



# REGINA AIRPORT AUTHORITY 2020 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.

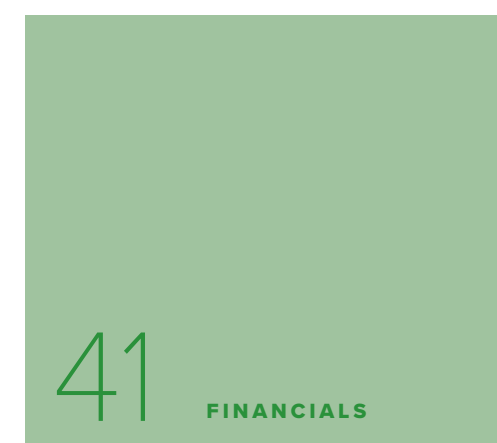
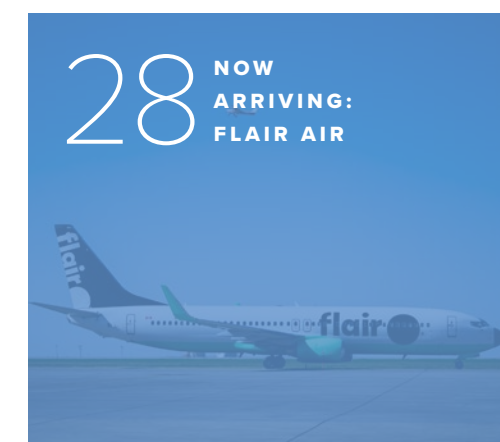
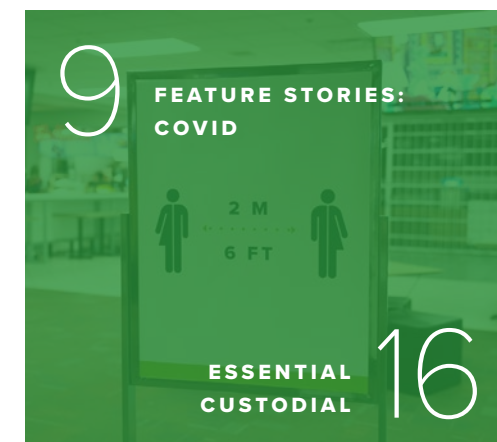
**Environment and Community Impact:** we shall exercise due diligence in all of our activities to meet environmental regulatory requirements and act for the benefit of our community.

**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.



# MESSAGE FROM THE CEO & BOARD



**TRENT FRASER**  
BOARD CHAIR

This past year for many, will be remembered as one of unprecedented challenges, including well-intentioned government measures causing significant issues for businesses across Canada. Along with many in the travel, tourism, event, hotel and hospitality sector, the Regina Airport Authority has been severely impacted by the fallout of these restrictions and subsequent economic downturn.

The Regina Airport Authority is a private, not-for-profit business that proudly operates the Regina International Airport, one of the shining jewels of the Queen City, whose mandate is to serve the 500,000 residents of southern Saskatchewan. The Airport Authority is not a government agency and is typically 100% self-funded. The majority of revenue generated by the Airport Authority is from activities related to passengers using the facility and its services, along with aircraft landing and taking off. We proudly pay our property taxes to the City of Regina, create good

jobs in our community, and, up until April of 2020, had been paying the Federal Government over a million dollars annually in the form of rent.

Prior to the economic downturn, the airport generated over \$800 million a year of economic activity in the local economy and was the 15th busiest in Canada as measured by passenger traffic. This GDP impact is no small measure, but one that heavily relies on aircraft using the facility and passengers travelling. The airport is also a critical hub for air cargo, medical service flights, and general aviation. Recently, businesses like Canada Post and Kreos Aviation have made multimillion-dollar investments to build amazing facilities at YQR. Companies like the Regina Flying Club offer aspiring pilots the opportunity to start their career right here at your local airport. There had also been a massive and sustained push to attract a non-stop United States hub flight to serve our region once again.

With many of the same travel restrictions and “stay home” messages still in place today, the airport is simply not able to recover in the short term. Unfortunately, in 2020, the airport had to lay off over 30% of its staff, slash the capital investment program and greatly reduce operating budgets. Despite these substantial cost cutting efforts, the airport has been left millions of dollars short and was forced to request meaningful financial aid from the Federal Government, none of which has materialized so far. In addition to financial challenges, late in 2020, NAV Canada notified the airport that YQR’s Air Traffic Control tower is under review for the potential of its closure.

Despite the many challenges in 2020, there were some beacons of good news. Flair Airlines, one of Canada’s premier ultra low-cost carriers began new service in August, adding choice to the market when travelling between Vancouver or Toronto. WestJet and Air Canada worked tirelessly to maintain as much service as possible to major Canadian markets and ramped up their COVID procedures to ensure a safe travel experience. The Regina Airport Authority Board welcomed two new Directors from the City of Regina, who both made a significant contribution to the governance of the Airport Authority.

**What stood out above all else in 2020 was YQR’s community spirit and camaraderie. Never have so many come together to support aviation and our community.**

The Airport’s unsung heroes include our custodial staff, security partners, concessions, emergency responders, operations team, airlines and the many agencies and companies who operate from the terminal building. The entire team all focused on what needed to be done to keep people moving safely and securely, despite the uncertainty of COVID and how it may impact their own health.

The airport will be a major economic driver for the eventual economic recovery as we start to turn the corner on COVID. There will be a dedicated focus on encouraging a safe restart for air travel and rebuilding some of the lost air service and key air routes. The exceptional staff at YQR look forward to welcoming all southern Saskatchewan to explore their country, connect with friends and family and to take that long overdue vacation once again.

On behalf of the Regina Airport Board and Staff, we thank you for all the support in 2020 and look forward to brighter days ahead.

YQR, It’s Your Airport!



**JAMES BOGUSZ**  
PRESIDENT AND CEO



# OUR ROUTES

## PRE-PANDEMIC

### Domestic Destinations:

Calgary	Toronto
Edmonton	Vancouver
Ottawa*	Winnipeg
Saskatoon**	

### Transborder Destinations:

Las Vegas†	Phoenix†
Orlando†	

### International Sun Destinations:

Cancun†	Puerto Plata†
Huatulco†	Punta Cana†
Ixtapa†	Cayo Coco†
Los Cabos†	Santa Clara†
Manzanillo†	Varadero†
Mazatlan†	Montego Bay†
Puerto Vallarta†	

## BY THE END OF 2020

### Domestic Destinations:

Calgary	Vancouver
Toronto	

\* Seasonal, summer service

\*\* Service not offered through the main terminal

† Seasonal, winter service

-86.95%

By the end of 2020, our destinations were reduced to just Vancouver, Calgary, and Toronto - an 86.95% decrease.



# 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



INCREASE  
AIR SERVICES



GROW  
REVENUES



FACILITY  
DEVELOPMENT  
(to improve customer experience)

## FOUNDATIONAL & BEDROCK ELEMENTS



OUR PEOPLE



CUSTOMER  
SERVICE



FINANCIAL  
RESPONSIBILITY



SAFETY



SECURITY



ENVIRONMENT

## CRISIS ON THE HORIZON: NAVIGATING THE EARLY DAYS OF COVID-19

By all accounts, the Regina Airport Authority kicked off 2020 with a sense of great optimism. The previous year had seen numerous airport improvements successfully completed. While 2019 was all about improving the airport experience post-security, the goal for 2020 was to make improvements pre-security.





# CRISIS ON THE HORIZON: NAVIGATING THE EARLY DAYS OF COVID-19

One of the most beneficial ways that the RAA was able to serve the public during this confusing time was through ongoing communication.

In early March, meetings with prominent vendors were taking place in hopes of expanding the pre-security concession program. Then, by mid-month, talk of COVID-19 took a far more serious tone. Over the span of a just a few weeks, the world went into crisis mode, as the COVID-19 virus was declared an official pandemic.

The RAA initially anticipated modest financial impacts, as a short-term decline in air-travel seemed inevitable. The airport team pulled together quickly and focused its efforts on the ever-changing status of the health crisis and its resulting impacts on the airport. With the Prime Minister's recommendation that Canadian travellers return home, the airport shifted its focus away from planning for the future, and instead focused on the immediate needs of travellers.

It was at this point that the airport began focusing on how it could best serve the travelling public. This included sharing critical information for travellers returning home.

At a time when rules and regulations were constantly evolving and often conflicting, and travel was growing increasingly confusing, the RAA was committed to providing clear information to travellers in a timely fashion. Staff helped bridge the gap between the federal and provincial health authority requirements to ensure that key information was shared as quickly and efficiently as possible. Ultimately, the airport staff were all now rallying around a single goal – bringing travellers home safely.

One of the most beneficial ways that the RAA was able to serve the public during this confusing time was through ongoing communication. Not only were management and staff meeting regularly to discuss the impacts of COVID-19, but meetings with tenants, local media and the public were also a key priority for the airport. As new health guidelines were being updated both federally

and provincially, airport staff continually filled knowledge gaps by cross-referencing and sharing the latest information available. Though keeping abreast of the quickly evolving information was a challenge, airport staff worked tirelessly to stay up to date and ensure the traveling public was fully informed of the current guidelines.

Ultimately, during this most chaotic of times, the RAA focused on what it does best – running an airport safely. By remaining calm and following the official recommendations of the health authority, YQR was able to successfully navigate the earliest and most worrisome days of the pandemic.



# BRINGING TRAVELLERS HOME

YQR staff worked hard to fill information gaps and assist the Canada Border Services Agency by sharing any ongoing federal communication being given to airlines.

With the Prime Minister's recommendations for Canadians to return home, airports across Canada began working hard to accommodate the influx of returning passengers. Rapidly repatriating travellers brought its own set of challenges. At YQR, these challenges were most noticeable in the near daily fluctuation and changes to various advisories. As travellers began arriving home, many were unsure of the current rules in place. YQR staff worked hard to fill information gaps and assist the Canada Border Services Agency by sharing any ongoing federal communication being given to airlines.

Toward the end of March arrival activity peaked, as many travellers heeded federal recommendations. During this time, YQR did everything possible to accommodate any irregular or unscheduled flights. Concerns about additional costs became irrelevant, as the airport adopted a "whatever it takes" mentality aimed at getting everyone home as quickly and safely as possible. By sharing all current regulations with the travelling public, RAA staff were able to ensure a smooth and safe return home for countless local travelers.

## SAFETY ABOVE ALL ELSE

By April of 2020, the severity of the pandemic was becoming clear. Though YQR had pulled together to make it through the earliest days of the crisis, it had become increasingly clear that longer-term decisions regarding airport operations would need to be made. While many changes were being considered during this time, the airport's focus on safety and security remained steadfast. Not only was ensuring the safety and security of the traveling public a top priority, but also the health and safety of all staff, tenants and facility partners also remained paramount.

This commitment was demonstrated in a variety of ways, including increased cleaning, the addition of more sanitizing stations and the temporary closure of some terminal locations to keep cleaning processes efficient. Signage throughout the airport, as well as



During one of the most challenging times in air travel history, the RAA was able to pull together.

regular intercom announcements, shared key information about current health authority guidelines. In addition, social media platforms were utilized to communicate the airport's policies as they related to current and ongoing health recommendations.

Much of this key information was curated proactively by airport staff who regularly reviewed provincial and federal health authority websites to determine best practices. At a time when travellers were being bombarded with a barrage of confusing, often conflicting information, airport staff made it their mission to relieve this stress by determining and sharing the official travel regulations at any given time.

During one of the most challenging times in air travel history, the RAA was able to pull together and effectively deliver on its primary mandate of providing a safe and secure travel experience. This was largely achieved through its proactive approach to sharing information and willingness to be 100% transparent with the public.





# THE HEART OF YQR - CELEBRATING FRONTLINE STAFF

They say the true test of character is measured by how people act during challenging times. If this is true, then the frontline staff at YQR showed their true colours throughout 2020. Due to the massive economic impact of the pandemic, management had to make the unfortunate decision to layoff over 30% of all RAA staff, a move that impacted every department within the airport. Through no fault of their own, many staff members were issued layoff notices in April. This translated to longer and often more demanding hours for those who remained. Yet, while many staff members were putting in long hours and managing concerns for their own health, there was a unanimous sense of camaraderie. Without complaint, employees pulled together to do more with less for the betterment of the entire community.

Knowing that this time was confusing and worrisome for everyone, airport management made it a priority to keep all staff informed of new information as it was made available. Having regular check-ins and being transparent, upfront and honest about the developing situation was critical. As a result of this constant and open dialogue, employees were fully informed about the day-to-day operations and better able to focus on getting the job done. Through it all, YQR employees did not just show up for work, they did so with a smile and an unwavering commitment to providing the community with a safe and comfortable travelling experience.

A woman in a YQR security uniform is shown from the chest up. She is wearing a dark blue uniform jacket with patches that read "YQR", "SECURITY", and "GARDIEN MONDIAL". She is also wearing a black face mask and glasses. She is holding a Motorola radio to her mouth with her right hand. The background is blurred, showing what appears to be an airport terminal.

WITHOUT COMPLAINT, EMPLOYEES PULLED TOGETHER TO DO MORE WITH LESS FOR THE BETTERMENT OF THE ENTIRE COMMUNITY.



1 Tag your bag  
Étiquetez vos bagages

2 Ensure you have  
your boarding pass  
Assurez-vous d'avoir votre  
carte d'embarquement

3 Drop your bag  
Déposez vos bagages

# ESSENTIAL CUSTODIAL

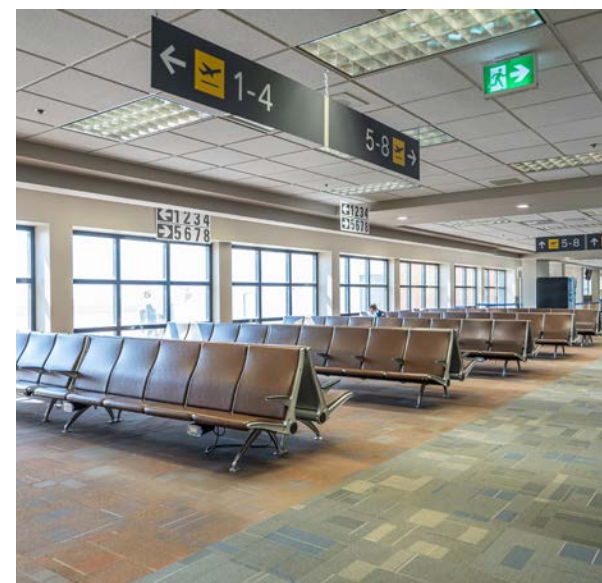
THE AIRPORT'S CUSTODIAL STAFF NOT ONLY ROSE TO THE OCCASION, THEY WENT ABOVE AND BEYOND WITH EXTENSIVE CLEANING PROCEDURES.

Providing a safe and clean environment has always been a high priority for the Regina airport, but the onset of COVID-19 meant taking cleaning protocols to a whole new level. From the earliest days of the pandemic, the airport extended cleaning service hours to ensure peace of mind for travellers and staff alike. Enter the heroes of Dexterra Group. The airport's custodial staff not only rose to the occasion, they went above and beyond with extensive cleaning procedures. From cleaning high touch areas multiple times hourly, to continually adapting and updating procedures based on changing recommendations, cleaning staff were nothing short of superhuman.

By working tirelessly to keep the airport clean, all while minimizing the risk of infection to themselves, custodial staff proved to be essential in every sense of the word. Without the dedication and selfless commitment of these hard-working individuals, YQR would not have made it through the worst days of the pandemic. For this, airport staff and the travelling public will forever be grateful.



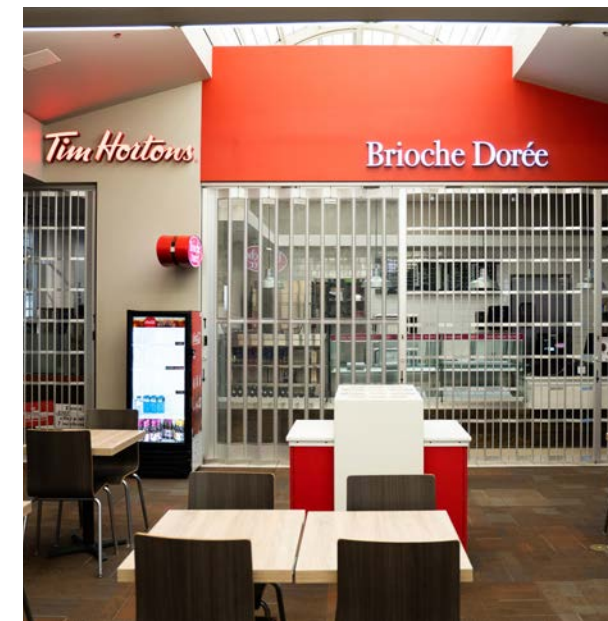
# ADAPTING SERVICES BY DEMAND



When the world changes, you need to change with it. That was the mindset that saw several operational adjustments made in 2020. One of the biggest adaptations was the major increase in communication. Not only were leadership meetings being more frequently, but communication with staff, tenants, agency partners and the local public was ramped up. During the early days of the pandemic, and throughout the duration of 2020, the RAA team made it a priority to be open and transparent about any new information as it pertained to the airport.



Another pivot came in the way that the airport organized employees. Changes were made to keep specific sectors isolated to their own units. Facilities staff were moved to the terminal building, as other areas of the airport were temporarily closed to minimize the risk of exposure and potential spread of the virus. Travel advisories were also implemented for staff, as any non-essential travel outside of the province was halted.



In response to the drastic decline in demand, several food service and retail locations were closed in the terminal building. Though concessions such as Skyway Lounge and Brioche Dorée were closed, vendors ensured guests still had access to some food, drink and retail options through a limited number of locations.

In an effort to meet the evolving needs of travellers, the airport assessed current offerings and made changes accordingly. One such change was the addition of masks being available from vending machines. Innovative conveniences such as these helped better serve guests, while providing a greater sense of comfort and peace of mind.



# DESPERATE TIMES CALL FOR DESPERATE MEASURES

## 87.3%

Reduction in passengers  
April-December 2020 vs 2019.

With the unprecedented downturn in the aviation industry, and with a lack of substantive federal financial support, the RAA was forced to make a drastic series of cost-cutting measures throughout 2020. In addition to laying off over 30% of all staff and reducing the operating budget, the airport's capital program was also reduced by over 90%. At a time when airports across Canada were suffering greatly, YQR looked for any reasonable ways to trim costs or defer non-essential projects while still maintaining the safety and security of its guests. Reflecting on the numbers, 2020 will surely go down as the most financially challenging year in the airport's nearly century-long history.

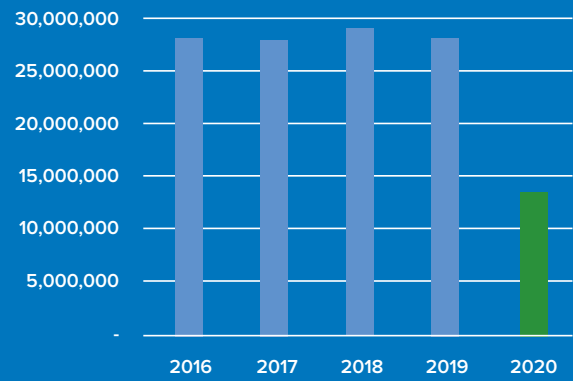
THE RAA WAS FORCED TO MAKE A  
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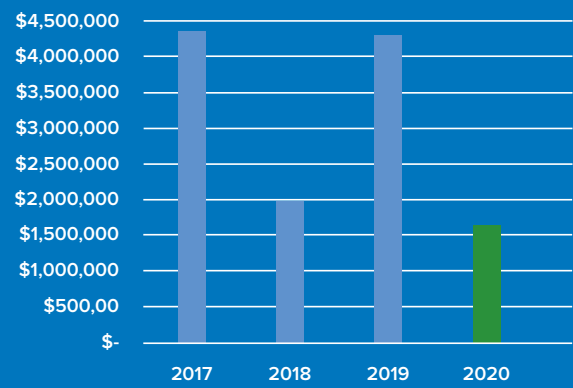


# A LOOK BACK AT 2020

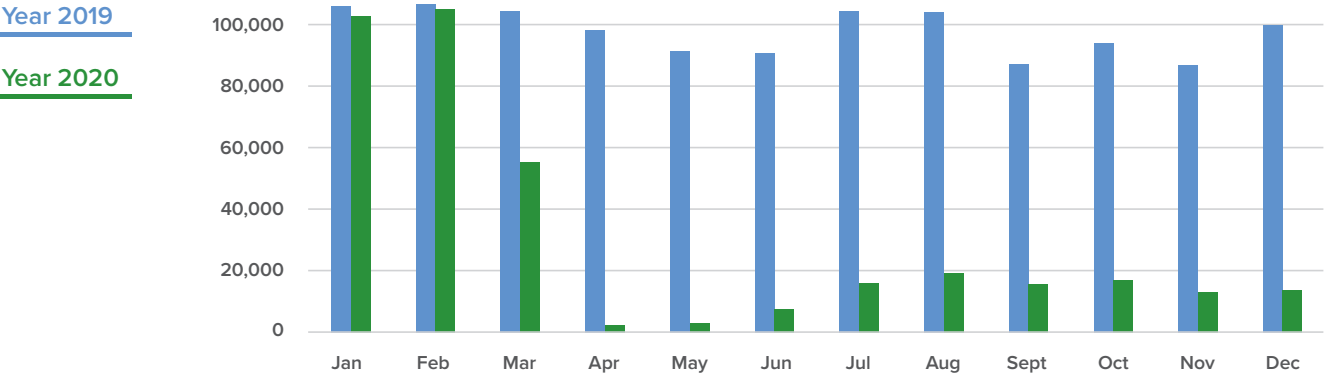
## TOTAL REVENUE



## TOTAL CAPITAL



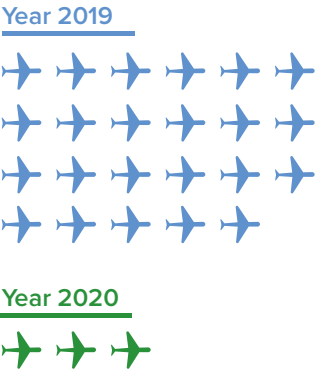
## TOTAL PASSENGER



## TOTAL AIF COLLECTED

AIF	2019	2020
Net AIF Revenue Earned	10,659,016	3,388,625

## DESTINATIONS







## THE IMPORTANCE OF COMMUNITY SUPPORT

The RAA was continually moved and inspired by the support of the community.

The Regina Airport is not only an economic engine, but a social engine for our community. It broadens our world and helps bring people together. It functions as more than just a gateway to warm winter vacations, it also allows for the transport of critical cargo, medevac services, flight training and a whole host of additional general aviation services. This reality encouraged countless community members to step up and support the airport by advocating and sharing key messaging throughout the year. All levels of government, numerous business groups, residents and concerned stakeholders stepped forward to offer their support – it seemed that all of southern Saskatchewan became champions for YQR.

Throughout 2020, airport management was continually moved and inspired by the support of the community. While the road ahead may be long and unknown, having such strong local advocacy provides airport staff with comfort and hope knowing we all have a common goal – to see our airport and community thrive once again.

## TRYING TO KEEP CONTROL

In November of 2020, the airport was notified that NAV CANADA would be undertaking a service review to validate whether an air traffic control tower was necessary at YQR. This news was both surprising and disappointing for airport management, who immediately implored NAV CANADA to reconsider. Not only is Regina a growing capital city, but its airport was the 15th busiest in pre-pandemic Canada. As such, it seemed unreasonable to consider losing such a critical piece of the airport's operation. Built right into the terminal building, the air traffic control tower has effectively served the Regina International Airport for decades.

While losing the control tower would not mean the end of service at YQR, it would greatly diminish the airport's operational capacity and seriously hamper any plans for future growth. At a time when the airport had been making continual forward strides, this potential loss would be a significant setback that would have lasting impacts on the community for years to come. Additionally, once lost, regaining the air traffic control tower would be extremely complex and costly. For all of these reasons, airport management and numerous

passionate community advocates continue to encourage the Federal Transport Minister and NAV CANADA to consider reversing their decision. As we plan for the airport to recover and once again thrive, it is in everyone's best interest to save this critical asset.







## HOPEFUL FOR FUTURE SECTOR-SPECIFIC SUPPORT

Many people may not realize that the RAA does not own the land on which it sits. This land, along with everything located upon it, is owned by the Federal Government. In fact, there was a time when the airport was a government agency, and all operational costs were borne by the Federal Government. Today, the RAA leases the land and assets on a long-term operating lease (currently until 2079).

With this being the case, it has been disheartening that the Federal Government failed to provide any meaningful sector-specific support throughout 2020. Despite the RAA's obligation and responsibility to continue operating a safe and secure airport during the most financially debilitating event in recent history, no substantial airport specific assistance was granted by the Federal Government. While US airports received billions of dollars in federal support through the US Cares Act, Canadian airports were left to navigate the turbulence alone.

While the Federal Government did provide a wage subsidy for airport staff, this was far from adequate

given the circumstances and did not prevent the layoff of many. In addition, a rent relief program that granted the airport 2 years of rent forgiveness was appreciated, but unfortunately of minimal value, as the forgiven rent amount is determined by a formula based on revenues which were nearly non-existent.

As 2020 came to a close, and airports across Canada continued to struggle, the Federal Government remained mostly silent on the matter but did offer some hope in the fall economic update. Throughout the year, airport management, along with the Canadian Airports Council and a whole host of provincial and local supporters passionately advocated for assistance. To date no meaningful support has been given, yet all the financial challenges remain. While management does not expect the airport to be topped up to pre-pandemic levels, a reasonable wish remains – to be assisted by the Federal Government in order to maintain a modest operation and provide some much-needed relief until recovery can truly begin.

## ENVIRONMENTALLY RESPONSIBLE

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

In 2020, several environmental programs were implemented to further reduce our carbon footprint, divert waste from landfills, and continue to effectively manage water quality. A new commercial recycling program added blue bins to encourage more passengers, tenants, and staff to recycle. Additional recycling options for items such as aerosols, batteries, ink cartridges and K-cups were also added. As a result, approximately 27% of all airport waste has been diverted from landfills since 2019. In addition, two post-security water bottle filling stations have greatly reduced the total number of plastic water bottles being used.

The RAA proudly maintained its Level I Carbon Accreditation in 2020. Created by the Airport Council International (ACI), this industry-recognized program strives to help airports around the globe to reduce their carbon footprint. Regina International was the first airport to achieve this accreditation in Saskatchewan. As the airport considers future projects, management looks for ways to make targeted investments that will not only reduce energy consumption, but greenhouse gas emissions as well.

In addition, RAA continues to proactively minimize pollutant discharge into the local watershed by routinely monitoring water quality, maintaining an active spill response program and minimizing any features that may attract wildlife.



**of all airport waste has been  
diverted from landfills since 2019**



**The RAA proudly maintained its  
Level 1 Carbon Accreditation in 2020**



**Additional recycling options  
added for items such as batteries,  
aerosols, and ink cartridges**





# WHEN ONE DOOR CLOSES

Before COVID sidelined all capital investments in March, the airport was able to successfully complete a renovation that saw two new automated double doors added to the terminal building. The addition of these new egress doors provides passengers with more freedom and flexibility to exit the secure area if needed. Prior to the renovation, those wishing to leave the secure area were required to backtrack through the pre-board screening security check-point. The addition of these automated doors not only provides passengers and staff with better exit access, but also improves security as it ensures individuals cannot backtrack into the terminal. Since a security guard is no longer required to stand post, the automated doors have also provided a cost-saving measure for the airport.



# RUNAWAY CONDITION REPORTING SYSTEM

## YQR IS PROUD TO HELP TEST THE GLOBAL REPORTING FORMAT

Regina, along with a handful of other Canadian airports, was selected to take part in a national trial of a new Global Reporting Format (GRF). Promoted by the International Civil Aviation Organization (ICAO), the new reporting format will standardize the way airports across the globe report runway conditions to pilots. While the previous reporting methods used at YQR were safe and effective, the new system will standardize several key elements for reporting. Included in the new format will be a Runway Conditions Assessment Matrix, which assigns a score to each runway for both takeoff and landing. These scores consider such factors as friction levels at each third of every runway, as well as the amount of contaminants like ice, snow and standing water present on each runway at any given time. The new reporting format also standardizes the descriptions of all contaminants.

YQR is proud to help test a system that will undoubtedly improve communication with pilots and ultimately the safety of air travel around the world. It is a testament to the skill, experience and quality of RAA staff that our airport has been trusted to participate in this monumental trial.





## WORLD-CLASS SECURITY

In April of 2020, the airport partnered with world-class security provider, GardaWorld. As global leaders in security services, GardaWorld offers a team of highly skilled and experienced security professionals. In addition to providing 24/7 coverage for all matters of airport-related security, GardaWorld staff coordinate one of the most important functions of the airport known as the Security Operations Centre (SOC). The SOC is mission critical to running a safe and secure airport and helps to coordinate other types of responses that go beyond security. From acting as a central point of contact for maintenance and facility issues, to dispatching guards to various areas of the airport if problems occur, to simply fielding guest questions as they arise, security partners are an integral part of the airport’s daily operation.

The RAA and GardaWorld have already developed a strong and very collaborative relationship, with a mutual commitment to providing exceptional customer service. Being a larger organization means the security partner can offer a much more integrated process when it comes to providing airport security. The firm’s depth

of experience with airport security also proves beneficial, as many best practices can be shared among different airports. As the health crisis of 2020 unfolded, the new security partners went above and beyond to serve airport guests with exceptional professionalism. The RAA looks forward to a long and prosperous relationship with this world-class security partner.

The RAA and GardaWorld have already developed a strong and very collaborative relationship.

## NOW ARRIVING: FLAIR AIR

After several years of marketing to new airlines, YQR was pleased to hear that Flair Air would be expanding their route schedule to include Regina. In July of 2020, the ultra low-cost carrier announced that it would begin offering two weekly flights direct to Vancouver and Toronto beginning in late August. The routes provide passengers from YQR with low-cost fares to the two popular Canadian destinations.


The carrier, which operates modernized 737 800-series aircraft, provides customers with a unique no-frills travel experience. Though the pandemic saw typical travel frequency drop substantially, interest in Flair Air was great. Customer feedback on the airline was overwhelmingly positive, with travellers pleased to have a new ultra low-cost carrier option. The RAA is happy to see airlines realize the opportunities that exist in Regina and continues to market the region in hopes of bringing even more options to travellers in years to come.





# WHAT MATTERS MOST

2020 will undoubtedly be remembered as one of the most challenging in modern times. The year was not only financially challenging, but it was also often mentally and emotionally draining. Yet, through it all, airport President and CEO James Bogusz was continually inspired by what he saw. For him, the year allowed the airport to really see what its people were made of. The crisis brought out a sense of humanity, strengthened teamwork and highlighted everyone's willingness to pull together for the mutual benefit of others. To see people work hard and risk their own safety for the greater good was truly moving. As Bogusz puts it, "If I look back on what COVID taught us, it was not all about the negatives, such as financial challenges and travel declines, it was about our entire team pulling together and showing what they're really made of. Our people truly cared about the greater good of our community when it mattered most. I'm truly humbled by the remarkable job the entire team did."



THE CRISIS BROUGHT OUT A SENSE OF HUMANITY, STRENGTHENED TEAMWORK AND HIGHLIGHTED EVERYONE'S WILLINGNESS TO PULL TOGETHER FOR THE MUTUAL BENEFIT OF OTHERS.



# OUR BOARD SOARS



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

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

**SEAN MCEACHERN**  
Past Chair/  
Director  
*City of Regina*

**GLENDA BOYNTON**  
Director  
*Regina Airport Authority*

**KELLIE GARRETT**  
Chair, Human Resources Committee  
*Regina Airport Authority*

**NICK LANGSHAW**  
Director  
*City of Regina*



**DONNA DOWLER**  
Director  
*Province of Saskatchewan*

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

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

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

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

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

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



# CORPORATE GOVERNANCE

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

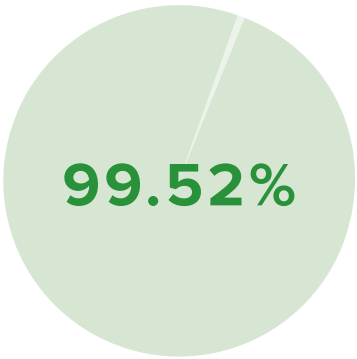
The Regina Airport Authority Inc. is governed by a Board of Directors consisting of eleven to thirteen prominent men and women from southern Saskatchewan. All members are expected to act with honesty, integrity and impartiality, adhering to the policy and procedures set out through the RAA's Governance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

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

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

## DIRECTOR ATTENDANCE

In 2020, there were 33 Board, Committee and public meetings. Overall participation by the Board members was 99.41% for Committee meetings and 100% for Board meetings. The overall attendance rate was 99.52%. (2019 was 89%).



# COMPENSATION FRAMEWORK

### Board Remuneration

The annual remuneration of the Board of Directors, consisting of honorariums and per diems for the year ending December 31, 2020 was \$189,794 (2019 was \$222,916.24).

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

# CODE OF CONDUCT & CONFLICT OF INTEREST

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

The Conflict of Interest Policy was implemented to highlight the legal obligations of Directors and Officers. Directors, Officers, and Proposed Directors and Officers are obligated to disclose any existing conflicts of interest or potential conflicts of interest that may arise in the business of the Authority and its Board.

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

Director	Position	Code of Conduct	Conflict of Interest
Trent Fraser	Board Chair	✓	✓
Trish Martynook	Vice Chair / Chair, Governance and Nominations Committee	✓	✓
Sean McEachern	Director/Past Board Chair	✓	✓
Glenda Boynton	Director	✓	✓
Kellie Garrett	Chair, Human Resources Committee	✓	✓
Nick Langshaw*	Director	✓	✓
Donna Dowler	Director	✓	✓
Rob Vanderhooft	Chair, Planning and Development Committee	✓	✓
Teresa Drew	Director	✓	✓
Harold Hugg	Chair, Community Consultative Committee	✓	✓
Renu Kapoor	Director	✓	✓
Bernadette McIntyre	Chair, Audit and Finance Committee	✓	✓
Pat McGinn*	Director	✓	✓

\*Term started in 2020

Officer	Code of Conduct	Conflict of Interest
James Bogusz	✓	✓
Earl Spencer	✓	✓
Cindy Ziola	✓	✓

# 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 reviews were considered and incorporated into annual business planning processes during 2020.



# MANAGEMENT DISCUSSION AND ANALYSIS

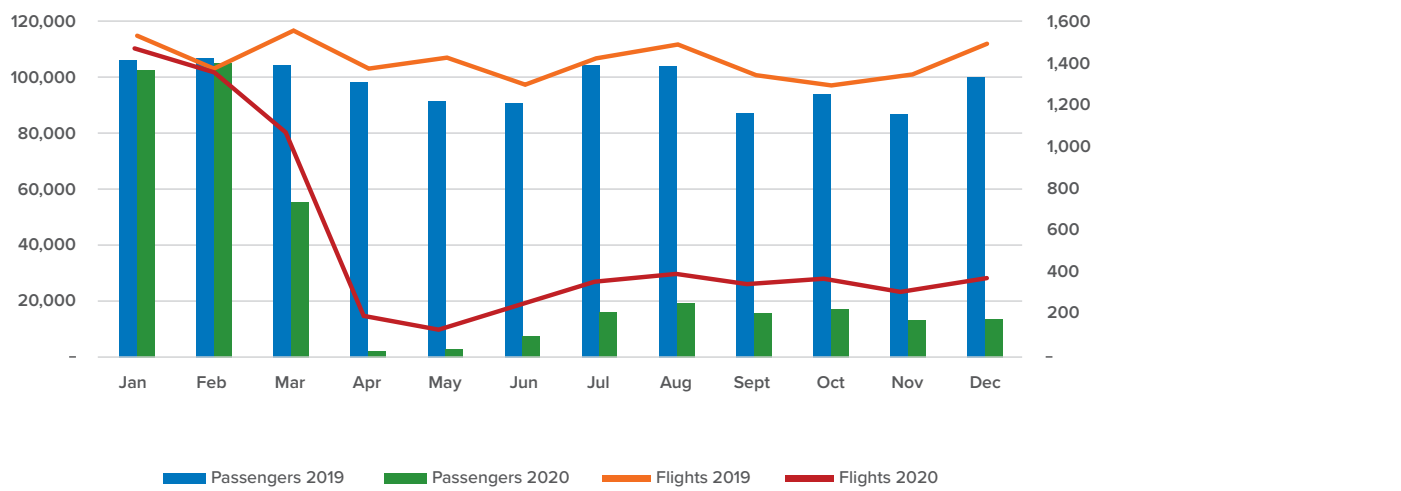
The Management Discussion and Analysis (MD&A) provides details to assist in the interpretation of the operations and financial condition of the Regina Airport Authority Inc. (Authority) for the fiscal period ending December 31, 2020. The MD&A should be read in conjunction with the Authority’s audited financial statements and 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, 2020, the Authority is into its twenty-first 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. There is very limited visibility on travel demand given changing government restrictions in place around the world and the severity of the restrictions in Canada; these restrictions and concerns about travel due to the COVID-19 pandemic as well as passenger concerns and expectations about the need for certain precautions, such as physical distancing, are severely inhibiting demand. As travel restrictions were introduced in 2021, the Authority cannot accurately predict the timing for when travel will improve. Management is actively managing risk by leveraging relationships with lenders and other stakeholders.

## PASSENGER STATISTICS

Passenger volumes are the key driver for most of the Authority’s revenues. Total passenger volumes were down 68.6% (809,121 fewer passengers compared to 2019; 855,911 fewer compared to budgeted passengers of 1,226,275). Flights have decreased in comparison to prior years. After March 2020, the airport had no transborder or international service for the remainder of the year. The passenger traffic and flight statistics for the year are summarized in the figure below.



The lower passenger volumes are attributable to a reduction in flights due to the COVID-19 pandemic.

The decreased passenger traffic had a negative affect on revenue. For example, aeronautical revenues and parking revenues decreased by a total of \$13,400,000.

	%	\$
Airport Improvement Fees	- 68.2%	(7,271,000)
Public Parking	- 65.4%	(2,480,000)
Airline Fees (Landing, Terminal, Other)	- 51.3%	(3,694,000)

➔ *For 2021, The Authority has forecasted 201,483 passengers.*

## RATES AND FEES

There were no aeronautical rate and fee changes in 2020.

## AIRPORT IMPROVEMENT FEES (AIF)

The Airport Improvement Fee (AIF) is collected by the airlines on behalf of the Authority for the purpose of funding capital programs for airport infrastructure and the related financing costs. The AIF is collected from all passengers originating from YQR and does not include connecting and non-revenue passengers. The AIF is a large source of the Authority’s revenue base, approximating 25.3% of all revenue in 2020 (38.0% of all revenue in 2019). AIF revenue decreased \$7,271,000 compared to the prior year. AIF eligible expenditures in 2020 were low due to the reduced passenger traffic. The Authority significantly scaled back the 2020 forecasted capital, resulting in a net surplus of AIF revenue over expenditures of \$732,000. On a cumulative basis since inception in May of 1999, the Authority has a deficiency of AIF revenue over expenditures of \$28,927,000 (2019 - \$29,658,000). Over the longer term planning period, loan and interest incurred are repaid from future AIF funds collected. The current AIF rates remain unchanged at \$20/enplaned passenger and reduced to \$5/enplaned passenger for intra-provincial enplanements.

## CAPITAL ACTIVITY HIGHLIGHTS

The 2020 capital programming included the following major project highlights on a capital spend of \$1,645,000 (2019 - \$4,494,000):

**Eligible AIF Funded Activities: - \$1,645,000**

\$325,000	Backflow prevention exit device - domestic from hold room
\$182,000	Multi-tenant facility groundside improvements
\$199,000	Runway 13-31 pavement rehabilitation design
\$181,000	Jet bridge refurbishment
\$153,000	Video surveillance
\$148,000	Hold room improvements
\$126,000	Short-term parking lot renewal
\$65,000	Self contained breathing apparatus
\$266,000	Other capital projects

AIF eligible interest expense of \$1,012,000 was incurred during 2020 (2019 - \$1,192,000).

For 2021, the Authority has projected a minimal capital spend of \$500,000 due to the forecasted reduction in passengers.



## LIQUIDITY AND CAPITAL RESOURCES

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

The Authority completed 2020 operations with a cash balance of \$887,000, compared to \$9,653,000 at December 31, 2019. Negative cash flows of \$8,766,000 are mainly attributable to debt repayments in 2020: \$6,590,000 was paid pre-pandemic in January to expire one debt, and \$1,693,000 was paid throughout the year for the remaining debts. Despite the drastic decrease in revenue, cash flow from operations was only a negative \$917,000. Cash flows from investing was a positive \$434,000 due to offsetting the purchase of capital with the redemption of investments.

### 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 September 30, 2020 and has received a waiver until December of 2021.

#### *Minimum Liquidity*

The Authority is required to have no less than \$5,000,000 in liquidity defined as the maximum operating line of credit available less amount drawn. The Authority was in compliance with this covenant as at December 31, 2021. However, due to ongoing industry challenges and constraints and in the absence of anticipated government assistance, management expects to be \$5,000,000 into the Authority's line of credit by mid-2021.

### Lines of Credit/Credit Facilities

The Authority carries two lines of Credit:

- Operating line of credit facility of \$10,000,000, which is undrawn at December 31, 2020.
- Revolving line of credit of \$7,000,000 for capital expenditures, which is undrawn at December 31, 2020.

Given the lack of uncertainty of government travel restrictions, expected passenger traffic and assistance from the government, ongoing liquidity is the largest risk currently faced by the Authority.

## STATEMENT OF FINANCIAL POSITION

- Total assets of the corporation decreased by \$20,402,000 (14.7%) to \$118,369,000 (2019 - \$138,771,000).
- Capital assets decreased \$8,837,000 due to expenditures of \$1,645,000 and amortization of \$10,375,000, reflecting low capital investment activity in 2020. Capital programming was drastically reduced in 2020 in response to the COVID-19 pandemic.
- Investments decreased by \$2,070,000 as proceeds were used toward an early debt repayment made in January 2020.
- Receivables decreased \$1,559,000 primarily due to lower aeronautical, AIF and parking revenue.
- Pension net assets increased by \$1,048,000 reflecting an actuarial gain due to changes in assumptions offset by positive pension plan asset returns and employer contributions.
- Total liabilities decreased by \$9,331,000 (16.9%) to \$45,814,000 (2019 - \$55,145,000).
- Long term debt decreased by \$8,283,000 representing the early debt repayment of \$6,590,000 made in January 2020 and \$1,693,000 in principal payments on remaining debt.
- Accounts payable and accrued liabilities decreased \$962,000 due to the lower capital program activity and lower general activity at the airport.
- Overall net assets decreased \$11,071,000 (2019 - \$2,050,000) reflective of excess expenses over revenue and the employee future benefits re-measurement.

## STATEMENT OF OPERATIONS

### *Revenue*

Revenues decreased \$14,670,000, a 52.3% decrease compared to the prior year. This is reflective of the decrease in passenger traffic and flights noted earlier.

Government assistance increased by approximately \$1,300,000 due to the Canadian Emergency Wage Subsidy (CEWS) program.

### *Expenses*

Expenses decreased \$3,613,000 (12.5%) compared to the prior year.

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

- Services, supplies and administration decreased \$1,485,000.
- Salaries and benefits decreased \$844,000.

Ground lease expense decreased \$970,000 due to Transport Canada waiving the requirement to make lease payments effective March of 2020.

## 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 2020.



# BUSINESS PLAN FINANCIAL SUMMARY

Report on the Business Plan and Objectives for 2020 - shown in (000s)

	Plan	Actual	POS (NEG) Variance
Operating Revenue	17,926	9,723	(8,203)
Operating Expense	20,126	14,866	5,260
Net Airport Improvement Fees	11,816	3,389	(8,427)
Capital Expenditures*	11,511	1,645	(9,866)

\* Includes carry over on multi-year projects

Report on the Business Forecast for 2021-2025 - shown in (000s)

	2021	2022	2023	2024	2025
Operating Revenue	6,526	7,691	13,007	13,933	14,282
Operating Expense	15,197	15,577	15,966	16,366	16,775

\* These numbers subject to change due to the pandemic.

\* Includes carry over on multi-year projects

- ➔ *Capital Expenses & Forecast* include both eligible and non-eligible AIF items.
- ➔ *Auditors Report & Financial Statements* are found within the 2020 Financial Statement Section.
- ➔ *Management Discussion & Analysis* may also be found within the 2020 Financial Statement Section.

# FINANCIALS

Financial Statements of

REGINA AIRPORT AUTHORITY INC.

Year ended December 31, 2020





Deloitte LLP  
2103 11th Avenue  
Suite 900  
Bank of Montreal Building  
Regina SK S4P 3Z8  
Canada  
  
Tel: 306-525-5200  
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, 2020, and the statements of operations, 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, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

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

### Material Uncertainty related to Going Concern

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

### Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor’s report thereon, in the Management Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do 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 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.

### 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

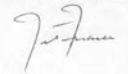
REGINA AIRPORT AUTHORITY INC.

Statement of Financial Position  
As at December 31, 2020


	2020	2019
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 887,004	\$ 9,652,991
Accounts receivable and accrued revenue (note 4)	1,728,157	3,286,992
Investments (note 5)	-	2,063,288
Prepaid materials and supplies	688,377	906,040
	3,303,538	15,909,311
Pension asset (note 10)	3,137,000	2,089,000
Investments (note 5)	44,556	51,890
Capital assets (note 6)	111,884,118	120,720,587
	<b>\$ 118,369,212</b>	<b>\$ 138,770,788</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable and accrued liabilities (note 8)	\$ 1,262,933	\$ 2,225,027
Deferred revenue	259,498	71,324
Current portion of long-term debt (note 9)	2,579,538	8,847,096
	4,101,969	11,143,447
Long-term debt (note 9)	35,860,129	37,875,406
Tenant security deposits	102,020	99,320
Deferred contributions (note 12)	5,750,362	6,026,499
	45,814,480	55,144,672
Net assets	72,554,732	83,626,116
	<b>\$ 118,369,212</b>	<b>\$ 138,770,788</b>
Commitments (note 13)		

See accompanying notes to financial statements

Approved on behalf of the Board:



Trent Fraser, Chair of Board



Bernadette McIntyre, Chair of Audit and Finance Committee



## REGINA AIRPORT AUTHORITY INC.

Statement of Operations and Net Assets  
Year ended December 31, 2020

	2020	2019
Revenue:		
Airport improvement fees (note 14)	\$ 3,388,625	\$ 10,659,016
Rentals	1,708,522	1,817,222
Landing fees	1,605,881	2,724,528
Concessions	1,489,310	2,765,990
Government assistance (note 11)	1,370,812	96,250
Public parking	1,310,323	3,789,733
General Terminal Fees	1,041,009	2,470,583
Other Airline fees	866,187	2,010,764
Customer facility charge (note 15)	292,802	956,186
Amortization of deferred contributions (note 12)	276,137	253,126
Other	38,791	515,066
	13,388,399	28,058,464
Expenses:		
Amortization	10,375,073	10,476,233
Services, supplies and administration	5,767,279	7,251,744
Salaries and benefits (note 10)	5,362,841	6,206,698
Interest (note 17)	1,386,480	1,589,106
Property taxes	1,218,934	1,176,146
Utilities	912,904	1,057,029
Bad debt expense (note 4)	106,396	12,734
Loss on disposal of capital assets	88,031	90,087
Ground lease	22,845	993,151
	25,240,783	28,852,928
Deficit of revenue over expenses	(11,852,384)	(794,464)
Net assets, beginning of year	83,626,116	85,676,580
Employee future benefits remeasurement (note 10)	781,000	(1,256,000)
<b>Net assets, end of year</b>	<b>\$ 72,554,732</b>	<b>\$ 83,626,116</b>

See accompanying notes to financial statements

## REGINA AIRPORT AUTHORITY INC.

Statement of Cash Flows  
Year ended December 31, 2020

	2020	2019
Cash provided by (used in):		
Operations:		
Deficit of revenue over expenses	\$ (11,852,384)	\$ (794,464)
Add (deduct) non-cash items:		
Amortization of capital assets	10,375,073	10,476,233
Amortization of deferred contributions	(276,137)	(253,126)
Loss on disposal of capital assets	88,031	90,087
Difference between pension expense and amount funded	(130,384)	(171,500)
Unrealized loss (gain) on investments	10,429	(29,978)
	(1,785,372)	8,919,752
Changes in non-cash working capital:		
Accounts receivable and accrued revenue	1,558,835	(554,821)
Prepaid materials and supplies	217,663	(117,353)
Accounts payable and accrued liabilities	(962,094)	114,399
Pension asset funding	(136,616)	(397,500)
Deferred revenue	188,174	(87,295)
Tenant security deposits	2,700	500
Cash flow provided by (used in) operations	(916,710)	8,275,182
Investing:		
Purchase of capital assets	(1,645,035)	(4,494,053)
Proceeds on sale of capital assets	18,400	-
Purchase of investments	(4,077)	(4,080,614)
Proceeds on sale and maturity of investments	2,064,270	4,048,906
Cash flow provided by (used in) investing activities	433,558	(4,525,761)
Financing:		
Repayments of long term debt	(8,282,835)	(3,553,452)
Cash flow used in financing activities	(8,282,835)	(3,553,452)
(Decrease) increase in cash	(8,765,987)	195,969
Cash, beginning of year	9,652,991	9,457,022
<b>Cash, end of year</b>	<b>\$ 887,004</b>	<b>\$ 9,652,991</b>

See accompanying notes to financial statements



REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

1. Purpose and description of business:

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

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

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

2. Basis of preparation:

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

The Authority, along with the rest of the aviation industry, is facing an unprecedented drop in traffic and a corresponding decline in revenue as a result of the coronavirus ("COVID-19") pandemic and the travel restrictions imposed in many countries around the world, and particularly in Canada. The impact of the COVID-19 pandemic began to be felt in traffic and revenue figures commencing in early March 2020. The impacts include drastic declines in revenue and cash from operations. Predicting future travel demand is challenging given changing government restrictions in place around the world and the severity of the restrictions in Canada; these restrictions and public general apprehension to travel due to the COVID-19 virus and passenger expectations about the need for certain precautions such as physical distancing are severely inhibiting demand.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

2. Basis of preparation (continued):

The Authority has historically experienced greater demand for its services in the first and fourth quarters of the calendar year and lower demand in the second and third quarters of the calendar year. This demand pattern was principally a result of the high number of winter travelers preferring to travel to a warmer destination. However, given the impact of the COVID-19 pandemic, the normal seasonal demand pattern is not expected to occur, with demand being considerably depressed; certain revenues, expenses, and statement of financial position items tied directly to sales and operating activities are and will continue to be considerably impacted by the drop in traffic. Given the uncertainty of government restrictions and expected demand, passenger traffic for 2021 cannot yet be established with any sufficient degree of confidence. The Authority has substantial fixed costs in its cost structure that do not fluctuate with passenger demand in the short term. As a result a material uncertainty exists that casts significant doubt on the Authority's ability to continue as a going concern, and therefore the Authority may be unable to realize its assets and discharge its liabilities in the normal course of business.

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

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

- Obtained from our lenders a waiver of the forecast breaches of our covenants until the end of December 31, 2021;
- Put capital projects on hold for the foreseeable future that are not safety related, reducing our AIF capital program to \$500,000 for 2021;
- Received rent relief from the Government of Canada from March 2020 to December 2021,

The Government of Canada made an announcement in November 2020 of \$65 million in financial support for airport authorities for the years 2021-2022. This support is to help airports manage the financial implications of reduced air travel by way of a grant.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

3. Significant accounting policies:

The following accounting policies are considered significant:

a) Future changes in accounting policies

Section 3032 *Inventories held by not-for-profit organizations* is effective for fiscal years beginning on or after January 1, 2021. This Section prescribes the accounting treatment for inventories of a not-for-profit organization. Management is still evaluating the impact from adoption of this Section and currently does not expect such impact to be significant.

b) 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.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

3. Significant accounting policies (continued):

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.

c) 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. If circumstances change impairment loss may be adjusted reflecting a partial or full reversal.

d) 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, 2020

3. Significant accounting policies (continued):

e) 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, 2020

3. Significant accounting policies (continued):

f) 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”) 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.

g) 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 estimates.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

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, 2020 is \$106,519 (December 31, 2019 – \$11,763). Bad debts expense for 2020 was \$106,396 (2019 – \$12,734).

5. Investments:

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

	2020	2019
Current investments:		
Guaranteed Investment Certificates and growth notes	\$ -	\$ 2,063,288
	-	2,063,288
Long-term investments:		
Common shares	38,978	49,407
Savings account	5,578	2,483
	44,556	51,890
	\$ 44,556	\$ 2,115,178

In January 2020 when the investment matured, the Authority liquidated the GIC's, growth notes and savings account that included high interest savings at an interest rate of 2.2%.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

6. Capital assets:

Asset Category	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Leased land	\$ 3,407,483	\$ 611,572	\$ 2,795,911	\$ 2,903,150
Leasehold improvements	174,116,914	71,101,206	103,015,708	110,840,141
Vehicles and equipment	9,852,829	5,901,039	3,951,790	3,241,663
Computer equipment	2,321,522	1,080,996	1,240,526	692,639
Office furniture and equipment	375,350	99,131	276,219	121,308
Work in progress	603,964	-	603,964	2,921,686
	\$190,678,062	\$ 78,793,944	\$111,884,118	\$120,720,587

Capital assets acquired in the amount of \$227,939 are included in accounts payable and accrued liabilities.

7. Operating line of credit:

The Authority has a \$10,000,000 (2019 - \$2,000,000) operating line of credit (the "Operating Facility") bearing interest at prime lending rate less 0.50%. The Operating Facility is unsecured and repayment terms are on demand. As at December 31, 2020 and December 31, 2019 no amounts were drawn against this line of credit.

8. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable for provincial sales taxes and goods and services taxes of \$5,220 (2019 – \$59,969).



# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

## 9. Long-term debt:

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

	2020	2019
Term loan bearing interest at prime lending rate less 0.50% per annum plus stamping fee of 1.25% per annum, repayable in monthly instalments of \$54,795 plus interest and stamping fee, due May 2042	\$ 14,191,205	\$ 14,684,360
Term loan bearing interest at prime lending rate less 0.50% per annum plus stamping fee of 1.25% per annum, repayable in monthly installments of \$65,828 plus interest and stamping fee, due September 2031	8,689,256	9,281,708
Term loan bearing interest at prime lending rate less 0.50% per annum plus stamping fee of 1.25% per annum repaid January 2020	-	6,590,052
Term loan bearing interest at prime lending rate less 0.50% per annum plus stamping fee of 1.25% per annum, repayable in monthly instalments of \$25,000 plus interest and stamping fee, due October 2041	6,325,000	6,550,000
Term loan bearing interest at prime lending rate less 0.50% per annum plus stamping fee of 1.25% per annum, repayable in monthly instalments of \$25,794 plus interest and stamping fee, due June 2037	5,184,396	5,416,542
Term loan bearing interest at prime lending rate less 0.50% per annum plus stamping fee of 1.25% per annum, repayable in monthly instalments of \$16,670 plus interest and stamping fee, due December 2040	4,049,810	4,199,840
	38,439,667	46,722,502
Less: current portion	2,579,538	8,847,096
	\$ 35,860,129	\$ 37,875,406

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

# REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

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

The Authority received an accommodation for a three month postponement of principal payments for the months of April, May and June 2020.

Interest rate swap financial contracts (note 17(a)) are used to reduce cash flow risk on substantially all of the outstanding loan balance. Accordingly, the effective interest rate on the Authority's long-term debt was 3.21% in 2020 (2019 – 3.35%).

The Authority has a credit facility that provides for an ongoing \$7,000,000 commitment to finance construction and acquisition of capital assets, bearing interest at prime lending rate less 0.50%. As at December 31, 2020 and December 31, 2019 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 are as follows:

2021	\$ 2,579,538
2022	2,421,429
2023	2,257,044
2024	2,334,426
2025	2,257,044

The Authority's loan agreements are subject to covenant clauses, whereby the Authority is required to maintain at all times 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 has not been in compliance with this covenant since September 30, 2020. The bank has waived this requirement until December 31, 2021 (2019 – in compliance). The Authority is also required to have no less than \$5,000,000 in liquidity. Liquidity is defined as cash and/or undrawn availability of the operating line of credit. As at December 31, 2020 the Authority was in compliance with this covenant (2019 – n/a).

## 10. Pension plan asset:

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

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

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

The last actuarial valuation for funding was prepared as at December 31, 2019 by Mercer. The results of the valuation have been extrapolated to December 31, 2020. The next scheduled valuation for funding purposes will be completed as at December 31, 2020, 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 2020 was 3.50% (2019 – 3.90%), rate of compensation increases for 2020 was 2.00% (2019 – 2.50%) and pre and post-retirement indexing for 2020 at 2.00% (2019 – 2.00%).

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

	2020	2019
Accrued benefit obligation:		
Balance, beginning of year	\$ 13,344,000	\$ 10,686,000
Current service cost	211,000	242,000
Interest cost	467,000	417,000
Employee contributions	33,000	38,000
Benefits paid	(357,000)	(329,000)
Actuarial loss due to changes in assumption	709,000	2,290,000
Balance, end of year	\$ 14,407,000	\$ 13,344,000
	2020	2019
Fair value of plan assets:		
Balance, beginning of year	\$ 15,433,000	\$ 13,462,000
Interest income	540,000	525,000
Actual return on plan assets (excluding interest income)	1,490,000	1,034,000
Employer contributions	405,000	703,000
Employee contributions	33,000	38,000
Benefits paid	(357,000)	(329,000)
Balance, end of year	\$ 17,544,000	\$ 15,433,000
	2020	2019
Funding status of plan:		
Accrued benefit obligation	\$ 14,407,000	\$ 13,344,000
Fair value of plan assets	17,544,000	15,433,000
Funding Status	\$ 3,137,000	\$ 2,089,000

Special payments paid during 2020 total \$136,616 (2019 - \$397,500). As the December 31, 2020 final funding valuation results are not available, 2021 special payments are not yet determined.

Salaries and benefits are recorded net of recognition of pension plan recovery of \$130,384 (2019 - \$171,500).

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

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

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

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

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

	2020 Benchmark	2020	2019 Benchmark	2019
Equities	20.0%	20.0%	30.0%	30.1%
Fixed income	80.0%	80.0%	70.0%	69.9%

The total defined contribution expense recorded in salaries and benefits for the year ended December 31, 2020 was \$197,155 (2019 - \$229,450).

### 11. Government assistance:

In response to COVID-19, the Government of Canada announced the CEWS program in March 2020. CEWS provides a wage subsidy on eligible remuneration, subject to a maximum per employee, to eligible employers based on meeting certain eligibility criteria, including demonstration of revenue declines as a result of COVID-19. The Authority has assessed its eligibility related to CEWS and determined it has qualified for the subsidy. CEWS in the amount of \$1,296,485 (\$nil in 2019) is included in government assistance on the statement of operations. The Authority intends to apply for the CEWS in subsequent application periods, subject to continuing to meet the applicable qualification criteria.

As at December 31, 2020, \$187,003 (\$nil in 2019) related to CEWS was receivable and is included in accounts receivable on the statement of financial position.

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 2020 in the amount of \$74,326 (2019 - \$96,250) and are recorded in other revenue in the statement of operations.



REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

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.

	2020	2019
CATSA grants	\$ 6,903,434	\$ 6,903,434
Accumulated amortization	(1,153,072)	(876,935)
	\$ 5,750,362	\$ 6,026,499

13. Commitments:

a) Ground lease commitments:

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

2021	\$ -
2022	154,000
2023	629,000
2024	726,000
2025	993,000

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

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

13. Commitments (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:

2021	\$ 2,727,000
2022	3,449,000
2023	3,168,000
2024	3,323,000
2025	2,004,000

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

c) Capital commitments:

During the year the Authority entered into contractual agreements for certain capital projects. As at December 31, 2020, \$500,000 (2019 - \$856,000) in work remains to be completed on these projects.

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

### 14. Airport improvement fee:

The Authority derives revenue from the AIF which is collected by the carriers pursuant to an agreement among various airports in Canada, the Air Transport Association of Canada ("ATAC") and air carriers serving airports that are signatories to the agreement (the "AIF Agreement"). Pursuant to the AIF agreement, signatories receive a 7% collection fee. AIF revenue is used to fund the costs of new airport infrastructure, as well as major improvements to existing facilities, at the Regina International Airport. The AIF as at December 31, 2020 was \$20 (2019 - \$20) for each originating passenger departing Regina International Airport. Intra-provincial flights are charged an AIF of \$5 (2019 - \$5) per enplaned passenger.

AIF funding activities on the year are outlined below:

	2020	2019
Earned revenue	\$ 3,650,775	\$ 11,473,783
Airline/ATAC handling and administration fees	(262,150)	(814,767)
Net AIF revenue earned	3,388,625	10,659,016
Eligible capital asset purchases	(1,645,035)	(4,296,665)
Eligible interest expense	(1,011,960)	(1,191,759)
Surplus of AIF revenue over AIF expenditures	\$ 731,631	\$ 5,170,592

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

	2020	2019
Earned revenue	\$ 162,938,434	\$ 159,287,659
Airline/ATAC handling and administration fees	(11,586,198)	(11,324,049)
Net AIF revenue earned	151,352,236	147,963,610
Eligible capital asset purchases	(173,471,539)	(171,826,504)
Eligible interest expense	(6,807,516)	(5,795,556)
Deficiency of AIF revenue over AIF expenditures	\$ (28,926,819)	\$ (29,658,450)

### 15. Customer facility charge:

The Authority derives revenue from the CFC which is collected by the rental vehicle concession operators pursuant to the Rental Vehicle Concessionaires Agreements (the "RVCA"). Pursuant to the RVCA agreements, revenue is used to fund the capital investment, financing, operation and maintenance of the common use support facility at Regina International Airport. The CFC as at December 31, 2020 was \$5.50 (2019 - \$5.50) applied for each transaction day under the rental agreement.

## REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

### 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, cash and savings account. The maximum credit risk to which it is exposed as at December 31, 2020 is limited to the fair value of the financial assets summarized as follows:

	2020	2019
Accounts receivable and accrued revenue	\$ 1,728,157	\$ 3,286,992
Cash	887,004	9,652,991
Savings account	5,578	2,065,771
	\$ 2,620,739	\$ 15,005,754

Accounts receivable and accrued revenue consist primarily of airline fees and AIF 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 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  
Year ended December 31, 2020

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 managed by entering into interest rate swaps. The Authority is also exposed to interest rate risk in the valuation of its pension plan obligation.

e) Market risk

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

Common shares represent 4.01% (2019 – 0.42%) of the fair value of the Authority’s total investments.

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

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 substantially all of the outstanding debt at a fixed interest rate and are projected to match the Authority’s loan repayment terms:

- i. Declining balance interest rate swap contract with interest rate fixed at 2.58%. The initial contract balance had a notional amount of \$6,938,388 which declines on a monthly basis by \$25,794 until the contract was terminated on January 6, 2021. As at December 31, 2020 the notional amount of the contract is \$5,107,014 (2019 - \$5,416,542).
- ii. Declining balance interest rate swap contract with interest rate fixed at 2.14%. The initial contract balance was a notional amount of \$5,000,000 which declines on a monthly basis by \$16,670 until the contract was terminated on January 6, 2021. As at December 31, 2020 the notional amount of the contract is \$3,999,800 (2019 - \$4,199,840).
- iii. Declining balance interest rate swap contract with interest rate fixed at 1.62%. The initial contract balance was a notional amount of \$11,717,344 which declines on a monthly basis by \$65,828 until the end of the contract on November 7, 2025. As at December 31, 2020 the notional amount of the contract is \$8,491,772 (2019 - \$9,281,708).
- iv. Declining balance interest rate swap contract with interest rate fixed at 1.62%. The initial contract balance was a notional amount of \$7,475,000 which declines on a monthly basis by \$25,000 until the end of the contract on November 7, 2025. As at December 31, 2020 the notional amount of the contract is \$6,250,000 (2019 - \$6,550,000).
- v. Declining balance interest rate swap contract with interest rate fixed at 2.03%. The initial contract balance was a notional amount of \$16,437,800 which declines on a monthly basis by \$54,795 until the end of the contract on April 20, 2027. As at December 31, 2020 the notional amount of the contract is \$14,026,820 (2019 - \$14,684,360).

REGINA AIRPORT AUTHORITY INC.

Notes to the Financial Statements  
Year ended December 31, 2020

17. Financial Instruments (continued):

b) Interest income and interest expense

Interest and investment income received during 2020 was \$76,243 (2019 - \$266,715).

Interest expensed during the year was as follows:

	2020		2019	
Interest on long-term variable interest-bearing loans (note 9)	\$	336,000	\$	965,938
Stamping fee on long-term loans (note 9)		492,783		603,839
Payments made on settlement of interest rate swaps		557,697		19,329
Interest expense for the year reflected in statement of operations	\$	1,386,480	\$	1,589,106

18. Officers’ remuneration:

Officers of the Authority comprised of the President and Chief Executive Officer, Chief Financial Officer, and Vice President Operations received compensation for the period ended December 31, 2020 in the amount of \$585,232 (2019 – \$553,444).







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