Finance Committee

REGINA AIRPORT AUTHORITY INC.

Statement of Operations and Changes in Net Assets
Period ended December 31

	2022	2021
Revenue:		
Airport improvement fees (note 13)	\$ 100,377	\$ 2,158,387
Passenger facility fees (note 14)	6,836,960	1,105,304
Rentals	1,857,839	1,704,657
Landing fees	2,139,126	1,428,558
Concessions	2,790,292	1,843,085
Government assistance (note 10)	451,866	6,494,995
Public parking	2,706,942	1,146,688
General Terminal Fees	1,644,276	927,028
Other Airline fees	1,420,744	821,815
Customer facility charge (note 15)	618,723	343,541
Amortization of deferred contributions (note 11)	276,138	276,138
Other	308,816	43,623
	21,152,099	18,293,819
Expenses:		
Amortization	7,482,668	9,270,438
Services, supplies and administration	7,695,328	5,577,252
Salaries and benefits (note 9)	6,246,013	5,466,411
Interest (note 17)	1,630,625	1,068,268
Property taxes	1,493,591	1,547,687
Utilities	1,037,892	843,734
Bad debt expense (recovery) (note 4)	65,534	(39,236)
Loss on disposal of capital assets	524	-
Ground lease	569,811	-
	26,221,986	23,734,554
Deficit of revenue over expenses	(5,069,887)	(5,440,735)
Net assets, beginning of year	64,429,997	72,554,732
Employee future benefits remeasurement (note 9)	(2,079,000)	(2,684,000)
Net assets, end of year	\$ 57,281,110	\$ 64,429,997

See accompanying notes to financial statements

REGINA AIRPORT AUTHORITY INC.

Statement of Cash Flows
Period ended December 31

	2022	2021
Cash (used in) provided by:		
Operations:		
Deficit of revenue over expenses	\$ (5,069,887)	\$ (5,440,735)
Add (deduct) non-cash items:		
Amortization of capital assets	7,482,668	9,270,438
Amortization of deferred contributions	(276,138)	(276,138)
Loss (gain) on sale of capital assets	524	(223)
Difference between pension expense and amount funded	8,791	(161,680)
Unrealized gain on investments	(3,352)	(8,309)
	2,142,606	3,383,353
Changes in non-cash working capital:		
Accounts receivable and accrued revenue	(1,185,395)	(783,222)
Prepaid materials and supplies	(121,448)	53,580
Accounts payable and accrued liabilities	598,737	277,752
Pension asset funding	(157,791)	(311,320)
Deferred revenue	(207,977)	162,329
Tenant security deposits	15,115	30,825
Cash flow provided by operations	1,083,847	2,813,297
Investing:		
Purchase of capital assets	(1,390,105)	(365,548)
Proceeds on sale of capital assets	1,142	800
Purchase of investments	(3,285)	(3,189)
Cash flow used in investing activities	(1,392,248)	(367,937)
Financing:		
Proceeds from operating line of credit	517,741	3,776,920
Repayment of operating line of credit	(517,741)	(3,776,920)
Proceeds from long term debt	-	2,430,000
Repayments of long term debt	(2,733,532)	(2,336,417)
Cash flow (used in) provided by financing activities	(2,733,532)	93,583
(Decrease) increase in cash	(3,041,933)	2,538,943
Cash, beginning of year	3,425,947	887,004
Cash, end of year	\$ 384,014	\$ 3,425,947

See accompanying notes to financial statements

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Period ended December 31, 2022

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.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Period ended December 31, 2022

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
Period ended December 31, 2022

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
Period ended December 31, 2022

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
Period ended December 31, 2022

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.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Period ended December 31, 2022

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, 2022, is \$98,880 (December 31, 2021 - \$34,610). Bad debt expense for 2022 was \$65,534 (2021 recovery - \$39,236).

5. Investments:

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

	2022	2021
Long-term investments:		
Common shares	\$ 50,639	\$ 47,287
Savings account	12,052	8,767
	\$ 62,691	\$ 56,054

6. Capital assets:

Asset Category	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Leased land	\$ 3,407,483	\$ 826,048	\$ 2,581,435	\$ 2,688,673
Leasehold improvements	175,117,318	85,578,088	89,539,230	95,271,522
Vehicles and equipment	10,033,969	7,049,684	2,984,285	3,403,452
Computer equipment	2,463,360	1,815,803	647,557	915,231
Office furniture and equipment	393,313	218,209	175,104	215,080
Work in progress	1,098,456	-	1,098,456	484,693
	\$192,513,899	\$ 95,487,832	\$ 97,026,067	\$102,978,651

Capital assets acquired in the amount of \$141,645 (2021 - \$31,203) are included in accounts payable and accrued liabilities.

7. Operating line of credit:

The Authority has a \$10,000,000 (2021 - \$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. The operating line of credit balance as at December 31, 2022 was \$0 (December 31, 2021 - \$0).

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Period ended December 31, 2022

8. Long-term debt:

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

	2022	2021
Term loan bearing interest at bank's prime lending rate less 0.50% per annum plus stamping fee of 2.3% per annum, repayable in monthly instalments of \$54,795 plus interest and stamping fee, due April 2027	\$ 12,711,740	\$ 13,533,665
Term loan bearing interest at bank's prime lending rate less 0.50% per annum plus stamping fee of 2.3% per annum, repayable in monthly installments of \$65,828 plus interest and stamping fee, due November 2026	6,911,900	7,899,320
Term loan bearing interest at bank's prime lending rate less 0.50% per annum plus stamping fee of 2.3% per annum, repayable in monthly instalments of \$25,000 plus interest and stamping fee, due November 2026	5,650,000	6,025,000
Term loan bearing interest at bank's 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 December 2024	4,565,340	4,874,868
Term loan bearing interest at bank's 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 2025	3,599,720	3,799,760
Term loan bearing interest at bank's prime lending rate per annum, repayable in monthly instalments of the higher of \$10,840 including interest, and interest payments due July 2026	2,361,018	2,400,637
	35,799,718	38,533,250
Less: current portion	2,257,044	2,765,989
	\$ 33,542,674	\$ 35,767,261

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
Period ended December 31, 2022

8. Long-term debt (continued):

Interest rate swap financial contracts (note 17(a)) are used to reduce cash flow risk on a significant portion of the outstanding loan balance. Accordingly, the effective interest rate on the Authority's long-term debt was 4.44% in 2022 (2021 – 2.76%). The bank's prime lending rate as at December 31, 2022, was 6.45% (2021 – 2.45%).

The Authority has a credit facility that provides for an ongoing \$19,000,000 commitment to finance construction and acquisition of capital assets, bearing interest at prime lending rate. As at December 31, 2022 and December 31, 2021, 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.

2023	\$ 2,257,044
2024	6,203,328
2025	4,947,116
2026	12,310,650
2027	10,081,580

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 is not in compliance with this covenant at December 31, 2022 (December 31, 2021 – in compliance). The bank has waived this requirement until January 1, 2024. 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, 2022, the Authority was in compliance with this covenant (2021 – in compliance).

9. Pension plan liability:

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
Period ended December 31, 2022

9. Pension plan liability (continued):

The last actuarial valuation for funding was prepared as at December 31, 2021, by Mercer. The results of the valuation have been extrapolated to December 31, 2022. The next scheduled valuation for funding purposes will be completed as at December 31, 2022, 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 2022 was 2.10% (2021 – 2.30%), rate of compensation increases for 2022 was 2.25% (2021 - 2.00%) and pre- and post-retirement indexing for 2022 at 2.00% (2021 - 2.00%).

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

	2022	2021
Accrued benefit obligation:		
Balance, beginning of year	\$ 15,083,000	\$ 14,407,000
Current service cost	119,000	164,000
Interest cost	347,000	504,000
Employee contributions	19,000	22,000
Benefits paid	(402,000)	(2,683,000)
Actuarial (gain) loss due to changes in assumption	(648,000)	2,669,000
Balance, end of year	\$ 14,518,000	\$ 15,083,000

	2022	2021
Fair value of plan assets:		
Balance, beginning of year	\$ 16,009,000	\$ 17,544,000
Interest income	368,000	614,000
Actual return on plan assets (excluding interest income)	(2,727,000)	(15,000)
Employer contributions	247,000	527,000
Employee contributions	19,000	22,000
Benefits paid	(402,000)	(2,683,000)
Balance, end of year	\$ 13,514,000	\$ 16,009,000

	2022	2021
Funding status of plan:		
Accrued benefit obligation	\$ 14,518,000	\$ 15,083,000
Fair value of plan assets	13,514,000	16,009,000
Funding Status	\$ (1,004,000)	\$ 926,000

Special payments paid during 2022 total \$157,791 (2021 - \$311,320). As at December 31, 2022, final funding valuation results are not available therefore the 2023 special payments are not yet determined.

Salaries and benefits are recorded including the pension plan expense of \$8,791 (2021 -recovery - \$161,680).

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Period ended December 31, 2022

9. Pension plan liability (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:

	2022 Benchmark	2022 Actual	2021 Benchmark	2021 Actual
Equities	10.0%	11.2%	10.0%	10.0%
Fixed income	90.0%	88.8%	90.0%	90.0%

The total defined contribution expense recorded in salaries and benefits for the year ended December 31, 2022, was \$286,082 (2021 - \$252,700).

10. Government assistance:

In response to COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy (CEWS) program in March 2020. CEWS provided 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 CEWS programs ended as of September 30, 2021, therefore the Authority has not accessed any related funding in 2022 (2021 - \$1,050,038). The funds are included in government assistance on the Statement of Operations and Changes in Net Assets.

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 \$353,424 (2021 - \$262,707) is included in government assistance on the Statement of Operations and Changes in Net Assets. The program concluded as of May 7, 2022, there are currently no further wage subsidy programs available to the Authority.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Period ended December 31, 2022

10. 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 2022 in the amount of \$98,442 (2021 - \$96,250) and are recorded in government assistance 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 provided 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. Funding of \$2,622,000 was received in July 2021. There is no related funding in 2022.

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. There is no related funding in 2022.

11. 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.

	2022	2021
CATSA grants	\$ 6,903,434	\$ 6,903,434
Accumulated amortization	(1,705,348)	(1,429,210)
	\$ 5,198,086	\$ 5,474,224

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Period ended December 31, 2022

12. 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:

2023	\$ 970,000
2024	1,125,000
2025	1,183,000
2026	1,215,000
2027	1,249,000

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:

2023	\$ 3,507,000
2024	3,412,000
2025	3,392,000
2026	2,180,000
2027	1,774,000

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, 2022, \$16,877,798 (2021 - \$266,083) in work remains to be completed on these projects.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Period ended December 31, 2022

13. 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 for each originating passenger departing Regina International Airport. Intra-provincial flights were charged an AIF of \$5 per enplaned passenger.

AIF funding activities on the year are outlined below:

	2022	2021
Earned revenue	\$ 106,300	\$ 2,318,827
Airline/ATAC handling and administration fees	(5,923)	(160,440)
Net AIF revenue earned	100,377	2,158,387
Eligible capital asset purchases	-	(365,548)
Eligible interest expense	(1,272,670)	(833,316)
(Deficiency) surplus of AIF revenue over AIF expenditures	\$ (1,172,293)	\$ 959,523

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

	2022	2021
Earned revenue	\$ 165,363,561	\$ 165,257,261
Airline/ATAC handling and administration fees	(11,752,561)	(11,746,638)
Net AIF revenue earned	153,611,000	153,510,623
Eligible capital asset purchases	(173,837,087)	(173,837,087)
Eligible interest expense	(8,913,502)	(7,640,832)
Deficiency of AIF revenue over AIF expenditures	\$ (29,139,589)	\$ (27,967,296)

14. 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 2022 was \$20 (2021 - \$20) for each originating passenger departing Regina International Airport.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Period ended December 31, 2022

15. Customer facility charge (CFC):

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, 2022, was \$5.50 (2021 - \$5.50) applied for each transaction day under the rental agreement.

16. 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, investments, cash and savings account. The maximum credit risk to which it is exposed as at December 31, 2022, is limited to the fair value of the financial assets summarized as follows:

	2022	2021
Accounts receivable and accrued revenue	\$ 3,696,774	\$ 2,511,379
Cash	384,014	3,425,947
Savings account	12,052	8,767
	\$ 4,092,840	\$ 5,946,093

Accounts receivable and accrued revenue consist primarily of airline fees and 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.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Period ended December 31, 2022

16. 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 partially managed by entering into interest rate swaps. The Authority is also exposed to interest rate risk on the pension plan investments and 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 6.37% (2021 – 1.36%) of the fair value of the Authority's total investments.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Period ended December 31, 2022

17. 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 a significant portion of the outstanding debt at a fixed interest rate for a portion of the expected remaining terms and are projected to match the Authority's loan repayment terms:

- i. Declining balance interest rate swap contract with interest rate fixed at 2.48%. 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 April 7, 2032. As at December 31, 2022, the notional amount of the contract is \$6,911,900 (2021 - \$7,701,836).
- ii. Declining balance interest rate swap contract with interest rate fixed at 2.77%. 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 April 7, 2032. As at December 31, 2022, the notional amount of the contract is \$5,650,000 (2021 - \$5,950,000).
- iii. Declining balance interest rate swap contract with interest rate fixed at 2.84%. 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 March 20, 2032. As at December 31, 2022, the notional amount of the contract is \$12,711,740 (2021 - \$13,369,280).
- iv. 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, 2022, the notional amount of the contract is \$4,487,958 (2021 - \$4,797,486).
- v. 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, 2030. As at December 31, 2022, the notional amount of the contract is \$3,599,720 (2021 - \$3,799,760).

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17. Financial Instruments (continued):

b) Interest income and interest expense

Interest and investment income received during 2022 was \$37,360 (2021 - \$7,118).

Interest expensed during the year was as follows:

	2022	2021
Interest on long-term variable interest-bearing loans (note 9)	\$ 908,878	\$ 183,116
Stamping fee on long-term loans (note 9)	668,072	468,292
Net payments made/received on settlement of interest rate swaps	53,542	405,361
Interest on operating line of credit	133	11,499
Interest expense for the year reflected in Statement of Operations and Changes in Net Assets	\$ 1,630,625	\$ 1,068,268

18. 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, 2022, in the amount of \$623,066 (2021 - \$594,774).



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