



REGINA AIRPORT AUTHORITY

2023 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.

MISSION

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

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.

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.

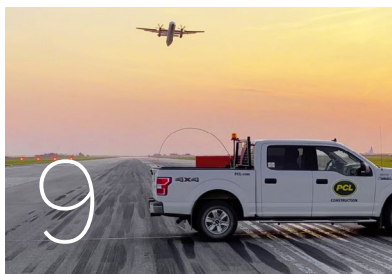
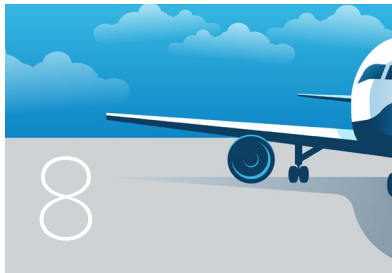
Enrich Customer Experience: we focus on a "can do" attitude in all of our relationships and seek to understand, engage and respond to meet and exceed customer expectations.

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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MESSAGE FROM THE BOARD & CEO



ROBERT VANDERHOOF
BOARD CHAIR

As our organization reflects on 2023, it was a dynamic year with both serious challenges and significant accomplishments.

Adversity clouded the beginning of the year with the massive and sudden reduction of Sunwing’s winter flying season, leaving passengers stranded at many airports, including YQR. This was a huge blow to many communities in southern Saskatchewan with long-awaited vacations being cancelled on relatively short notice. Around

the same time, our community was also dealing with the news from Air Canada that they were shifting their strategy away from operating into Calgary. The impact of their strategic shift meant that Regina and seven other city pairs had lost their Calgary service from this airline completely.

As the year progressed, the early spring brought with it some very good news for YQR. WestJet committed to more than filling the void in service to Calgary left by Air Canada, as well as announcing their acquisition of Sunwing. As well, WestJet announced a commitment to the return of Kelowna summer service. With their reduction to Calgary, Air Canada began fortifying their key routes with increased capacity to Vancouver and Toronto, as well as bringing back service to Montreal for the summer. With all of these changes, we did see over 90% of our pre-pandemic capacity return for the summer – the first time we had achieved these numbers in over three years. The year itself ended on quite a high note, with December seeing 103% of passengers compared to 2019.

On the projects front, the airport undertook a massive \$26.7 million dollar pavement overlay and upgrade of our main runway known as 13-31. This project, which was 50% funded by the federal government through their Airport Critical Infrastructure Program, has resulted in the refurbishment of our most important paved surface. The project included several upgrades to the storm drain system, added runway end safety areas, and also improved the approach lighting system. The airport operated for the summer on its secondary runway and the airlines worked closely with the airport on the planning of this project to minimize impacts to flight activity.



JAMES BOGUSZ
PRESIDENT AND CEO

In 2023, for many, the pandemic was already in the rear-view mirror, but it was only May of 2023 that the US removed its requirement for COVID-19 vaccination to enter the country by air. Once this prohibition dropped, it allowed for a considerable segment of the population to travel to the US once again for both leisure and business. This prohibition was very impactful and its removal spurred additional industry activity.

Some of YQR’s biggest news of the year came in the announcement of the return of daily, non-stop service to a major US hub. In November, YQR was thrilled to announce that WestJet would be offering year-round service from YQR to Minneapolis-St. Paul, beginning in April 2024. This date would be nearly eight years since the last flight flew from Regina to a major US hub and was a major win for our community and all of southern Saskatchewan. A coalition including several agencies all worked collaboratively on this initiative for several years, and it was rewarding to see this service announced.

There were also many other changes at the airport, including:

- a new main floor restaurant and retailer
- the start of work on a new first floor viewing and seating area looking out to the runway and tarmac
- a dedicated business working area
- a new vending program
- state-of-the art, accessible check-in kiosks
- the replacement of our entire display system in the terminal
- many other small improvements for passengers

The airport had several project ideas that it had to delay to conserve cash during the previous few years, but now we are pragmatically making investments that are being well received by the passengers and public using the terminal building.

In many ways, 2023 was a year of getting back to business, making investments in the airport, setting short-term plans for immediate needs, while looking to the future and getting our foundation set for growth. We worked closely with our staff to refresh our organization’s key values, which allowed for excellent collaboration with the YQR Board of Directors in updating our new five-year strategic plan to commence in 2024.

The heart and sole of this organization are truly the people who work here. Our very own Regina Airport Authority staff members are exceptional and dedicated to serving our community with a pride in their work that is inspiring. We are fortunate to have so many dedicated airline personnel, airport contractors, merchants, and other agencies that all work hard to support your travel. This camaraderie and shared passion help to make the experience at YQR truly special, and it is something we celebrate as an airport community.

A big thank you to the many agencies, levels of government, and the passengers using the airport who have supported us. Our Board and management team are committed to moving YQR to new heights and growing the airport for the benefit of our entire region. We look forward to welcoming you to the airport on your next journey and we hope you are delighted with all the changes we are making to serve you better.

YQR, IT’S YOUR AIRPORT!

ROBERT VANDERHOOF
BOARD CHAIR

JAMES BOGUSZ
PRESIDENT AND CEO

THE RETURN OF WESTJET DIRECT



SINCE I ARRIVED IN REGINA IN 2018, THE NUMBER ONE THING I HEARD FROM THE COMMUNITY WAS THEIR DESIRE FOR YQR TO ONCE AGAIN HAVE YEAR-ROUND, NON-STOP SERVICE TO A MAJOR US HUB.

- RAA President and CEO James Bogusz

With its focus on globality and connectedness, the Viterro International Trade Centre was the ideal venue for the announcement. Being the best beef show on the continent made the Canadian Western Agribition the perfect event. The stage was set for something spectacular.

In November 2023, live at Agribition, WestJet, the Saskatchewan Government, and the RAA announced a new, year-round, daily service connecting Regina and Minneapolis, to begin in spring 2024. It was the crowning moment after many years of strategizing and discussion.

This will be the first time since Delta Airlines suspended its daily routes to Minneapolis in 2016 that service to Minneapolis will be available. To increase and support Regina's tourism and trade relations, the province will contribute \$500,000 toward the minimum revenue guarantee between the Regina Airport Authority and WestJet.

"Since I arrived in Regina in 2018, the number one thing I heard from the community was their desire for YQR to once again have year-round, non-stop service to a major US hub," said James Bogusz, President and CEO of the Regina Airport Authority. "We haven't stopped working with WestJet since then, and they have delivered on this for the community."

Bombardier Q400 aircraft will carry 78 passengers both to and from Regina and Minneapolis-St. Paul. Guests travelling beyond Minneapolis will have access to over 70 connecting destinations with only one stop from Regina.

The new daily flight will mean jobs and opportunity for people in Saskatchewan, in the business community, in tourism, and at its world-class events – like the Canadian Western Agribition.

MINNEAPOLIS WILL HAVE ACCESS TO OVER 70 CONNECTING DESTINATIONS WITH ONLY ONE STOP FROM REGINA.



The year was already off to a difficult start with Air Canada's announcement of discontinuing Calgary service for many communities including Regina.

Then came that moment of defeat with the cancellation by Sunwing of its entire winter sun destination flights that were scheduled to fly out of Regina. Only a small number of departures to Mexico destinations were spared.

The news came as a complete shock to the airport, as well as the thousands of Saskatchewan travellers planning for winter getaway vacations in early 2023. As the situation evolved, it became apparent that Sunwing had even bigger issues throughout that winter season across the country. Later in 2023, WestJet Airlines acquired Sunwing,

which will further broaden their ability to service our local market.

The travel industry had nowhere to go but up from there. First, WestJet added additional Regina routes to their Calgary hub to fill the departure of Air Canada. Then the airport announced in July there would be direct routes to nine international sun destinations during the 2023-24 winter season, including the USA, Mexico, Dominican Republic, and Cuba.

Air travel was officially back! During the summer, service from Regina resumed to pre-pandemic levels for the first time, demonstrating a strong demand for travel from the region and bolstering WestJet's enhanced connectivity and affordable flight options through the winter season.



REGINA RUNWAY REVITALIZATION PROJECT

The main runway at YQR was under construction for the summer as the runway revitalization project forged ahead. The project was partially funded through the Government of Canada's Airport Critical Infrastructure Program. For the duration of the \$26.7 million project, the airport diverted all flights to the secondary runway.

Construction on the main runway, numbered 13-31, started in May and ran until September 2023 when it was re-opened to air traffic. Unfortunately, the project was struck by tragedy in its early stages. On May 26, a construction worker suffered a serious accident on airport property and passed away. Runway construction was halted temporarily.

After construction resumed, the entire main runway was repaved, which happens only once every 10 to 15 years. Gravel extensions were added to the ends of the runway as a buffer, known as a runway end safety area, in the unlikely situation that a plane overshoots. Upgraded approach lights were added at the end of runway 31 to allow for safer landings in inclement weather and all edge lighting was replaced. Runway drainage, which was installed in the 1960s, was completely replaced or upgraded.

THE ENTIRE MAIN RUNWAY WAS REPAVED, WHICH HAPPENS ONLY ONCE EVERY 10 TO 15 YEARS.

The entire project was one of the largest ever ventured by the airport and will position the community to capitalize on air service opportunities and long-term success.



OUR DIRECT ROUTES

BY THE END OF 2023

Direct Domestic Destinations:

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

Direct Transborder Destinations:

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

Direct International Sun Destinations:

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

* Seasonal, summer service

† Seasonal, winter service





A BIG WELCOME TO WESTJET CEO

Regina Airport hosted WestJet Group Chief Executive Officer Alexis von Hoensbroech at a roundtable meeting with business and political leaders in October 2023. Von Hoensbroech is a legend in the aviation industry. He led Austrian Airlines in Vienna as its CEO and was being considered as a possible successor for Carsten Spohr, CEO of Lufthansa Group, Austrian's parent company. It was an honour for RAA's CEO and a number of local business leaders to meet him in person and learn about WestJet's longstanding plans for the region.

Von Hoensbroech joined WestJet looking for a new challenge. He would refocus Canada's second-largest airline on once again being a low-cost carrier serving Western Canada, just as it was when it started operating in 1996. Only this time, the airline would maintain a global long-haul arm. He started by integrating WestJet's ultra-low-cost subsidiary, Swoop, into the mainline, adding its 18 Boeing 737s to the mainline fleet for a total of 122. His plans are to exceed 200 in the future.

Having the capacity to be a low-cost carrier is one thing, but being a long-haul provider at the same time may seem at odds. According to von Hoensbroech, summer and winter in Western Canada are equally suitable times for a booming tourist business. People migrate to Canada in summer, while in winter, they escape the cold.

But von Hoensbroech said his real reason to be in Regina was to hear about what matters most to Regina-based business leaders, local partners, and government stakeholders. While WestJet has an ambitious growth strategy, the group aims to meet the demands of the community and support tourism to the area, ensuring residents benefit from affordable air travel and enhanced connectivity to popular destinations. His words rang true when, only a month later, WestJet announced its new, year-round, daily service connecting Regina and Minneapolis.



CLEAN ENERGY TRANSLATES TO ...CLEAN HANDS

Sometimes two things are just meant to go together, like SaskEnergy and the RAA. SaskEnergy has the desire to help its customers reduce their emissions. The RAA likes to pioneer new cutting-edge technology, especially when it will minimize the environmental footprint of its airport operations. To that end, the two organizations are piloting the use of new technology in Saskatchewan that could reduce greenhouse gas emissions from the main heating system at the Regina International Airport by up to 20%.

Two more things that now go together are carbon capture and soap production. The technology being piloted by SaskEnergy and RAA was invented by a Canadian company called CleanO2. Its product, CarbinX, captures carbon dioxide emissions from the Air Terminal Building's boiler heating system, converting it into pearl ash (potassium carbonate). The pearl ash is a non-toxic salt-like material that's then used to make textiles, fertilizers, pharmaceuticals, baked goods or – in YQR's case – soap. It's not car wash detergent or some other obscure cleaning agent; it's being upcycled as environmentally friendly bar soap.

The device is about the size of two refrigerators and cost over \$50,000. SaskEnergy chipped in the first \$40,000 and the RAA picked up the rest. It may seem like a big number, but the cost savings for the RAA should be between seven and 14% on its monthly gas usage, in addition to reducing the RAA's overall carbon footprint.

And the soap? It's being delivered to SaskEnergy for distribution at trade shows or donated to community organizations so it reaches the hands of people who will use it and appreciate it.

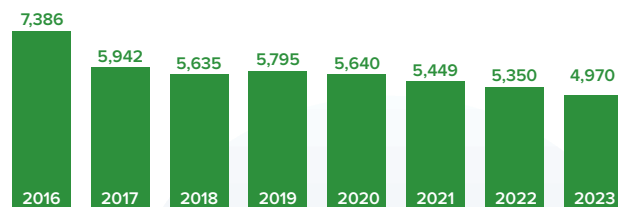


SAVINGS FOR THE RAA SHOULD BE BETWEEN 7 AND 14 PERCENT ON ITS MONTHLY GAS USAGE.

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.



RESTAURANT AND RETAILER

ADD THE FINISHING TOUCHES TO MAIN FLOOR YQR

Now that COVID-19 is back to being little more than a blip on the airport's radar, YQR is making improvements to its main floor that were always a part of the big picture. In early February 2023, a restaurant and retail location moved to the main floor, bringing with them an elevated level of sophistication.

The restaurant, the Brioche Dorée, moved from upstairs to the arrival's hall. Day in and day out, it serves a mouth-watering medley of breakfast croissants, soups, sandwiches, flatbreads, and cappuccinos.



brick + mortar



Retailer Brick + Mortar relocated beside the departure escalators to showcase the finest Regina has to offer. It stocks its shelves from icons such as 22Fresh, Hillberg & Berk, The Everyday Kitchen, Queen City Cakes, Wild Prairie Designs, Rebellion Brewing, Chocolate Moose Fudge Factory, and many more.

These beautiful additions complete the airport package, ensuring visitors to the airport have a positive experience, whether it's picking up a Sask-based present for a loved one or having something to munch on if a flight is delayed.



RAA HOSTS INDIGENOUS ARTISAN MARKET

On June 19 and 20, 2023, the RAA, the Newo-Yotina Friendship Centre, and Canada Border Services Agency hosted an Indigenous Artisan Market in honour of National Indigenous Peoples Day.

The market showcased 15 artists, all who were available to talk about their work. Grammy Award-winning Norma Flying Horse (Red Berry Woman) was also in attendance to share her story of creating Red Berry Woman, a fashion line that incorporates Native American traditional garment styles into contemporary couture garments.

Items for purchase included beadwork, ribbon skirts, paintings, dream catchers and more. Bannock and orange shirt pins were also available for a donation to the Newo-Yotina Friendship Centre. Total funds raised were \$1,269.20.

The Newo-Yotina Friendship Centre is dedicated to Indigenous service delivery infrastructure and is a provider of culturally enhanced programs and services for urban Indigenous residents. For many Indigenous people, Friendship Centres are the first point of contact to obtain referrals to cultural-based socio-economic programs and services.



TOTAL FUNDS RAISED WERE \$1,269.20.

The partnership to host the market is one example of the relationship RAA enjoys with many community organizations and events throughout the year. RAA welcomes the opportunity to raise awareness of important happenings in Regina as well as to welcome visitors who come to the city for specific events.

It's a win-win. By marketing to airlines and sharing the southern Saskatchewan story, the airport can grow. As it does, the community benefits from more direct flights, more destinations, more seat capacity, and more travel options.

RAA'S CHIEF FINANCIAL OFFICER AMONG TOP 40 UNDER 40



YQR WELCOMES FIFTH FLIGHT OF UKRAINIANS DISPLACED BY WAR

A fifth and final humanitarian flight carrying 230 displaced Ukrainians landed at the Regina International Airport on March 27, 2023 as part of the province's efforts to support those impacted by the unnecessary war in Ukraine. All five flights originated in Warsaw, Poland, with four landing in Regina and one in Saskatoon.

In December, Airport Business magazine featured RAA's Chief Financial Officer Jenna Khoury (CPA, CA) in its list of "2023 Airport Business Top 40 Under 40." Airport Business magazine is the most widely circulated business publication that focuses on professionals who manage airports, airport-based businesses, and corporate flight facilities in North America.

The article says that Jenna "serves as an example for young female leaders at airports" and the RAA Board of Directors and executive couldn't agree more. As Chief Financial Officer for the RAA, one of Jenna's early achievements was to become the first female officer in the airport's history.

But according to Jenna, she's simply one person in a long line who deserves to be recognized. It's the great group of people who work at YQR who make Jenna proud to be part of the RAA. "It's nice to come to work and feel part of a team that is ready, willing and supports each other," she said.

4 FLIGHTS LANDED IN REGINA 

1 FLIGHT LANDED IN SASKATOON 



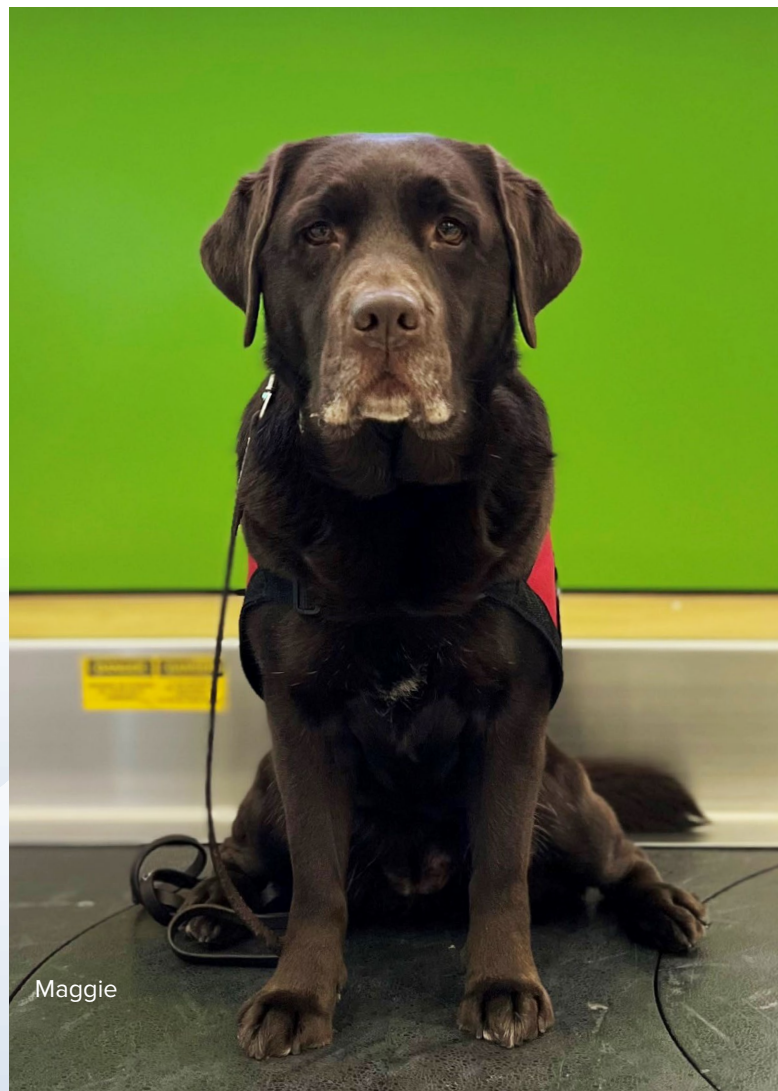
THERAPY DOG PROGRAM RETURNS TO YQR

In April 2023, for the first time since the pandemic, the YQR reopened its doors to its four-legged friends. They bring their people – volunteers from St. John Ambulance Saskatchewan – to participate in the Therapy Dog program at YQR. They also bring smiles to everyone they meet, everywhere they go. The program originally came to the airport in 2015 but had to be put on hold.

The Therapy Dog program is designed to reduce anxiety and tension in many settings. Coordinated through St. John Ambulance, the dogs come in all shapes and sizes – breed and gender are not important. The dogs qualify through a national certification process and are then available for programs in hospitals, schools, and universities, to name a few. The benefits of the program are being seen in airports, too.



Nicki and her handlers



Maggie



ALL ABOARD! NEW BUS ROUTE FROM DOWNTOWN YQR

In May 2023, the City of Regina and YQR launched a new transit route, Route 24, to take riders from the city's downtown to the front of the airport. The bus runs Monday to Friday from 6 a.m. until just after midnight.

To celebrate the start of the bus route, the city offered free rides the first week. The bus heads down Sandra Schmirler Way, makes a right-hand turn to the tenant area, and then loops around to the front curb of the airport terminal. The bus stop is located outside the doors near the Brick + Mortar store.

The service also supports buildings like Canada Post and the hangars north of the main airport terminal building. While it's intended for everyone – including people embarking on a flight or just returning home – most of the patrons are airport employees on grounds or within the terminal building.

While the new route was in the works for over four years, the major downturn in passenger volumes and the reduction in staff during the pandemic made the project ineffectual. With business levels bouncing back, it now makes sense to offer the service during the week. The hope is to eventually have it operate seven days a week.

RAA IS CONTRIBUTING \$100,000 PER YEAR FOR THE FIRST THREE YEARS AND THE CITY IS COVERING THE REST FOR A TOTAL COST OF \$348,000 EACH YEAR.



YQR MAKES A CLEAN SWEEP

Some may find it difficult to get excited over a new broom. Not for the maintenance crew at YQR. They're ecstatic over the new sweeper that arrived in August 2023 and there's a very good reason. This sweeper is the Schmidt TJS-C 630 and it's powered by two diesel engines that utilize the latest technology in pollution control.

Not only that, but it also sweeps a swath of runway roughly six metres wide in a single pass, primarily in winter but occasionally at other times of the year, clearing everything from snow and ice to blown-in dirt and debris. Basically, it's doing three jobs at once. If there's snow, the snow plough clears most of it to the side. Then there's a brush that clears away the remaining snow, slush, and debris. And finally, there's a blower unit that generates a powerful air flow across the entire sweeping width, removing any remaining dust and moisture.

NOW THAT'S A CLEAN SWEEP.



YQR PLAYS HOST TO UNVEILING OF NEW WATER BOMBER



Regina International Airport was the site of an exciting unveiling during a media conference held Tuesday, May 2, 2023. The Saskatchewan Public Safety Agency (SPSA) rolled out its newest water bomber, a modernized model with a \$37.3 million price tag.

The government's investment into air operations is aimed at protecting the people, property, and resources of Saskatchewan, allowing responders to better protect lives, communities, major infrastructure, and other values. The RAA is proud to support that strategy.

THE NEW PLANE CAN REACH SPEEDS OF UP TO 329 KILOMETRES PER HOUR AND COLLECT 1,200 GALLONS OF WATER FROM AN OPEN WATER SOURCE IN ABOUT 10 SECONDS.

The water-scooping air tanker provides a stronger wildfire response across the province. To say the water bomber can take on water quicker and fly faster than their older models is an understatement. The new plane can reach speeds of up to 329 kilometres per hour and collect 1,200 gallons of water from an open water source in about 10 seconds.

The significance of this event was reinforced over the course of a summer when Saskatchewan set a record for total area burned by wildfires in a single season. In 2023, more than 1.9 million hectares of land were scorched in the province, beating the previous record of 1.8 million hectares set in 2015. Province-wide, 493 wildfires burned, well surpassing the five-year average of 388.

The new water bomber played a tremendous role in keeping those numbers from being even higher.

SAFE TRAVELS, TRISH MARTYNOOK!

The RAA thanks outgoing Board Chair Trish Martynook, as well as Board members Renu Kapoor and Pat McGinn, who completed their terms, for their significant contributions to the organization while serving on the Board.



Martynook served on the Board since 2014 and in 2022 became the first female chair and the first chair from the City of Moose Jaw.

When accepting the chair position, Martynook told MooseJawToday.com, "I feel encouraged, I think that it's evidence that there is room for women at the board table. I think research informs us that organizations and groups with diverse boards and leadership perform better than those that don't have diversity. And they leave talent on the table as a result."

Martynook guided the Board during a crucial time for YQR as it worked towards recovering its economic prominence after the tremendous losses resulting from the COVID-19 pandemic.



The RAA welcomes Robert Vanderhooft as Martynook's successor. He is the nominee from the Regina Airport Authority and has served as a member of the Board since 2016, part of that time as the Vice-Chair and Chair of the Planning and Development committee.

With Vanderhooft's move into his role as Chair, Tyler Willox (nominated by the Province of Saskatchewan) took over the role as Vice-Chair, while continuing his role as the Chair of the Human Resources committee.

The RAA also welcomes new additions Bill Pratt (nominated by the City of Regina), Mike Tate (nominated by the City of Regina), Jack Degelman (nominated by the RM of Sherwood), and Jessica McNaughton (nominated by the City of Moose Jaw) as members of the Board.

"Congratulations to Robert and Tyler on their new roles, and a warm welcome to Bill, Mike, Jack and Jessica," said James Bogusz, President and CEO, Regina Airport Authority.

MARTYNOOK SERVED ON THE BOARD SINCE 2014 AND IN 2022 BECAME THE FIRST FEMALE CHAIR AND THE FIRST CHAIR FROM THE CITY OF MOOSE JAW.

OUR BOARD SOARS

* Term started in 2023
** Term expired in 2023
*** Resigned in 2023



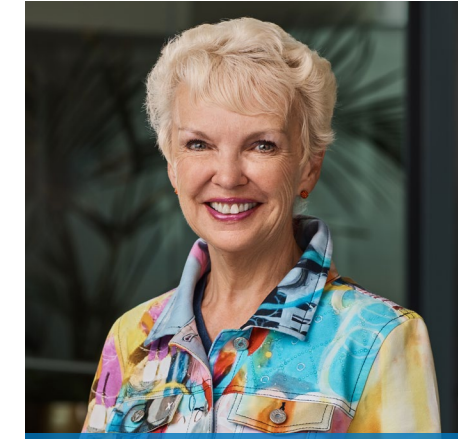
TRISH MARTYNOOK **

Board Chair
City of Moose Jaw



ROBERT VANDERHOOF

Board Chair and Vice-Chair
Regina Airport Authority



BERNADETTE MCINTYRE

Chair, Audit and Finance Committee
City of Regina



HAROLD HUGG

Chair, Governance and Nominating Committee
Government of Canada



CORY FURMAN

Director
City of Regina



GILLIS LAVALLEY

Chair, Community Consultative Committee
City of Regina



JULIANA WONG

Director
City of Regina



RENU KAPOOR**

Director
City of Regina



JESSICA MCNAUGHTON *

Director
City of Moose Jaw



JACK DEGELMAN *

Director
RM of Sherwood



MIKE TATE *

Director
City of Regina



BILLY PRATT *

Director
City of Regina



TYLER WILLOX

Vice-Chair of the Board and Chair,
Human Resources Committee
Province of Saskatchewan



PAT MCGINN **

Director
City of Regina



ROBERT SCHUTZMAN***

Director
RM of Sherwood



TERESA DREW

Chair, Planning and Development Committee
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 11 to 13 prominent men and women from southern Saskatchewan. All members are expected to act with honesty, integrity, and impartiality, adhering to the policies 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) 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

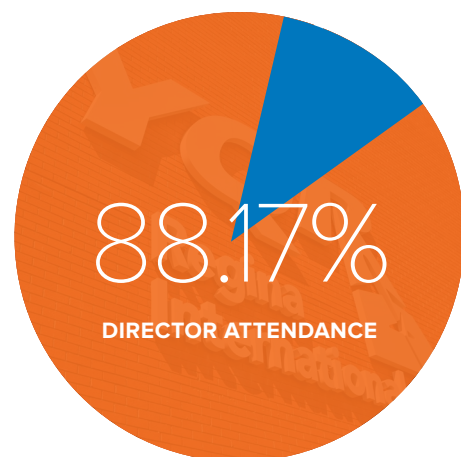
Board Remuneration

The annual remuneration of the Board of Directors, consisting of honorariums and per diems for the year ending December 31, 2023 was \$222,266 (2022 was \$206,158).

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 2023 there were 31 Board, Committee, and Public Meetings. Overall participation by the Board members was 85% for Committee meetings and 91.33% for Board meetings. The overall attendance rate was 88.17% (2022 was 96.06%).



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, 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
Rob Vanderhooff Regina Airport Authority	Vice Chair / Chair of the Board	✓	✓
Trish Martynook City of Moose Jaw **	Chair of the Board	✓	✓
Harold Hugg Government of Canada	Chair, Governance and Nominating Committee	✓	✓
Bernadette McIntyre City of Regina	Chair, Audit and Finance Committee	✓	✓
Teresa Drew Government of Canada	Chair, Planning and Development Committee	✓	✓
Tyler Willox Province of Sask.	Chair, Human Resources Committee / Vice Chair of the Board	✓	✓
Gillis Lavalley City of Regina	Chair, Community Consultative Committee	✓	✓
Juliana Wong City of Regina	Director	✓	✓
Cory Furman City of Regina	Director	✓	✓
Robert Schutzman RM of Sherwood ***	Director	✓	✓
Renu Kapoor City of Regina **	Director	✓	✓
Pat McGinn City of Regina **	Director	✓	✓
Jack Degelman RM of Sherwood *	Director	✓	✓
Jessica McNaughton City of Moose Jaw *	Director	✓	✓
Mike Tate City of Regina *	Director	✓	✓
Bill Pratt City of Regina *	Director	✓	✓

* Term started in 2023

** Term expired in 2023

*** Resigned in 2023

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 2023.

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, 2023. 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, 2023, the Authority is into its twenty-fourth year of operation in its lease arrangement with the Crown. The lease will expire on April 30, 2079.

Figure 1



The overall increase in passenger traffic had a positive affect on revenue by \$6,800,000.

For 2024, the Authority has forecasted 1,089,320 passengers.

Performance Highlights

The Regina Airport Authority (Authority), along with the rest of the industry, is on the road to recovery after experiencing an unprecedented downturn as a result of the COVID-19 pandemic. Increased air service, passenger traffic realized and increased rates and fees resulted in a strong 2023. The financial outlook for 2024 is even more positive with full recovery expected in 2025.

Passenger Statistics

Passenger volumes are the key driver for most of the Authority's revenues. Total passenger volumes were up 28.49% (217,717 more passengers compared to 2022; 21,631 fewer compared to budgeted passengers of 1,003,476). Flights have decreased in comparison to prior year; down 0.37% from 2022 scheduled flights. This is consistent with what the industry is seeing, as larger planes with more seats at less frequency are being seen in our current market. The passenger traffic and flight statistics for the year are summarized in Figure 1.

Rate and Fees

On April 1, 2023, the Authority raised its landing fees and general terminal fees by 5% and its Airport Infrastructure Levy (AIL) from \$0.75 per 1,000 kg to \$1.50 per 1,000 kg.

The Passenger Facility Fee (PFF) is collected by the airlines on behalf of the Authority for the purpose of funding capital programs and operating activities at the airport. The PFF is collected from all passengers originating from YQR and does not include connecting and non-revenue passengers.

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 has been key in funding future capital programs as well as infrastructure deficits that have occurred over the pandemic.

There are no rate or fee changes planned in 2024; however, the Authority continues to review rates and fees, including the passenger facility fee (PFF), to ensure operational and capital requirements are met and consistent with the market.

Capital Activity Highlights

The 2023 capital programming included the following major project highlights on a capital spend of \$32,163,000 (2022 - \$1,532,000):

Runway 13-31	\$ 26,754,000
Work in progress at 2023 year end	\$ 2,219,000
Smaller capital projects under \$125,000	\$ 1,232,000
Sweeper and Plow	\$ 1,130,000
Terminal Building Concession	\$ 347,000
Firehall Improvements	\$ 338,000
Chipmunk Roof Replacement	\$ 143,000

The Government of Canada announced \$489,600,000 of funding available over five years under the Airport Critical Infrastructure Program (ACIP) to provide financial support for critical infrastructure projects related to safety, security, or connectivity to mass transit. The program will help eligible airports mitigate the financial impact of the COVID-19 pandemic by contributing up to 50% for eligible critical infrastructure projects. The Authority has applied and been approved for this program and is to receive a total of \$13,250,000 representing 50% of the cost to rehabilitate the primary runway at the Regina International Airport. During 2023, the Authority received \$11,244,000 in funds related to this program. The remaining \$2,006,000 is to be received in 2024.

For 2024, the Authority has projected a capital spend of \$5,670,000.

Liquidity and Capital Resources

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

The Authority completed 2023 operations with a cash balance of \$4,130,000 compared to \$384,000 at December 31, 2022.

For 2023, \$32,163,000 of cash was used to purchase capital assets, and \$2,332,000 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 is in compliance with this covenant as at December 31, 2023.

- **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, 2023.

LINES OF CREDIT / CREDIT FACILITIES

The Authority carries two lines of credit:

- Operating line of credit facility of \$10,000,000, which is undrawn at December 31, 2023; and
- Revolving line of credit of \$19,000,000 for capital expenditures. As at December 31, 2023, \$16,500,000 has been draw of which \$1,500,000 remains revolving and \$15,000,000 has been converted to a non-revolving term loan.

Statement of Financial Position

Total assets of the corporation increased by \$32,554,000 (31.9%) to \$134,480,000 (2022 - \$101,926,000).

Capital assets increased \$24,635,000 due to expenditures of \$32,163,000 and amortization of \$7,505,000.

Receivables increased \$2,200,000 primarily due to higher aeronautical, PFF and parking revenue as well as a \$2,000,000 receivable for the remaining ACIP funding for the runway project.

The pension obligation went into a surplus position in 2023 due to the discount rate used by the actuaries which was 4% in 2023 compared to 2.10% in 2022. This means the calculation of the present value of future benefit payments is lower with the higher discount rate assumption.

Total liabilities increased by \$30,429,000 (68.2%) to \$75,074,000 (2022 - \$44,645,000).

Total debt increased by \$14,168,000 representing new debt issued in 2023 to finance the runway project, offset by principal payments made on all outstanding debt.

Accounts payable and accrued liabilities increased \$4,563,000 mainly due to increased activity at the airport as well as invoices received late in the year that were not yet paid, relating to runway 13-31 rehabilitation project.

Deferred contributions increased \$12,767,000 (245.6%) to \$17,965,000 (2022 - \$5,198,000) due to Transport Canada contributions received through the Airport Critical Infrastructure Program for runway 13-31 project. This is offset by the amount of contributions that were amortized into revenue which will continue until the related assets are fully amortized.

Overall net assets increased \$2,125,000 reflective of excess expenses over revenue and the employee future benefits re-measurement.

Statement of Operations

REVENUE:

Revenues increased \$6,832,000, a 32.3% increase compared to the prior year primarily due to increased passengers and seats in the market, as well as the increased fees that came into effect April 1, 2023. Concession revenue is higher as well due to a full year realized of the increased concession percentage that was negotiated with the current car rental companies effective July 1, 2022. Parking revenue has also increased by 42.1% due to the parking strategy implemented in 2019 – more passengers are deciding to park than in the past as the cost is significantly less.

EXPENSES:

Expenses increased \$2,546,000 (9.7%) compared to the prior year.

Service, supplies and administration increased \$1,035,000 as operational efforts have increased, resulting in higher passenger traffic and overall more activity at the airport. This includes higher fuel prices on purchased fuel and inflationary increases on supplies and materials used for operations.

Salaries and benefits increased \$586,000 compared to prior year due to increasing staffing levels as workload requirements and spending allowed, as well as wage increases, overtime, and severance packages.

Ground lease expense increased \$416,000 as lease payments are based on revenue.

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 2023.

BUSINESS PLAN FINANCIAL SUMMARY

Report on the Business Plan for 2023 - Shown below in (000's)

	Plan	Actual	POS (NEG) Variance
Operating Revenue	15,259	15,558	299
Operating Expense	20,768	19,298	1,470
Net Airport Improvement Fees / Passenger Facility Fees	13,140	11,899	1,241
Capital Expenditures**	30,860	32,163	1,303

** Note: capital expenditures are not reflective of government funding received though ACIP

Report on the Business Plan for 2024-2028 - Shown below in (000's)

	2024	2025	2026	2027	2028
Operating Revenue	16,877	18,074	18,916	19,637	20,615
Operating Expense	23,635	24,226	24,832	25,452	26,089
Capital Expenditures	5,670	11,553	15,319	13,636	17,258

- ➔ *Capital Expenses & Forecast* include both eligible and non-eligible AIF/PFF items.
- ➔ *Auditors Report & Financial Statements* are found within the 2023 Financial Statement Section.
- ➔ *Management Discussion & Analysis* may also be found within the 2023 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



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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, 2023, 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, 2023, 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
Regina, Saskatchewan
April 4, 2024


REGINA AIRPORT AUTHORITY INC.


Statement of Financial Position
As at December 31

	2023	2022
ASSETS		
Current Assets:		
Cash	\$ 4,130,264	\$ 384,014
Accounts receivable and accrued revenue (note 4)	5,896,545	3,696,774
Government remittance receivable	178,879	-
Prepaid materials and supplies	734,280	756,245
	<u>10,939,968</u>	<u>4,837,033</u>
Pension asset (note 9)	1,879,000	-
Investments (note 5)	100	62,691
Capital assets (note 6)	121,660,726	97,026,067
	<u>\$ 134,479,794</u>	<u>\$ 101,925,791</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 6,777,822	\$ 2,214,874
Government remittance payable	-	66,193
Deferred revenue	217,333	213,850
Current portion of long-term debt (note 8)	4,582,643	2,257,044
	<u>11,577,798</u>	<u>4,751,961</u>
Long-term debt (note 8)	45,385,088	33,542,674
Pension liability (note 9)	-	1,004,000
Tenant security deposits	146,258	147,960
Deferred contributions (note 11)	17,964,699	5,198,086
	<u>75,073,843</u>	<u>44,644,681</u>
Net assets	59,405,951	57,281,110
	<u>\$ 134,479,794</u>	<u>\$ 101,925,791</u>
Commitments and contingencies (note 12)		

See accompanying notes to financial statements

Approved on behalf of the Board:


Rob Vanderhooft, Chair of Board


Bernadette McIntyre, Chair of Audit and Finance Committee

REGINA AIRPORT AUTHORITY INC.

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

	2023	2022
Revenue:		
Passenger facility fees (note 14)	11,899,489	6,836,960
Public parking	3,848,269	2,706,942
Concessions	3,065,150	2,790,292
Landing fees	2,413,033	2,139,126
Rentals	1,937,973	1,857,839
General Terminal Fees	1,903,481	1,644,276
Other Airline fees	1,447,907	1,420,744
Customer facility charge (note 15)	725,214	618,723
Amortization of deferred contributions (note 11)	527,887	276,138
Other (note 17)	120,512	308,816
Government assistance (note 10)	96,250	451,866
Airport improvement fees (note 13)	-	100,377
	<u>27,985,165</u>	<u>21,152,099</u>
Expenses:		
Services, supplies and administration	8,729,552	7,695,328
Amortization	7,505,104	7,482,668
Salaries and benefits (note 9)	6,831,893	6,246,013
Interest (note 17)	1,964,453	1,630,625
Property taxes	1,654,456	1,493,591
Utilities	1,159,415	1,037,892
Ground lease	985,501	569,811
Bad debt (recovery) expense (note 4)	(63,050)	65,534
Loss on disposal of capital assets	-	524
	<u>28,767,324</u>	<u>26,221,986</u>
Deficit of revenue over expenses	(782,159)	(5,069,887)
Net assets, beginning of year	57,281,110	64,429,997
Employee future benefits remeasurement (note 9)	2,907,000	(2,079,000)
Net assets, end of year	\$ 59,405,951	\$ 57,281,110

See accompanying notes to financial statements

REGINA AIRPORT AUTHORITY INC.

Statement of Cash Flows
Year ended December 31

	2023	2022
Cash provided by (used in):		
Operations:		
Deficit of revenue over expenses	\$ (782,159)	\$ (5,069,887)
Add (deduct) non-cash items:		
Amortization of capital assets	7,505,104	7,482,668
Amortization of deferred contributions	(527,887)	(276,138)
Loss on sale of capital assets	23,000	524
Difference between pension expense and amount funded	25,500	8,791
Realized loss on investments	3,754	-
Unrealized gain on investments	-	(3,352)
	<u>6,247,312</u>	<u>2,142,606</u>
Changes in non-cash working capital:		
Accounts receivable and accrued revenue	(2,378,650)	(1,185,395)
Government contributions receivable	2,006,315	-
Prepaid materials and supplies	21,965	(121,448)
Accounts payable and accrued liabilities	4,496,755	598,737
Pension asset funding	(1,500)	(157,791)
Deferred revenue	3,483	(207,977)
Tenant security deposits	(1,702)	15,115
Cash flow provided by operations	<u>10,393,978</u>	<u>1,083,847</u>
Investing:		
Purchase of capital assets	(32,162,763)	(1,390,105)
Proceeds on sale of capital assets	-	1,142
Purchase of investments	(1,695)	(3,285)
Proceeds on sale and maturity of investments	60,532	-
Proceeds from government contributions	11,288,185	-
Cash flow used in investing activities	<u>(20,815,741)</u>	<u>(1,392,248)</u>
Financing:		
Proceeds from operating line of credit	11,199,888	517,741
Repayment of operating line of credit	(11,199,888)	(517,741)
Proceeds from long term debt	16,500,000	-
Repayments of long term debt	(2,331,987)	(2,733,532)
Cash flow provided by (used in) financing activities	<u>14,168,013</u>	<u>(2,733,532)</u>
Increase (decrease) in cash	<u>3,746,250</u>	<u>(3,041,933)</u>
Cash, beginning of year	384,014	3,425,947
Cash, end of year	\$ 4,130,264	\$ 384,014

See accompanying notes to financial statements

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Year ended December 31, 2023

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 8. 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
Year ended December 31, 2023

3. Significant accounting policies:

The following accounting policies are considered significant:

a) Capital assets

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

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

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

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

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

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

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

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

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Year ended December 31, 2023

3. Significant accounting policies (continued):

b) *Impairment of long-lived assets*

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

c) *Employee future benefits - Pension plan*

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

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

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Year ended December 31, 2023

3. Significant accounting policies (continued):

d) *Financial instruments*

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

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

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

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

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

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Year ended December 31, 2023

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
Year ended December 31, 2023

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, 2023, is \$29,255 (December 31, 2022 - \$98,880). Bad debt recovery for 2023 was \$63,050 (2022 expense - \$65,534).

5. Investments:

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

	2023	2022
Common shares	\$ 100	\$ 50,639
Savings account	-	12,052
	\$ 100	\$ 62,691

6. Capital assets:

Asset Category	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Leased land	\$ 3,407,483	\$ 933,286	\$ 2,474,197	\$ 2,581,435
Leasehold improvements	203,281,266	92,069,546	111,211,720	89,539,230
Vehicles and equipment	11,355,831	7,631,112	3,724,719	2,984,285
Computer equipment	2,803,374	2,006,061	797,313	647,557
Office furniture and equipment	412,609	276,967	135,642	175,104
Work in progress	3,317,135	-	3,317,135	1,098,456
	\$224,577,698	\$102,916,972	\$121,660,726	\$97,026,067

Capital assets acquired in the amount of \$5,013,534.94 (2022 - \$141,645) are included in accounts payable and accrued liabilities.

7. Operating line of credit:

The Authority has a \$10,000,000 (2022 - \$10,000,000) operating line of credit (the "Operating Facility") bearing interest at bank 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, 2023 was nil (December 31, 2022 - nil).

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Year ended December 31, 2023

8. Long-term debt:

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

	2023	2022
Term loan bearing interest at bank's prime lending rate less 0.50% per annum plus stamping fee of 1.75% per annum, repayable in monthly instalments of \$54,795 plus interest and stamping fee, due April 2027	\$ 12,054,210	\$ 12,711,740
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	6,121,964	6,911,900
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	5,350,000	5,650,000
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	4,255,812	4,565,340
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	3,399,680	3,599,720
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	2,286,065	2,361,018
Revolving term loan bearing interest at prime lending rate per annum	16,500,000	-
	49,967,731	35,799,718
Less: current portion	4,582,643	2,257,044
	\$ 45,385,088	\$ 33,542,674

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Year ended December 31, 2023

8. Long-term debt (continued):

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

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 4.80% in 2023 (2022 – 4.44%). The bank's prime lending rate as at December 31, 2023, was 7.20% (2022 – 6.45%).

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, 2023, \$16,500,000 was drawn (2022- nil). The Authority had commenced negotiations prior to the balance sheet date, for two credit facilities held. Prior to the completion of the financial statements, the Authority renegotiated the terms of term loan due December 2024 to extend the term to December 2027 as well as converted \$15,000,000 of the revolving loan to a non-revolving term loan bearing interest at the Canadian Overnight Repo Rate Average (CORRA) plus the CORRA adjustment per annum plus stamping fee of 2.0% per annum, repayable in monthly instalments of \$50,000 plus interest and stamping fee, due February 2029. As such, these loans has been reflected as non-current in the statement of financial position as at December 31, 2023.

The required principal payments for the next five years after the renegotiation of the terms and conditions are as follows:

2024	\$4,582,643
2025	8,849,628
2026	12,695,506
2027	13,931,447
2028	600,000

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 in compliance with this covenant at December 31, 2023 (December 31, 2022 – not in compliance). 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, 2023, the Authority was in compliance with this covenant (2022 – in compliance).

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Year ended December 31, 2023

9. Pension plan asset:

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

The last actuarial valuation for funding was prepared as at December 31, 2022, by Mercer. The results of the valuation have been extrapolated to December 31, 2023. The next scheduled valuation for funding purposes will be completed as at December 31, 2023, 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 2023 was 4.00% (2022 – 2.10%), rate of compensation increases for 2023 was 2.25% (2022 - 2.25%) and pre- and post-retirement indexing for 2023 at 3.00% (2022 - 2.00%).

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

	2023	2022
Accrued benefit obligation:		
Balance, beginning of year	\$ 14,518,000	\$ 15,083,000
Current service cost	67,000	119,000
Interest cost	305,000	347,000
Employee contributions	15,000	19,000
Benefits paid	(456,000)	(402,000)
Actuarial gain due to changes in assumption	(2,794,000)	(648,000)
Balance, end of year	\$ 11,655,000	\$ 14,518,000

	2023	2022
Fair value of plan assets:		
Balance, beginning of year	\$ 13,514,000	\$ 16,009,000
Interest income	284,000	368,000
Actual return on plan assets (excluding interest income)	113,000	(2,727,000)
Employer contributions	64,000	247,000
Employee contributions	15,000	19,000
Benefits paid	(456,000)	(402,000)
Balance, end of year	\$ 13,534,000	\$ 13,514,000

	2023	2022
Funding status of plan:		
Accrued benefit obligation	\$ 11,655,000	\$ 14,518,000
Fair value of plan assets	13,534,000	13,514,000
Funding Status	\$ 1,879,000	\$ (1,004,000)

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Year ended December 31, 2023

9. Pension plan asset (continued):

Special payments paid during 2023 total \$1,500 (2022 - \$157,791). As at December 31, 2023, final funding valuation results are not available therefore the 2024 special payments are not yet determined.

Salaries and benefits are recorded including the pension plan expense of \$25,500 (2022 - \$8,791).

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:

	2023 Benchmark	2023 Actual	2022 Benchmark	2022 Actual
Equities	10.0%	12.5%	10.0%	11.2%
Fixed income	90.0%	87.5%	90.0%	88.8%

The total defined contribution expense recorded in salaries and benefits for the year ended December 31, 2023, was \$361,411 (2022 - \$286,082).

10. Government assistance:

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 2021 and 2022. The THRP programs ended as of May 7, 2022, therefore the Authority has not accessed any related funding in 2023 (2022 -\$353,423). The funds are included in government assistance on the Statement of Operations and Changes in Net Assets.

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 2023 in the amount of \$96,250 (2022 - \$98,442) and are recorded in government assistance in the Statement of Operations and Changes in Net Assets.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Year ended December 31, 2023

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 Authority has also been approved for funding from Transport Canada as part of the Airport Critical Infrastructure program in the amount of \$13,250,000 related to the runway 13-31 rehabilitation. During 2023, the Authority has received \$11,243,685 (2022 – nil) related to this program. The remaining \$2,006,315 to be received is recorded in accounts receivable and accrued revenue. The above 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.

	2023	2022
CATSA grants	\$ 6,903,434	\$ 6,903,434
Transport Canada grant	13,250,000	-
Tourism Saskatchewan grant	44,500	-
Accumulated amortization	(2,233,235)	(1,705,348)
	\$ 17,964,699	\$ 5,198,086

12. Commitments and contingencies:

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:

2024	\$ 1,386,000
2025	1,520,000
2026	1,643,000
2027	1,744,000
2028	1,847,000

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Year ended December 31, 2023

12. Commitments and contingencies (continued):

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:

2024	\$ 4,006,000
2025	3,991,000
2026	2,419,000
2027	2,207,000
2028	8,952,100

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, 2023, \$3,485,160 (2022 - \$16,877,798) in work remains to be completed on these projects.

The Authority is involved in litigation claims, which the Authority does not expect the outcomes to result in any material financial impact.

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 14). 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.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Year ended December 31, 2023

13. Airport improvement fee (continued):

AIF funding activities on the year are outlined below:

	2023	2022
Earned revenue	\$ -	\$ 106,300
Airline/ATAC handling and administration fees	-	(5,923)
Net AIF revenue earned	-	100,377
Eligible capital asset purchases	-	-
Eligible interest expense	(1,145,143)	(1,272,670)
Deficiency of AIF revenue over AIF expenditures	\$ (1,145,143)	\$ (1,172,293)

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

	2023	2022
Earned revenue	\$ 165,363,561	\$ 165,363,561
Airline/ATAC handling and administration fees	(11,752,561)	(11,752,561)
Net AIF revenue earned	153,611,000	153,611,000
Eligible capital asset purchases	(173,837,087)	(173,837,087)
Eligible interest expense	(10,058,645)	(8,913,502)
Deficiency of AIF revenue over AIF expenditures	\$ (30,284,732)	\$ (29,139,589)

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 increased to \$30 as of April 1, 2023 (2022 - \$20) for each originating passenger departing Regina International Airport.

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, 2023, was \$5.50 (2022 - \$5.50) applied for each transaction day under the rental agreement.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Year ended December 31, 2023

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, 2023, is limited to the fair value of the financial assets summarized as follows:

	2023	2022
Accounts receivable and accrued revenue	\$ 5,896,545	\$ 3,696,774
Cash	4,130,264	384,014
Savings account	-	12,052
	\$ 10,026,809	\$ 4,092,840

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.

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Year ended December 31, 2023

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 0% (2022 – 6.37%) of the fair value of the Authority's total investments.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Year ended December 31, 2023

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, 2023, the notional amount of the contract is \$6,121,964 (2022 - \$6,911,900).
- 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, 2023, the notional amount of the contract is \$5,350,000 (2022 - \$5,650,000).
- 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, 2023, the notional amount of the contract is \$12,054,210 (2022 - \$12,711,740).
- 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, 2023, the notional amount of the contract is \$4,178,430 (2022 - \$4,487,958).
- 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, 2023, the notional amount of the contract is \$3,399,680 (2022 - \$3,599,720).

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements
Year ended December 31, 2023

17. Financial Instruments (continued):

b) Interest income and interest expense

Interest and investment income received during 2023 was \$55,618 (2022 - \$37,360).

Interest expensed during the year was as follows:

	2023	2022
Interest on long-term variable interest-bearing loans (note 8)	\$ 1,812,975	\$ 908,878
Stamping fee on long-term loans (note 8)	643,497	668,072
Net payments (received) made on settlement of interest rate swaps	(798,925)	53,542
Interest capitalized	(124,649)	-
Interest on capital credit facility	404,265	-
Interest on operating line of credit	27,290	133
Interest expense for the year reflected in Statement of Operations and Changes in Net Assets	\$ 1,964,453	\$ 1,630,625

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, 2023, in the amount of \$652,618 (2022 - \$623,066).



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