





Fundamental Beliefs and Values:

Act with integrity and ethically

Meet or exceed all applicable safety, security and environmental regulations

Be fiscally responsible

Develop effective communications program

Consistently excel at meeting customer and stakeholder expectation

Promote positive and respectful labour relations

Develop our employees to realize their potential

Be adaptiv

Vision:

A sustainable and customer service focused gateway airpor hat enhances economic growth and access to Regina and Southern Saskatchewan.

Mission:

To manage and operate our airport in a safe, secure efficient, commercially viable and environmentally responsible manner.



connecting planning with performance

Chair Message

Looking Back

This is my last year on the Regina Airport Authority Inc. (RAA) Board of Directors, and also my last year as the Chair. Such occasions inevitably lead to some retrospection and reflection, and as I look back upon the nine years I have served on the Board, I can look with pride upon all of RAA's accomplishments during this time, and especially this past year.

Perhaps the crowning moment is one that I share with David MacLeod, as he and I leave the Board together, and that was the terminal expansion that was opened in August of 2005. This was an exercise of trust and cooperation between Management and the Board, and the results have been impressive. Not only has the new architecture positioned our airport as a leader in innovation, but every year since the expansion has been a record year for passenger throughput, including 2010, wherein we were the second fastest growing airport amongst all major Canadian airports.

Looking Forward

Growth has brought with it challenges, including those associated with regulatory creep, competitiveness, parking, aging infrastructure, and the possibility of further terminal expansion, the last, I am hoping, still some many years ahead. As well, the Global Transportation Hub stands by as an industrial neighbour. Only the future will tell us how intertwined our two organizations will become and therefore, what additional services would be required on the part of Regina International Airport.

Notwithstanding these challenges and unknowns, I leave secure in the knowledge that the Board is in good hands. The addition of a Human Resources Committee to oversee human resource strategies, frameworks, and practices; a newly developed state of the art Governance model that is centred on generative thinking, performance development, fiduciary oversight, risk management and strategic oversight; and the movement towards an annual strategic review process are but a few of the highlights that this highly committed and motivated policy team has achieved. Our equally competent and motivated Management team has the experience and technical knowledge that provide our community with the assurance that, in cooperation with our Board, Regina International Airport is, indeed, in good hands.

Roland J. Groome Field, home to Regina International Airport, will go on forever. The people of the region that it serves are proud. We know this because they have told us so!

Thank you for the experience.

Warmest regards,

Larry Schneider Chairman of the Board

Our position today is our platform for tomorrow.

CEO Message

2010 was another banner year for Regina Airport Authority Inc. (RAA). Regina International Airport has experienced its sixth-straight record year of traffic, with 1,120,134 passengers choosing Regina as their gateway – a 9.6% increase over 2009.

Many factors contribute to this extraordinary growth: the commitment of our air carriers to serve our market; the continued growth of the Saskatchewan economy; our ongoing investment in infrastructure; and of course, the dedication of our airport employees to provide first-class customer service.

Improved Air Service

Over the past year, we have welcomed new nonstop services: United to Chicago – the world's third busiest airport and a convenient connection to the Eastern United States; and seasonal service to Phoenix (WestJet - winter) and Ottawa (Air Canada Jazz- summer). In addition, passenger traffic to southern destinations has increased significantly (up 78.31% in 2010).

The Economic Boom

Saskatchewan is leading the country in economic growth, and the Regina area is no exception. The diversity of opportunities here will help sustain this economic growth: with more people doing business, visiting, and making a home in Regina and Southern Saskatchewan, future airport activity is expected to remain strong.

Infrastructure Investment

Over the past year, we have upgraded the infrastructure at YQR. This includes the addition of free Wi-Fi and Access Communications lounges; a modern groundside parking system; and a four-currency ATM pre-security.

There are more upgrades to come in 2011. First and foremost is our major runway rehabilitation and apron expansion project. We will also be installing improved way-finding signage in the terminal; upgrading the backup electrical system at the airport to ensure that the airport is fully operational in the event of a power outage; and completing a water loop into the airport to provide more than one link to the City's water supply.

Long-term planning is taking place to ensure that our facilities can service the growing demand for years to come. We are exploring options for self-service check in, parking and ground transportation upgrades, and other business development opportunities.

Our Airport Community

Our people – from the RAA staff to the airport community as a whole – are forefront in the success of Regina International Airport. From the friendly service that is provided by those who interact directly with passengers to the exceptional job of those who work behind the scenes, our airport thrives on the dedication of its people 24/7, and we are grateful.

In closing, I thank our employees, our partners and our passengers for contributing to the growth and success of Regina International Airport, "Your Airport", in 2010. We look forward to another prosperous year in 2011.

armest regards,

James D. Hunter

guiding the way



Regina Airport Authority Inc. (RAA) is governed by a Board of Directors consisting of twelve business leaders that are well-connected to the communities it serves. The Board fosters the long-term success of the Authority: it provides strategic direction and oversight while supervising and delegating operating authority to Management.



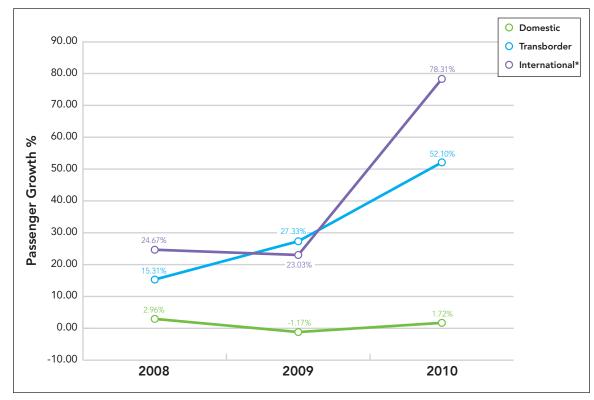


connecting to the world

Regina International Airport experienced growth in each air service segment in 2010, with the largest growth occurring in the international charter segment at 78.31%. Transborder service is also rapidly growing resulting in an increase of 52.10%. Domestic service experienced a modest increase of 1.72% and will be a focus of air service development in 2011.

The variety of flight service options out of YQR has never been better

Figure 1. Breakdown of Air Service according to Type



*Note: International figures include seasonal southern traffic to Las Vegas and Phoenix





enhancing core operations

Safety Achievements:

- Completed Phase 2 of the Airport's Safety Management System (SMS) implementation and the continued development of internal SMS processes / culture / training
- Complied fully with all Transport Canada safety / security / emergency response regulations as measured by feedback from regulatory agencies during frequent airport inspections
- Initiated Quarterly Safety and Security Tenant Committee Meetings
- Commenced daily operationally focused briefings for Operations Staff
- Reviewed the Airport's Airside Vehicle Operator's Program (AVOP) to ensure the newly developed manual and program is effective, and assess if additional formal airside driver training requirements are warranted
- Re-focused on the Airport's Occupational Safety and Health (OSH) program to promote safety awareness and safety related training opportunities for RAA Staff
- Consolidated annual Firefighting training (hot drills) into a two day course in order to reduce fuel consumption and minimize the impact on the environment

Security Achievements:

- Ongoing assessment of security requirements based on current regulations and pending considerations around Security Management Systems (SeMS), Air Cargo Security and other Aerodrome Security Programs Regulatory Initiatives with the initial development of a RAA Security Plan that will meet regulatory requirements
- Promoted, supported and monitored a comprehensive and effective Airport Safety and Security program in conjunction with the Safety and Security Committee
- Implemented, in cooperation with CATSA and Transport Canada, the Restricted Area Identification Card (RAIC) renewal project with a focus on minimizing the impact on airport operations during transition
- Conducted a "table-top" emergency exercise in compliance with TC requirements

A culture of safety, security, environmental responsibility and efficiency guides the operations at YQR.

Environmental Responsibility:

Although the environmental function at Regina Airport Authority Inc. (RAA) is operational in nature, it also falls under the umbrella of the corporate social responsibility program that RAA is developing. To demonstrate RAA's commitment in this area, it has initiated an environmental audit review process to identify areas of improvement for future programming. This initiative will be completed in 2011 and will guide environmental management processes going forward.

- Commenced a Greenhouse Gas (GHG) inventory initiative for the Airport
- Reviewed existing Airport glycol mitigation operations / procedures to ensure glycol discharge limits remain compliant

Operational Efficiency

- Developed a conceptual design, in consultation with air carriers, for a reconfigured check-in hall, including redesigned ticketing counters and introduction of additional common use and self serve elements
- Implemented a Common Use Terminal Equipment (CUTE) program for winter charter operations at check-in and boarding counters to be tested and evaluated in early 2011
- Managed the major support contracts that provide custodial and hospitality services, building security services, baggage system maintenance, passenger loading bridge maintenance, etc.
- Reviewed, and where appropriate, updated the YQR website to provide timely, accurate, and user-friendly information
- Consolidated operational IT and computer systems for parking controls, Flight Informational Displays (FIDS) and Closed Circuit Television (CCTV) systems to ensure optimal operational response



ensuring long-term fiscal responsibility

Total Revenue	Total Operating Expenses	Net Revenue Over Expenses
2008 \$15.83m	2008 \$8.15m	2008 \$5.35m
2009 \$16.52m	2009 \$8.50m	2009 \$5.41m
2010 \$18.48m	2010 \$9.59mm	2010 \$5.68m
Revenue Growth	Change in Operating Expenses	Change in Revenue Over Expenses
11.89%	12.78%	4.97%
15.98% growth in operating revenues. 6.41% growth in AIF	Increased operating budget to address growth.	Strong bottom line helps ensure long-term economic prosperity.
Total Passengers	Passenger Growth	Capital Expenditures
1.12m	9.6%	\$8.07m
Highest ever passenger traffic.	Second highest airport growth of similar or larger size airports in Canada.	Highest ever capital expenditures to address growth.

Fiscal responsibility, one pillar of corporate social responsibility, is centered on ensuring the long-term economic prosperity of the Airport.



creating a positive experience

Regina Airport Authority Inc. (RAA) is committed to creating a unique and positive Airport experience for all its stakeholders, tenants, and the travelling public. As such, RAA values your feedback.

You asked. We listened. The feedback from the travelling public jump-started the following service offerings at Regina International Airport:

- Free Wi-Fi and Access Communications business lounges
- Modern groundside parking system to accommodate more parking spaces and added payment option:
- Four-currency ATM pre security that dispenses Canadian and American dollars, Euros and Pounds at a competitive exchange rate

Customer feedback is essential to how Your Airport operates.

- Increased restaurant hours during winter charter season
- New vending machine options pre and post security
- Consideration of each and every customer comment that is received

Customer Service Benchmarking. In 2010, the Authority committed to conducting regular Airport Service Quality (ASQ) surveys to benchmark YQR's service against almost 200 airports worldwide, as well as its own past performance. Quarterly surveys will begin in 2011, and will be accompanied by a comprehensive airport-wide customer service program. This initiative further demonstrates the Airport's commitment to listening to its customers and embodying its tagline "It's Your Airport".





identifying new opportunities

Regina Airport Authority Inc. (RAA) has a 60 year lease with the Crown, with a 20 year renewal option; therefore, business development planning is for the long term. RAA balances a variety of key considerations when evaluating new opportunities.

Revenue Enhancement: The Authority is striving to enhance and further diversify its revenue base to complement direct aviation revenue. Further, RAA has identified precinct development areas resulting in a visionary plan for future development of surplus unserviced lands and infill areas for existing serviced lands.

Given the volatility of the aviation industry, revenue diversification and enhancement are critical to ensure RAA remains competitive and viable in the long term. Provision of a low cost operating environment by RAA to the carriers can be achieved with maximum development of ancillary services supporting aeronautical activities along with the development of new long-term revenue streams. RAA is strategically addressing infrastructure requirements that will allow for long-term land and business development opportunities to achieve these goals.

Most airport business development models are centred on a "city concept" that considers a range of businesses: some aviation-related, some support services and some business not related to aviation.

YQR connects people with opportunities

Land Development. The Authority continues to explore potential strategies for developing its approximately 1658 acres of land. Potential development of Airport lands can take on a wide range of forms, each with its own profile or risk, investment requirements and rate of return, from leasing raw land to complete construction and maintenance of new buildings.

Infrastructure Requirements. The Authority is working to ensure the appropriate infrastructure is in place to meet future growth. These capacity requirements include ensuring that water, sewer, storm, energy, and electrical needs are met for future development. Infrastructure capacity, redundancy and maintenance issues are being addressed including emergency system considerations.

Synergistic Opportunities. RAA is working alongside the Global Transportation Hub (GTH) and the City's West Industrial Land Study to identify potential long-term synergies between all stakeholders. The Airport's interests in these discussions are twofold: (1) ensuring that the land use in the airport vicinity does not affect the safety and security of Airport operations; and (2) providing opportunities to leverage the GTH's proximity to the Airport – and by extension, the rest of the world.

Community Engagement. In keeping with RAA's local character and makeup, it will continue to seek feedback and engagement from all stakeholders in the Regina and Southern Saskatchewan community. Collaboration with stakeholders is necessary to ensure that whatever is proposed or undertaken harmoniously integrates into, and meets, the needs of Regina and Southern Saskatchewan.

connecting with community

The Airport connects people to the community. As a community-centric and locally-run organization, Regina Airport Authority Inc. (RAA) is also committed to connecting with its community. Part of RAA's role in the community is to get involved and support community organizations through various partnership opportunities. In 2010, RAA demonstrated its continued commitment to the community by supporting a variety of community organizations:

- 34 Roland J. Groome Air Cadet Squadron an annual \$3,500 sponsorship (cac34.sasktelwebsite.net).
- Saskatchewan Aviation Council \$2,500 toward the Saskatchewan Aviation Council annual conference held in Yorkton in 2010 (www.saskaviationcouncil.ca).
- Regina Flying Club the annual \$2,000 RAA Flight Scholarship Award recipient was Aaron Zerr (www.reginaflyingclub.ca).
- Little Bald Angels the annual RAA Golf Tournament raised \$1,500 and was matched by RAA for a total of \$3,000 (www.littlebaldangels.org).
- Canadian Red Cross \$1,000 donation to support the relief effort in Haiti (www.redcross.ca).
- Souls Harbour Rescue Mission \$550 was raised at our Rider-themed Tailgate Party and was matched by RAA for a total of \$1,100. To further demonstrate RAA's support to this charity, RAA employees served meals at the soup kitchen the evening that the cheque was presented (soulsharbourrescuemission.org).
- Hope Air \$500 was provided to Hope Air to help transport patients in need to health care facilities (hopeair.org).
- Snowbirds 40th Anniversary \$500 Arrow sponsorship of the celebrations (www.snowbirds.dnd.ca).
 - Support Our Troops Gala \$500 Friend sponsorship of the event that was held in Regina in 2010 (www.supportourtroopsgala.ca).
 - A variety of advertising sponsorships including the 4th Annual Military Service Recognition Book (www.legion.ca); Annual Crime Prevention Guide (www.saskpolice.com); and Canadian Missing Kids Newsmagazine.
 - Air Cadet Tours RAA provided Airport tours to Air Cadet Squadrons from throughout Saskatchewan (www.aircadetleague.com).
 - Various events and golf tournaments supported various golf tournaments and events with giveaways and other forms of sponsorship.
 - Regina Christian School RAA invited the junior choir to the Airport to serenade travellers with Christmas music, bringing warmth to the Airport's arrivals hall on a busy December afternoon (www.reginachristianschool.org).

RAA also welcomes and supports social efforts of its airport partners. Whether it is one of the many fundraisers that the airlines coordinate or various other initiatives driven by the airport community, RAA is proud to be a part of an Airport-wide team that comes together to make a difference.

In 2011, RAA will be taking a more visionary approach to its community outreach and social responsibility program. The mandate of the social responsibility program is to ensure the well-being and equitable treatment of Regina Airport Authority's employees, communities and stakeholders.

Community ties
are essential to
the Airport
- Your Airport a community asset.





2011 business plan highlights

1. OPERATE A SAFE, SECURE AND ENVIRONMENTALLY RESPONSIBLE AIRPORT

Safety Management System (SMS). Complete phase 2 program validation and full implementation of the safety management system as approved by regulator; submit phase 3 which emphasizes due diligence and filing requirements of proactive safety practices, and formal training and renewal programs for new and existing RAA staff. In addition, develop an Apron Safety Management Plan for improved communication and coordination between multiple users.

Security Management System (SeMS). Monitor and initiate development of an airport security plan (as may be required by regulator), and continue active security programming and enhancement.

Environmentally Responsible. Complete an environmental compliance audit resulting in the delivery of an updated environmental policy, environmental management system, and related operational and communications programming.

Operational Efficiency. Oversee the design, rehabilitation, and expansion of runway and apron area expansion to address congestion resulting in improved surface and operating flexibility; coordinate improved customer check-in solutions; complete ground transportation, customer service and cleaning contract renewals; review the security contract for renewal in 2012; and initiate operational efficiency benchmarking.

2. BECOME A MORE EFFECTIVE GATEWAY

Enhance Air Services. Focus airline marketing efforts to maintain and build capacity and increase seats in our market with increased emphasis on the domestic front; engage community in the air service development process; conduct an air cargo market assessment to feed into business diversification and revenue enhancement opportunities; and implement regular benchmark surveying of air services.

Enhance Customer Services. Enhance communications touchpoints with customers; utilize customer service benchmarking survey to gauge effectiveness; deliver new customer service, ground transportation, cleaning contracts; provide recommendations for check-in hall improvements; and develop an airport-wide customer service program.

Enhanced Airport Marketing. Launch revised corporate identity, communications, marketing and social responsibility programming at both the internal and external level.

3. REMAIN FINANCIALLY VIABLE AND COST COMPETITIVE

Revenue Enhancement. Review pricing and fee options, and recommend core and non-core diversification revenue enhancement options.

Long-term Fiscal Management. Identify various options and recommend solutions for raising capital in the short and long term.

Risk Management. Complete risk management exercise and implement risk management framework.

4. ENSURE FACILITIES ADDRESS CURRENT AND FUTURE DEMANDS AND USERS

Capital Planning. Solidify the long-term capital plan, incorporating life cycle planning for equipment and vehicle fleet, major building, facility and infrastructure development plans. Capital planning will be fully supported by a comprehensive financial resourcing plan to address capital resource requirements. This process will include a revenue enhancement assessment, as well as a rates and fees review for all operational areas including the airport improvement fee.

Business Diversification. Assess and identify existing infill development and redevelopment options for serviced lands. Develop infrastructure upgrade plans with major service providers and stakeholders working toward longer-term development of unserviced lands and renewal of existing infrastructure requirements.

5. MAINTAIN A TALENTED AND MOTIVATED TEAM OF PROFESSIONALS

Succession Planning. Develop succession plans for executive management and other critical key in-scope and out-of-scope positions.

Staffing Adjustments. Review of current staffing levels within IT, environment and other operational areas.

Training and Development. Increase emphasis on training and career development, including a staff development day, to continue to invest in RAA employees and address potential knowledge gaps.

Internal Communications. Foster regular internal communications through staff briefings, online communication tools, etc.

Corporate Responsibility. Enhance corporate responsibility programming as related to staff involvement through communication and information sharing.

6. ENHANCE IMAGE AND PROFILE

Branding. Identify the YQR brand through a marketing and communications strategy.

Stakeholder Engagement. Initiate regular meetings with key stakeholders to foster collaboration, communication and information sharing.

Marketing. Enhance marketing efforts through a campaign targeted to the travelling public and an improved online footprint.



Opportunities to bond with friends and loved ones around the world.

Opportunities to foster relationships with business partners worldwide.

Opportunities that link our community to the global marketplace.

Opportunities for employment to support Airport activities.

YQR connects people with opportunities









corporate governance

Regina Airport Authority Inc. (RAA) is committed to implementing corporate governance practices that are aligned with those required for public companies as a non-share corporation under National Policy 58-201 Corporate Governance Guidelines, which requires disclosure of corporate governance practices.

Membership and Committees

Board membership is comprised of 11 – 13 members; currently there are 12 serving members appointed by the following governmental bodies and Regina Airport Authority Inc. as represented below:

City of Regina – 6
City of Moose Jaw – 1
RM of Sherwood – 1
Province of Saskatchewan – 1
Government of Canada – 2
Regina Airport Authority Inc. – 2 (1 RAA position is currently vacant)

The Authority utilizes four primary Committees; each Committee has its own charter and/or mandate. Copies are available upon request. The four Committees include Audit and Finance, Community Consultative, Governance and Nominating, and Human Resources. Committee Chairs have provided a written summary of their activities within this corporate governance booklet for 2010. A complete listing of the Community Consultative Committee membership will be provided upon request.

The Regina Airport Authority is committed to achieving, and being held accountable for, excellence in governance.

Responsibilities

The board provides direction to and oversight of the Regina Airport Authority Inc. (RAA) in the following areas:

Strategy determination and performance. In the governance role, the Board sets strategic direction approving the strategic planning document and the annual business plan. The Board provides stewardship overseeing management of RAA's business affairs through determination of policy, and the monitoring of performance and progress in meeting the objectives of the Corporation.

Risk. A key responsibility of the Board is to be aware of the nature and extent of strategic and critical business risks faced by the RAA, and to ensure that there are appropriate systems in place to address and manage these risks.

Integrity and transparency. The Board's role is to ensure effective communication of plans and policies including appropriate transparency of processes and disclosures to the community it serves.

Audit. The auditor for the RAA is KPMG LLP; audit fees for 2010 totaled \$31,500 (\$31,500 – 2009). The organization's corporate lawyer is MacPherson, Leslie & Tyerman LLP.

Human resources. Directors are independent of Management. Regular Board meetings are held; written position descriptions including delineation of duties and responsibilities are in place for the Board, Chair and Committees; and further a written President and Chief Executive Officer position description including duties and responsibilities is in place.

Board orientation and continuing education processes. A written code of conduct for Directors, officers and employees is in place and available upon request. The Board is responsible for compliance and is monitored through the Governance and Nominating Committee which is responsible to review and recommend Board compensation. In 2010, the Governance and Nominating Committee transferred to the HR Committee the responsibility of completing the annual assessment of the President and Chief Executive Officer consistent with the President and Chief Executive Officers evaluation criteria and recommends to the Board the appropriate compensation.

board renumeration and attendance

Regina Airport Authority Inc. (RAA) Board retainers for 2010 are as follows:

Position Retainer

Chair	\$20,000
Vice-Chair	\$ 7,350
Committee Chairs	\$ 7,350
Task Force Chairs	\$ 7,350
Director	\$ 6,000

All Board members including the Chair receive per diems of \$300 for each Board and Committee meeting attended. Further, \$150 per diems are paid for attendance of nominators and public meetings. Per diem rates are paid at \$600/day and/or \$300/half day (3 hours or less) for authorized business and training/attendance. Travel time for in-town and out-of-town activities are not compensated. Travel expenses are re-imbursed.

The Board incurred \$47,269 in expenses during the year (2009 - \$24,007) in conducting its responsibilities. These amounts include dollars spent on training, orientation and participation in industry interest groups.



RENUMERATION: OCCUPATION:	Larry Schneider, Chair \$35,451 ATTENDANCE: 7/7 NOMINATOR: City of Regina (2002) Past Mayor, Regina; Former Minister Western Diversification and Canada Post; Semi-retired Governance & Nominating, Community Consultative
RENUMERATION: OCCUPATION:	Bob Linner, Vice-Chair \$16,200 ATTENDANCE: 7/7 NOMINATOR: Province of Saskatchewan (2006) Retired – City Manager, City of Regina Human Resources (Chair), Governance & Nominating
RENUMERATION: OCCUPATION:	Brian Martynook, Secretary \$11,700
RENUMERATION: OCCUPATION:	Frank Flegel \$14,550 <u>ATTENDANCE:</u> 7/7 <u>NOMINATOR:</u> City of Regina (2003) Retired – Media Relations Consultant Audit & Finance, Human Resources
RENUMERATION: OCCUPATION:	David MacLeod \$10,950
RENUMERATION: OCCUPATION:	Catherine Roberts \$14,550 ATTENDANCE: 7/7 NOMINATOR: City of Regina (2005) Accountant; University of Regina Engineering Student Governance & Nominating

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RENUMERATION: $14,850 ATTENDANCE: 6/7 NOMINATOR: Government of Canada (2008)

OCCUPATION: President & CEO, SRG Security Resource Group

COMMITTEES: Community Consultative (Chair), Governance & Nominating
RENUMERATION: $15,300 ATTENDANCE: 7/7 NOMINATOR: City of Regina (2007)

CCUPATION: Lawyer, Partner, McDougall Gauley LLP; Adjunct Professor Law, University of Regina Governance & Nominating (Chair), Community Consultative
BOARD MEMBER: Vaughn Solomon-Schofield
RENUMERATION: $11,250 ATTENDANCE: 7/7 NOMINATOR: City of Regina (2007)
OCCUPATION: President & CEO, Western Limited Group of Companies
COMMITTEES: Audit & Finance
                                                                         NOMINATOR: R.M. of Sherwood (2007)
 OCCUPATION: Retired – Director, Distribution Utility Accounting, SaskEnergy
COMMITTEES: Audit & Finance (Chair)
 BOARD MEMBER: David Walsh
 RENUMERATION: $12,900
                                          ATTENDANCE: 7/7
                                                                         NOMINATOR: Regina Airport Authority (2006)
 OCCUPATION: Principal, Virtus Group LLP, Chartered Accountants and Business Advisors
 COMMITTEES: Audit & Finance, Human Resources
RENUMERATION: $13,950
                                          ATTENDANCE: 7/7
                                                                          NOMINATOR: Government of Canada (2009)
OCCUPATION: President, Tanka Resources Group
 COMMITTEES: Governance & Nominating, Human Resources
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TOTAL RENUMERATION: \$ 185,601 (2009 - \$116, 434)

^{*}Note: President & CEO is the sole employee of the Board and not a Director.



audit & finance committee

Terms of Reference:

The mandate of Regina Airport Authority Inc. (RAA)'s Audit and Finance Committee (the "Committee") is to "assist the Board of Directors in fulfilling its obligations and oversight responsibility for financial strategy and performance, risk management, internal controls, financial and management information systems, audit and related accounting matters and financial reports prepared for public distribution."

It is the responsibility of the Committee, Management, the External Auditors and the Board to ensure there are adequate financial reporting, disclosure, risk management and control systems in place. Specifically, the roles of each include the following:

- Management responsible for preparation, presentation and integrity of the Authority's financial statements, including adopting policies and internal controls that comply with applicable accounting standards and regulations.
- External Auditor responsible for planning and conducting an audit of the Authority's financial statements and related internal controls, in accordance with professional standards.
- Committee responsible for reviewing the adequacy and effectiveness of these activities.

2010 Highlights:

The Committee met five times in 2010 to conduct its business: quarterly to review and recommend Board approval of interim financial statements, and once to consider and recommend Board approval of the 2011 business plan and associated capital and operating budgets. Specific activities of note in 2010 include the following:

- Worked with a corporate governance consultant to review its core responsibilities to ensure its mandate is being fulfilled and to incorporate industry best practices and sound governance guidelines. Revised terms of reference were submitted to and approved by the Board.
- Developed, in consultation with Management, a Risk Management Framework and Process to manage strategic and critical business risks, which was recommended to and approved by the Board.
- Considered the scope of the annual audit plan, reviewed accounting observations and recommendations and financial reporting matters arising from the year-end audit and recommended engagement of the auditor.
- Considered the adequacy, effectiveness and integrity of Management's internal controls in consultation with the external audit process.

- Met with KPMG (the external auditor) without Management present to review specific issues as deemed appropriate.
- Met with Management without the external auditor present and independently assessed the effectiveness and overall satisfaction with the auditor (KPMG).
- Recommended the auditor and the related compensation to the Board.
- Received written disclosure from the Auditor disclosing all relationships with the Authority through an independence letter and summary of provisions of services.
- Received and reviewed regular updates from Management on any and all material changes in accounting policies, practices and standards.
- Reviewed interim financial statements, external auditor reports and Management's discussion and analysis required for Board approval.
- Reviewed the annual insurance renewal, annual attestation provisions for ground lease compliance (financial and business matters) and enterprise risk considerations (including financial risks) and the Authority's plans to manage and mitigate potential threats.
- Considered and recommended for Board approval Executive and Board expenses.
- Reviewed Management business development and environmental due diligence reports and recommended for Board approval as deemed appropriate.
- Completed the annual review of the investment policy.
- Conducted an assessment of its activities to ensure that its responsibilities, as set out in its terms of reference, had been fulfilled.

2011 Objectives:

• To lead the first annual cycle of the Risk Management Process and to further develop the associated framework. The process requires the Committee (with the support of Management) to (1) evaluate the evolving environment, (2) review/modify/update/ confirm risk assessment criteria (3) determine RAA's risk tolerance, (4) assess identified risks, prioritize and determine those most critical, (5) recommend the level of risk tolerance and inventory of critical risks to the Board. From here, the Board will direct management to develop risk mitigation plans, with the Committee monitoring achievement of plans and reporting issues to the Board.

- To oversee the development of a revenue enhancement strategy which includes looking at core and non-core business objectives, reviewing current pricing and fee options, evaluating core revenue enhancement options, and assessing non-core business development options.
- To guide the completion of a long-term fiscal management strategy incorporating the various avenues of raising capital.

Committee Membership:

The board has determined that all the members of the Committee meet the following requirements (according to the standards identified by the Board within the Audit and Finance Committee Terms of Reference):

- Independence to eliminate conflict of interest for Directors.
- Financial Literacy –the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues reasonably expected to be raised by the Authority's financial statements.

This report has been approved by the members of the Audit and Finance Committee.

 Committee Members: Larry Smart (Chair), Frank Flegel, David MacLeod, Brian Martynook, Vaughn Solomon-Schofield, and David Walsh; Larry Schneider (Board Chair; ex officio)

I wish to thank my fellow Committee Members and Management for their commitment, dedication and support.

Respectfully submitted,

Larry Smart Committee Chair

Fiscal responsibility and risk management are forefront in ensuring long-term economic prosperity for our Airport.

community consultative committee

Regina Airport Authority Inc. (RAA), through a corporate governance renewal project, reflected upon its existing mandate, looking to provide for more effectiveness and best practices. As part of this process, the terms of reference (mandate) for the Committee were updated as reflected below:

Terms of Reference:

"The Community Consultative Committee will assist the Board of Directors in fulfilling its obligations to consult with the community for effective dialogue on matters related to the corporation".

For clarity, and as required under the ground lease with the Crown, the Committee will provide for effective dialogue with the community on matters of Airport planning, operational aspects of the airport, municipal concerns and noise abatement.

2010 Highlights:

- Reported on 2010 noise abatement management and actual results including abatement operational
 goals that assist with minimizing the overall impact of aircraft noise on the surrounding community.
 During, 2010 only 20 noise complaints were logged with the Authority of which 50% of the
 complaints were associated with military aircraft utilizing our facilities as part of ongoing training
 programs. Dialogue with the 15 Wing Moose Jaw will be continued.
- Recapped air service expansion and associated passenger and revenue growth and provided an overview of 2010 capital improvements and 2011 considerations.
- Reviewed airport business development plans and their link to the community including various considerations and options for potential revenue diversification.

2011 Objectives:

- To focus on expanding communications with the community for the upcoming runway mill and overlay project and its potential impacts to operations and flight restriction during construction.
- To continue to monitor and effectively manage noise complaints to minimize and address noise abatement issues associated with NATO training through improved communication and cooperation with the base in Moose Jaw.
- To focus on timely communications with the community in all areas of Airport planning, development and growth.

Committee Membership:

The Committee membership includes two RAA Directors, one of whom shall be the Chair along with other member representatives of the community including various interest groups of consumers, the travelling public, aviation and provincial and municipal government. The Committee is supported by senior executive management of RAA in carrying out its mandate.

During 2010, Blair Ross (Chair), James Rybchuk and Larry Schneider were all active RAA Directors to the Committee. A complete listing of active participants and representative organizations can be obtained from the Authority upon request.

In closing I wish to thank my fellow Board members and management for their assistance getting the message out.

Respectfully submitted,

Blair Ross
Committee Chair

Effective dialogue with our community is an integral part of how we operate.

governance & nominating committee

Terms of Reference:

Regina Airport Authority Inc. (RAA)'s Governance and Nominating Committee will assist the Board of Directors in fulfilling its obligations and oversight responsibility for the following:

- Establishing and delivering effective and appropriate approaches to corporate governance;
- Planning for Board succession recruiting new Directors;
- Providing orientation and ongoing training of Directors;
- Assessing the effectiveness of the Board, its Committees and the Chair;
- Communicating effectively with Nominators and other stakeholders; and
- Ensuring Board and Director compliance with regard to ethics and conflict of interest policies.

Note: The full mandate of the Committee is contained with the RAA Corporate Policy Manual and copy will be provided upon request.

More specifically and as highlighted below in the RAA Corporate Governance Criteria Checklist are highlights of the corporate guidelines and RAA's alignment to its approach to governance and best practices.

CORPORATE GUIDELINES	DOES THE RAA ALIGN	COMMENTS
STEWARDSHIP Board should explicitly assume responsibility for stewardship of the Corporation, and specifically for:	Yes	
i. Adoption of a strategic planning process	Yes	New strategic policy/process implemented.
 The identification of principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks 	Yes	New risk framework policy/process implemented. Audit and Finance is the lead committee for this area.
iii. Succession planning of senior management	Yes	Update of plans ongoing.
iv. A communications policy	Yes	New policy put in place 2010.
 The integrity of the corporation's internal control and management information systems 	Yes	Audit & Finance Committee and External Auditor.
vi. Satisfying itself as to the integrity of the CEO and that the CEO creates a culture of integrity throughout the organization	Yes	Governance Committee considered in annual review and evaluation process.
vii. Developing a set of corporate governance principles and guidelines that are specifically applicable to the Authority	Yes	Modelled after NP Policy 58-201; striving to achieve evolving best Airport practices.
The written mandate of the Board should also set out:		
i. Measures for receiving feedback from stakeholders	Yes	Nominator and AGM provide; Community Consultative Committee provide; in addition stakeholder briefing sessions.
 ii. Expectations and responsibilities of Directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials. and annual evaluation conducted. 	Yes	Terms of Reference updated during 2010 and annual evaluation conducted. Terms of Reference updated during 2010

		DOES THE RAA ALIGN	COMMENTS
2.	COMPOSITION AND MEETINGS OF THE BOARD		
i.	The Board of Directors should be constituted of independent directors	Yes	100%; annual review updates done.
ii.	In addition to ongoing regular meetings, the Directors should hold regularly scheduled meetings at which members of the management team are not in attendance	Yes	In-Camera meetings of the Board and Committees are a regular agenda item.
3.	POSITION DESCRIPTIONS		
i.	The Board should develop clear position descriptions for the Board Chair and Committee Chairs	Yes	Position descriptions were reviewed and updated during 2010.
ii.	The Board together with the CEO should develop a clear position description for the CEO which includes delineating management responsibilities. The Board should also annually develop, with the CEO, and approve the corporate goals and objectives the CEO is responsible for meeting.	Yes	Board approved 2010-2011 CEO Parameters and position descriptions was refined during the 2010 governance review process.
4.	ORIENTATION AND CONTINUING EDUCATION		
i.	The Board should ensure that all new Directors receive a comprehensive orientation. All new Directors should fully understand the role of the Board and its Committees, as well as the contribution individual Directors are expected to make (including in particular, the commitment of time and effort that the corporation expects from its directors). All new Directors should also be given sufficient information so they are able to understand the nature and operation of the Corporation's business.	Yes	Overview and high level presentation provided. Past minutes and agenda materials as provided with emphasis placed at orientation session on Director responsibilities. No session held as new directors joined RAA during 2010.
ii.	The Board should provide continuing education opportunities for all Directors, so that individuals may maintain or enhance their skills and abilities as Directors, as well as to ensure their knowledge and understanding of the Corporation's business remains current.	Yes	Governance review and education and training provided focused on generative processes.
5.	CODE OF CONDUCT AND ETHICS		
Th Co de	ne Board should adopt a written code of conduct and ethics (a code). The code should be applicable to Directors, officers and employees of the proporation. The code should constitute written standards that are reasonably esigned to promote integrity and to deter wrongdoing. In particular, it should lidress the following issues:	Yes	Disclosure Compliance Statements completed 2010; recognized as ongoing duty.
i.	Conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest;	Yes	
ii.	Protection and proper use of corporate assets and opportunities:	Yes	
iii.	Confidentiality of corporate information;	Yes	
iv.	Fair dealing with corporate customers, suppliers, competitors and employee	s Yes	
	Compliance with laws, rules and regulations; and	Yes	
vi.	Reporting of illegal or unethical behaviour.	Yes	
Th	e Board should be responsible for monitoring compliance with the code	Yes	Annual Compliance Statements
6.	APPOINTMENT OF COMMITTEES		
i.	The Board should appoint the following Committees:		
	- Governance Committee	Yes	
	- Audit and Finance Committee - Community Consultative Committee	Yes Yes	
	- Nominating Committee	Yes	Function fulfilled by Governance Committee
	- Compensation Committee	Yes	Function fulfilled by HR Committee

CORPORATE GUIDELINES	DOES THE RAA ALIGN	COMMENTS
ii. The Committees should have a written charter that clearly establishes the Committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations and manner of reporting to the Board. In addition, the Committees should be given authority to engage and compensate any outside advisor that it determines necessary to permit it to carry out its duties	Yes	Updates to all Committees completed during 2010 corporate governance project works including the development of a new Human Resources Committee to deal with CEO and executive compensation and executive and HR policies.
iii. The Board, in its discretion, may combine the duties of more than one Committee into a single Committee.	Yes	Governance and Nominating Committee is combination of governance and nominating functions. Compensation function has been transferred to Human Resource Committee.
7. REGULAR BOARD ASSESSMENTS		
The Board and its Committees should have their effectiveness and contributions regularly assessed.	Yes	New evaluation processes established and implemented during 2010.

2010 Highlights:

- Conducted a review, update and implementation of corporate governance policy in the following areas:
 - Vision, mission values and organization
 - Approach to governance
 - Roles, responsibilities and relationships
 - Board policies and procedures
 - Strategy and performance
 - Risk management
 - Human resources
 - Public accountability and communications
- Monitored development is corporate governance.
- Reviewed and recommended to Board the compensation of Directors and the Chief Executive Officer (CEO).
- Ensured the affairs of the Corporation were conducted in compliance with statutory requirements, Bylaws, codes ad approved policy and plans.

2011 Objectives:

- To complete the updates required to the RAA Bylaws to reflect the guideline provisions of the new Not-for Profit Corporations Act and outstanding housekeeping amendments.
- To develop and implement a skill matrix chart (tool) to assist with assessment of current and required Board skills consistent with strategic planning processes and outcomes to support board composition, succession and recruitment requirements.
- To review Board record retention policy requirements.
- To update and implement policy requirements for remaining corporate governance policies resulting from the review process that include: CEO succession, whistle blower, respectful workplace, code of conduct and conflict of interest.

Committee Membership:

This report has been reviewed and endorsed by the entire Committee:

 Committee Members: James Rybchuk (Chair), Blair Ross, Bob Linner, Ken Waschuk, Larry Schneider, and Catherine Roberts

• Extensive time and effort was required in achieving our newly published corporate policy manual. I would like to thank my fellow Committee members, RAA Management, and our consultants that assisted with governance renewal and training, Intervistas and OMG Consulting Ltd.

The Committee reports that the airport regulator has provided the Authority with a clean report with no issues of significance outstanding as primarily contained in the Annual Lease Monitoring report prepared by Transport Canada. The Committee confirms that the affairs of the Authority are conducted in compliance with statutory requirements, Bylaws, codes and approved policies and plans.

Respectfully submitted,

James Rybchuk Committee Chair

human resource committee

Regina Airport Authority Inc. (RAA), through a corporate governance review and renewal project, identified the need for a Human Resources Committee (HRC) reflecting modern best practices. The newly formed Committee held its first meeting this past August to familiarize Committee Members with their terms of reference that will guide overall Committee activities.

Terms of Reference:

The terms of reference (mandate) of the HRC assists the Board of Directors in fulfilling its obligations and oversight for the following:

- Management and/or oversight of executive officers;
- Compensation and benefit structures and programs;
- Performance management; and
- Human resource strategies, frameworks and practices.

2010 Highlights:

- Reviewed, endorsed and recommended to the Board for approval all updated executive/senior management job descriptions, classifications and pay ranges.
- · Reviewed, endorsed and recommended to the Board for approval a performance-based job evaluation framework for executive/senior management that includes a merit based approach tied to performance goal measures flowing from the annual business plan.
- Initiated formal 2010 CEO evaluation, and identified 2011 performance measures objectives to be completed, reported and recommended to the full Board for consideration in early 2011.
- Established a detailed responsibility checklist including timelines of responsibilities.
- · Received an update from Management on occupational health and safety, respectful workplace, and harassment practices and compliance to guide the Committee in determining policy updates and reporting requirements of management.
- · Received, reported and recommended that the Board endorse the updated RAA Organizational Chart.
- Reviewed, endorsed and recommended to Board the CEO Emergency Succession Plan and received CEO outside Commitments.

2011 Objectives:

- Complete CEO succession policy and ensure executive officer succession criteria.
- Complete Respectful Workplace Policy including harassment; Employment Equity policy; CEO and Executive Employment Philosophy Policy statement.
- Assist Governance Committee in completion of code of conduct and whistle blower policy.
- Complete ongoing terms of reference criteria applicable to 2011 operations.
- · Consider evolving trends, emerging practices and proposed legislation regarding areas of its functional responsibility.

Committee Membership:

As part of our commitment to corporate governance renewal, this new Committee has been active in establishing the Committee's framework. This was made possible due to the dedicated efforts of my fellow Committee members, and the support of RAA Management and our external consultant.

• Committee Members: Bob Linner (Chair), Ken Waschuk, David Walsh, Frank Flegel, and Brian Martynook; Larry Schneider (Board Chair; ex officio)

• Management Representation: Jim Hunter, Derrick Thue, Curtis Tutthill

• Consultant Support: Bev Bradshaw (OMG Consulting Ltd.)

Respectfully submitted,

Bob Linner Committee Chair

The newly established HR Committee reflects our

commitment to integrating best practices.







looking back. looking forward.

	Year	Passenger Count	Growth Rate %	Aircraft Movements	Growth Rate %	Operating Revenues	Growth Rate %
	2006	871,416	5.43%	58,010	11.09%	7,461,605	15.20%
AL	2007	962,692	10.47%	63,690	9.79%	8,068,158	7.37%
T	2008	1,005,270	4.42%	59,724	-6.23%	9,005,482	12.40%
AC.	2009	1,022,042	1.67%	64,063	7.27%	9,447,173	4.90%
	2010	1,120,134	9.60%	59,632	-6.92%	10,957,019	15.98%
ED	2011	1,148,137	2.50%	61,421	1.50%	10,762,000	-1.78%
CTE	2012	1,182,581	3.00%	63,264	1.50%	11,084,860	3.00%
JEC	2013	1,218,059	3.00%	65,161	1.50%	11,417,406	3.00%
RO.	2014	1,254,601	3.00%	67,116	1.50%	11,759,928	3.00%
Д.	2015	1,292,239	3.00%	69,130	1.50%	12,112,726	3.00%
	Year	AIF	Growth	Capital	Variance	Assets of	Growth
	Year	AIF Revenues	Growth Rate %	Capital Expenditures	Variance Rate %	Assets of Corporation	Growth Rate %
	Year 2006	3,930,416		Expenditures 2,421,660		Corporation 29,922,038	
JAL	2006 2007	3,930,416 5,697,210	Rate % 5.40% 44.95%	2,421,660 2,786,019	Rate % -69.00% 15.05%	Corporation 29,922,038 34,039,758	Rate % 3.97% 13.76%
CTUAL	2006 2007 2008	3,930,416 5,697,210 6,826,672	Rate % 5.40% 44.95% 19.82%	2,421,660 2,786,019 7,483,354	Rate % -69.00% 15.05% 168.60%	Corporation 29,922,038 34,039,758 39,135,013	3.97% 13.76% 14.97%
ACTUAL	2006 2007 2008 2009	Revenues 3,930,416 5,697,210 6,826,672 7,072,704	Rate % 5.40% 44.95% 19.82% 3.60%	2,421,660 2,786,019 7,483,354 7,248,358	Rate % -69.00% 15.05% 168.60% -3.14%	Corporation 29,922,038 34,039,758 39,135,013 47,770,431	3.97% 13.76% 14.97% 22.07%
ACTUAL	2006 2007 2008	3,930,416 5,697,210 6,826,672	Rate % 5.40% 44.95% 19.82%	2,421,660 2,786,019 7,483,354	Rate % -69.00% 15.05% 168.60%	Corporation 29,922,038 34,039,758 39,135,013	3.97% 13.76% 14.97%
	2006 2007 2008 2009	Revenues 3,930,416 5,697,210 6,826,672 7,072,704	Rate % 5.40% 44.95% 19.82% 3.60%	2,421,660 2,786,019 7,483,354 7,248,358	Rate % -69.00% 15.05% 168.60% -3.14%	Corporation 29,922,038 34,039,758 39,135,013 47,770,431	3.97% 13.76% 14.97% 22.07%
TED ,	2006 2007 2008 2009 2010	Revenues 3,930,416 5,697,210 6,826,672 7,072,704 7,526,325 7,750,000 9,500,000	7.40% 44.95% 19.82% 3.60% 6.41%	2,421,660 2,786,019 7,483,354 7,248,358 8,067,117 23,592,000 17,642,000	Rate % -69.00% 15.05% 168.60% -3.14% 11.30%	Corporation 29,922,038 34,039,758 39,135,013 47,770,431 51,953,337	Rate % 3.97% 13.76% 14.97% 22.07% 8.76%
JECTED ,	2006 2007 2008 2009 2010 2011 2012 2013	Revenues 3,930,416 5,697,210 6,826,672 7,072,704 7,526,325 7,750,000 9,500,000 9,785,000	Rate % 5.40% 44.95% 19.82% 3.60% 6.41%	2,421,660 2,786,019 7,483,354 7,248,358 8,067,117 23,592,000 17,642,000 5,500,000	Rate % -69.00% 15.05% 168.60% -3.14% 11.30% 192.45%	Corporation 29,922,038 34,039,758 39,135,013 47,770,431 51,953,337 58,187,737	Rate % 3.97% 13.76% 14.97% 22.07% 8.76% 12.00%
ECTED ,	2006 2007 2008 2009 2010 2011 2012	Revenues 3,930,416 5,697,210 6,826,672 7,072,704 7,526,325 7,750,000 9,500,000	5.40% 44.95% 19.82% 3.60% 6.41% 2.97% 22.58%	2,421,660 2,786,019 7,483,354 7,248,358 8,067,117 23,592,000 17,642,000	Rate % -69.00% 15.05% 168.60% -3.14% 11.30% 192.45% -25.22%	Corporation 29,922,038 34,039,758 39,135,013 47,770,431 51,953,337 58,187,737 59,933,370	3.97% 13.76% 14.97% 22.07% 8.76% 12.00% 10.00%

	Year	Operating Expenses	Growth Rate %	Ground Lease Rent	Variance Rate %
	2006	7,069,705	15.63%	122,765	100.00%
AL	2007	7,420,731	4.97%	243,771	98.57%
ACTUAL	2008	8,145,871	10.61%	350,922	43.96%
A	2009	8,504,958	4.41%	381,100	8.60%
	2010	9,591,979	12.78%	488,960	28.30%
ED	2011	10,582,000	10.32%	535,000	9.42%
CTE	2012	10,899,460	3.00%	562,000	5.05%
OJEC	2013	11,226,444	3.00%	590,000	4.98%
RO.	2014	11,563,237	3.00%	619,000	4.92%
Р	2015	11,910,134	3.00%	650,000	5.01%
	Year	Operations Net Results	Return on Revenues	Net Revenue over Expenses	Variance Rate %
	Year 2006				
AL		Net Results	Revenues	over Expenses	Rate %
TUAL	2006	Net Results 391,900	Revenues 5.25%	over Expenses 2,652,842	Rate % -20.00%
ACTUAL	2006 2007	391,900 647,427	5.25% 8.08%	over Expenses 2,652,842 4,403,955	Rate % -20.00% 66.01%
ACTUAL	2006 2007 2008	391,900 647,427 859,611	5.25% 8.08% 9.55%	over Expenses 2,652,842 4,403,955 5,352,494	Rate % -20.00% 66.01% 21.54%
0	2006 2007 2008 2009	Net Results 391,900 647,427 859,611 942,215	5.25% 8.08% 9.55% 9.97%	over Expenses 2,652,842 4,403,955 5,352,494 5,412,190	Rate % -20.00% 66.01% 21.54% 1.12%
0	2006 2007 2008 2009 2010	391,900 647,427 859,611 942,215 1,365,040	5.25% 8.08% 9.55% 9.97% 44.88%	over Expenses 2,652,842 4,403,955 5,352,494 5,412,190 5,681,311	Rate % -20.00% 66.01% 21.54% 1.12% 4.97%
CTED	2006 2007 2008 2009 2010	Net Results 391,900 647,427 859,611 942,215 1,365,040 180,000	5.25% 8.08% 9.55% 9.97% 44.88%	over Expenses 2,652,842 4,403,955 5,352,494 5,412,190 5,681,311 4,632,000	Rate % -20.00% 66.01% 21.54% 1.12% 4.97% -18.47%
0	2006 2007 2008 2009 2010 2011 2012	391,900 647,427 859,611 942,215 1,365,040 180,000 185,400	5.25% 8.08% 9.55% 9.97% 44.88% -86.81% 3.00%	over Expenses 2,652,842 4,403,955 5,352,494 5,412,190 5,681,311 4,632,000 4,770,960	Rate % -20.00% 66.01% 21.54% 1.12% 4.97% -18.47% 3.00%

management discussion and analysis

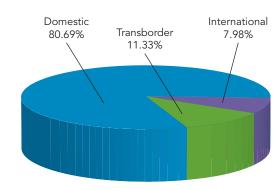
Management Discussion and Analysis (MD&A) provides details to assist in interpreting the operations and financial condition of Regina Airport Authority Inc. (RAA) for the fiscal period ending December 31, 2010 and comparative periods. RAA has prepared these statements in accordance with Generally Accepted Accounting Principles (GAAP); details of this report should be read in conjunction with the financial statements and the related note disclosures.

RAA is a not-for-profit private corporation without shareholders whereby all excess revenues over expenditures are applied to managing and operating our airport consistent with the mission statement. RAA, operating as a local authority, is into its twelfth year of operation of a 60 year lease arrangement with the Crown; as of December 31, 2010, a further option to renew for an additional 20 years remains.

Passenger Statistics

2010 proved to be the strongest year yet in the airport's history, with a passenger growth rate of 9.6% over 2009. This translates into a record number of 1,120,134 passengers; an additional 98,092 passengers over 2009 numbers.

Domestic activity grew slightly to 903,828 passengers, which represents 1.73% growth over 2009. The areas that contributed most significantly to this growth were transborder traffic (up 52.09% from 2009 to 126,896 passengers); and international, charter traffic (up 78.28% to 89,410 passengers). The breakdown by type of passenger in 2010 is illustrated on the chart (right).



Total Passenger Traffic in 2010

Using normalized growth patterns RAA would anticipate actual passenger growth rates of 3.4% - 3.9% for 2011 consistent with local GDP indicators; however, due to stabilizing charter demand, optimized transborder growth opportunities, and reduced passenger loads resulting from runway rehabilitation work, RAA has reduced its growth rate slightly to 2.5%.

Rates and Fees

RAA is pleased to report that it has completed 2010 operations without increasing its rates and fees. Due to exceptional 2010 aeronautical revenue growth, RAA will not increase 2011 aeronautical fees. However, during 2011, RAA will be conducting a full revenue enhancement review that will include an assessment of all applicable rates and fees. With extraordinary growth and increased capital demands, RAA is looking to rationalize rates and fees and sources for funding capital requirements. RAA has determined that due to the need to expand parking facilities to meet increased public parking capacity, parking rates will be increased by mid-year 2011.

A new Customer Facility Charge (CFC) of \$3.00 per rental day transaction was introduced on July 1, 2010 to assist with the development and operation of a common use rental car facility. As of December 31, 2010, \$236,094 in revenue has been raised.

Airport Improvement Fees (AIF)

Airport Improvement Fees (AIF) have a direct relationship and correlation to capital planning and other revenue generating opportunities/capabilities. RAA last increased AIF rates in April 2007, moving from \$10 to \$15 per enplaned passenger (flights within the province are assessed an AIF rate of \$5.00 per enplaned passenger).

During 2010, \$7,536,325 was generated and \$5,572,815 was expended on eligible capital programming. Since AIF fee inception, revenues collected have fallen \$1,049,000 short of actual eligible AIF expenditures. These shortfalls have been covered by excess revenues generated from operations and general reserves avoiding the need for external debt financing. An additional \$2,494,302 was expended on non-eligible capital items for an annual total of \$8,067,117.

In 2011, RAA will determine capital cash requirements for major facility and infrastructure improvements; a recommendation will be developed for an increased AIF fee to match the five to ten year capital expenditures plan and debt servicing requirements for completing these improvements.

Capital Activity Highlights

2010 RAA capital programming major highlights include the following:

- \$2,670,000 for land acquisitions
- \$1,426,000 for groundside/access/roadways/parking lot and exterior way finding
- \$1,352,000 for fleet, heavy equipment and runway sweeper replacements
- \$456,000 for facility ventilation, ceilings and business lounge upgrades
- \$424,000 for other surfaces civil design and approved projects
- \$106,000 for infrastructure study and business development concepts

For 2011, an aggressive capital program has been planned. As part of 2011 capital program, work in progress from 2010 works are carried into 2011 and reflected below. Major highlights include the following:

- \$12,897,000 for design, project engineering and runway rehabilitation and apron expansion
- \$669,000 for check-in hall common use detail design
- \$408,000 to complete the air terminal backup power generator installation
- \$332,000 for interior ATB way finding signage
- \$165,000 for water-loop redundancy project
- \$125,000 for IT capital program (VLAN upgrade/data base solution)

Cash Flow

The Regina Airport Authority cash flow situation remains positive and sound for the short to medium term with \$8,534,997 available in cash and investments on hand at year end. The 2010 current ratio has increased to 4.9 to 1; for 2009 it was 3.02 to 1. However, for the longer term and over the ten-year planning cycle, additional capital cash generation options will be required that will include increased AIF fees and debt financing. The current capital financing facility of \$3,700,000 currently (undrawn) remains under review and will be renewed based on supporting revenue enhancement and updated five-ten year capital plans. RAA is well positioned for 2011 and 2012 to meet its cash flow requirements.

Balance Sheet

Assets of the corporation grew by 8.75% to \$51,953,337 in 2010: \$4,347,854 through reinvestment in capital assets net of amortization charges; and \$81,045 in investments. Cash on hand was slightly down consistent with higher pay downs of loan and accrued expenses that resulted from high work-in-progress provisions from 2009.

Statement of Operations

Revenues. During 2010, total Airport revenues generated tallied \$19,033,546 as compared to \$16,881,730 in 2009; an increase of 12.7%. Overall operational revenues exceeded business plan projections before amortization by \$1,254,717 (increases comprised of aeronautical revenues - \$600,153; concession revenues - \$514,027; rental revenues - \$43,426; and other revenues - \$97,111).

In particular, increased Airport Improvement Fee (AIF) revenues and airline revenue fee increases are directly attributed to (1) the strong growth in sun destination charters; and (2) the increase in transborder service, including Delta's increased daily frequencies to Minneapolis, United's new daily nonstop service to Chicago as of June 10, 2010, and United's Denver route operating for a full year twice daily versus six months during 2009. Commercial revenues (parking and concessions) also grew in parallel to increased traffic and as a result of the new parking pay-on-foot solutions.

Expenses. Overall operating expenses were \$52,731 under business plan projections due the following contributing factors: personnel - \$211,003 lower due to delayed staffing implementation plans and reduced pension benefit obligations; and professional services - \$83,142 lower with less legal advisory, limited airline marketing requirements and the deferral of environmental compliance and cargo assessment projects into 2011. The following areas exceeded projections but were offset by those items listed above: board costs - \$53,120 higher due to new remuneration and training; ground rent - \$81,960 higher as a result of the growing gross revenue stream; materials and supplies - \$63,532 higher due to increasing cost of consumables and higher-than-average winter supply utilization; and contracted services - \$144,607 higher due to increased customer service staffing requirements, regulatory creep and CPI increases. All other expense areas were near or at projections and as expected.

Amortization of assets exceeded business plan estimates by \$219,263 and 2009 by \$757,463 as a result of the additional capital assets investments.

Overall net revenue over expenses generated \$5,681,311, an increase over 2009 of \$269,121 and \$1,855,711 over the 2010 business plan.

Contracts not Tendered

All projects with a value in excess of \$75,000 (base year 1992=100 CPI annually adjusted) require a public tender or request for proposal process. In 2010 dollars this value approximates - \$125,000. All projects in excess of these values were tendered with the following exceptions:

Water Loop Installation - \$265,000; Contractor: BYZ Construction Inc.; sole source resulting from strategic decision to tie in with municipality work occurring adjacent to Airport lands.

Trackless Sweeper - \$142,811; Supplier: Joe Johnson Equipment Ltd.; sole source resulting from one clear supplier that matched Airport needs considering all factors.

Officers and Senior Management Compensation

Total remuneration paid to RAA senior officers was a total of \$404,438 (2009- \$393,141) and was allocated as follows:

- James D. Hunter, President & CEO: range (\$120,930 \$152,460)
- Derrick B. Thue, Vice President Administration & CFO: range (\$92,300 \$138,300)
- Steve D. Burchi, Vice President Operations: range (\$92,300 \$138,300)

risks and uncertainties

Micro-Environmental

Strong Economic & Airport Growth. Saskatchewan continues to be among the provincial leaders in terms of economic growth and is predicted to do so again in 2011 and 2012. Exceptional growth in our region continues to be reflected in near double digit increases in passenger traffic at Regina International Airport. This growth poses many challenges, and in particular, keeping pace in meeting peak facility and operational requirements. For example, public parking lot demand exceeded capacity by 10% and 15% during the (2010) Christmas and mid (2011) February winter breaks respectively. In 2010, RAA completed a long–term strategic assessment for parking requirements and is currently planning the implementation of the short, medium and longer–term plans to address this issue.

Although the future and associated growth rates are highly volatile, a visionary focus on facility requirements, capital planning and funding options will allow RAA to manage future growth. For the immediate years of 2011 and 2012, RAA will complete critical infrastructure rehabilitation project upgrades to the runways and main apron expansion to deal with congestion and safety concerns of airline operators. In addition, hold room atrium infill floor expansion, short term parking upgrades, and check-in hall reconfiguration will be completed. These changes will see the Airport through the short-term as RAA continues to complete the planning for medium and longer term requirements.

Increased Competition. The aggressive pricing and marketing model employed by neighbouring US airports/airlines continue to pose a challenge to RAA's competitiveness within its catchment area. RAA has been formulating a comprehensive marketing strategy to counter this issue, and continues to work with other Canadian airports facing the same challenges.

In addition, as the US continues to improve economically, combined with airline fleet rationalization, RAA expects to see increased competition with potentially smaller fleets. As the older RJ fleet models are retired, RAA anxiously looks to understand whether it will be impacted directly. Airlines will look to load factors and overall yields in determining which markets they will serve.

Lack of Awareness. Regina International Airport is a core economic generator for the community at large, and is primarily responsible to assist the community in enhancing economic growth through increased air service into Regina and Southern Saskatchewan. The Airport's economic success is critical to ensuring long term sustained growth and development within the region. RAA must –and will continue to– collaborate with community stakeholders to find synergies that help meet its mandate and sustain the community. RAA's ongoing commitment to improving communications and raising awareness is forefront in this initiative.

Macro-Environmental

Regulatory Creep. Increased focus on safety, security and environmental management programming continue to place the Airport under extreme pressure resulting in substantial increases to its ongoing operational costs. For example, changing security requirements are often required by the regulator with short or immediate timelines for implementation requiring both time and capital.

Volatile Industry. Aviation continues to be a fragile industry and leaves the Airport vulnerable to the next industry crisis, economic downturn or other unforeseen event. Adding to this volatility are the many substitutes for air travel, including vehicle, transit, train and other forms of transportation to get passengers to their destination (or to a competing airport). Although air transport is increasing in popularity, these substitutes still pose a risk due to their ease, affordability and availability.

Industry policy, in particular the ground rent formula the Authority has with the Crown, continues to put cost pressures on the Authority resulting in increased costs being passed on to the airline operators through increased rates and fees. Rent assessed on airport improvement fees for improving the Crown asset does not make strategic sense and needs to be removed from the rent formula.

Rising airline fuel, security surcharges and overall global volatility (specifically in Egypt Yemen, and Libya) will continue to put pressure on airlines and their ability to remain profitable; all of which are a concern to the Authority as their facility provider.

Limited Supply. The number of airlines and flights that service our market is limited, and the average flight load factors are very strong; these factors raise the concern that our market is under-serviced. In 2010, RAA was able to increase transborder and charter flight services primarily by adding new destinations including Chicago and Phoenix, but also by increasing the frequency and size of aircraft to current destinations. In 2011, RAA will primarily focus its route development efforts on increasing the supply of domestic services through larger aircraft and/or increased frequencies to domestic destinations.

Increased Cost to Fly. The cost for Canadian passengers to fly is continuing to increase with an increase in domestic fares of approximately 1.5% in 2010 (StatsCan). The rising base fare, teamed with increasing taxes and fees, is making it increasingly difficult to compete on price in the global aviation marketplace. In addition, air travel is becoming increasingly price sensitive due to the internet-driven price comparison shopping, the growth of low cost carriers in the global market, and the travel purchasing practices of corporations.

In summary, RAA is an advocate of rent relief from the federal government. The relief would benefit all industry players to (1) assist in meeting the increased compliance and regulatory burdens placed on them; (2) assist to ensure stability to airlines serving the Airport as it relates to rates and fees; (3) assist in freeing up additional resources needed to market the Airport and provide for additional reinvestment (future capital requirements).

Moving Forward

The above discussion identifies several challenges but is not considered to be an exhaustive list. Along with these challenges comes opportunity. In that regard, the continued positive performance of the Airport, both financially and operationally, provides a strong foundation to meet these challenges now and into the future.



management responsibility

The accompanying financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. The most significant of these are set out in Note 2 of the financial statements.

The Airport Authority's accounting procedures and related systems of internal control are designed to provide reasonable assurance that its' assets are safeguarded and its' financial records are reliable. These consolidated financial statements include some amounts based upon Management's best estimates and judgments. Recognizing that the Airport Authority is responsible for both the integrity and objectivity of the consolidated financial statements, Management is satisfied that these consolidated financial statements have been prepared within reasonable limits of materiality.

The Board of Directors has appointed an Audit Committee consisting of six independent directors. The committee meets periodically during the year to review with Management and the auditors any significant accounting, internal control, and auditing matters. They also review and finalize the annual consolidated financial statements of the Regina Airport Authority Inc. together with the independent auditors' report before the submission of the consolidated financial statements to the Board of Directors for final approval.

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

On behalf of the Regina Airport Authority:

James D. Hunter
President and CEO

Derrick B. Thue
Vice President Administration and
Chief Financial Officer



KPMG LLP Chartered Accountants

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Independent Auditors' Report to the Stakeholders

We have audited the accompanying financial statements of Regina Airport Authority Inc., which comprise the balance sheet as at December 31, 2010, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Regina Airport Authority Inc. as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada February 24, 2011

Balance Sheet

December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 6,987,737	\$ 4,426,966
Restricted cash	-	2,831,171
Accounts receivable and accrued revenue	1,591,857	1,573,729
Prepaid materials and supplies	304,129	297,850
	8,883,723	9,129,716
Property, plant and equipment (note 4)	41,522,354	37,174,500
Investments (note 5)	1,547,260	1,466,215
	\$ 51,953,337	\$ 47,770,431
Liabilities and Net Assets		
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,565,651	\$ 2,648,915
Security deposits	72,852	185,352
Current portion of bank term loan (note 6)	180,000	180,000
	1,818,503	3,014,267
Pank term loan (note 6)	1,440,000	1,620,000
Bank term loan (note 6)	1,440,000	1,620,000
Accrued benefit liability (note 7)	221,000	144,000
Deferred contributions (note 8)	199,642	399,283
Net assets:		
Invested in property, plant and equipment (note 9)	39,702,712	34,975,217
Restricted airport improvement fee (note 10)	-	-
Unrestricted	8,571,480	7,617,664
	48,274,192	42,592,881
Commitments (note 11)		
	\$ 51,953,337	\$ 47,770,431

See accompanying notes to financial statements.

APPROVED BY THE BOARD

Director

Stall Director

regina airport authority inc.

Statement of Operations

December 31, 2010, with comparative figures for 2009

	2010	2009
Revenue:		
Landing fees	\$ 2,467,941	\$ 2,252,680
Public parking	2,612,976	2,121,301
Concessions	1,881,351	1,683,163
General terminal fees	1,880,212	1,557,569
Other airline	1,217,000	1,026,150
Rental	778,426	764,625
Amortization of deferred contributions	199,641	199,641
Interest and other	181,106	93,455
Unrealized gain on investments	52,474	110,442
	11,271,127	9,809,026
Customer facility charge (note 13)	236,094	-
Airport improvement fees (note 10)	7,526,325	7,072,704
	19,033,546	16,881,730
Expenses:		
Amortization of property, plant and equipment	3,719,263	2,961,800
Salaries and benefits	3,687,997	3,219,961
Contracted services	2,064,607	1,787,975
Repairs, maintenance, material and supplies	1,007,669	864,038
Property taxes	759,356	748,154
Utilities	685,629	653,324
Transport Canada ground rent	488,960	381,100
Services, supplies and administration	278,632	225,860
Board	232,820	140,441
Insurance	197,451	207,079
Professional and consulting fees	188,858	276,849
Interest	40,993	2,959
	13,352,235	11,469,540
Excess of revenue over expenses	\$ 5,681,311	\$ 5,412,190

See accompanying notes to financial statements.

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Statement of Change in Net Assets
December 31, 2010, with comparative figures for 2009

	Invested in property, plant and equipment	Restricted airport improvement		2010	2009
	(note 9)	fee (note 10)	Unrestricted	Total	Total
Balance, beginning of year	\$ 34,975,217	\$ -	\$ 7,617,664	\$ 42,592,881	\$ 37,180,691
Excess of revenue over expenses Net change in invested in	(3,519,622)	7,526,325	1,674,608	5,681,311 -	5,412,190 -
property, plant and equipment Appropriation (note 10)	8,247,117 -	(5,572,815) (1,953,510)	(2,674,302) 1,953,510	-	-
Balance, end of year	\$ 39,702,712	\$ -	8,571,480	\$ 48,274,192	42,592,881

See accompanying notes to financial statements.

regina airport authority inc.

Statement of Cash Flows December 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 5,681,311	\$ 5,412,190
Items not affecting cash:		
Amortization of deferred contributions	(199,641)	(199,641)
Amortization of property, plant and equipment	3,719,263	2,961,800
Increase (decrease) in accrued benefit liability	77,000	(24,000)
Realized gains on invesment disposals	7,623	- 1
Unrealized gain on investments	(52,474)	(110,442)
Net change in non-cash working capital items (note 12)	(1,249,171)	1,525,158
	7,983,911	9,565,065
Investing activities:		
Investing activities:	0.004.474	(2.024.474)
Decrease (increase) in restricted cash Collections of loans receivable	2,831,171 29,000	(2,831,171) 29,000
	(8,067,117)	(7,248,358)
Purchase of property, plant and equipment Purchase of investments	, , ,	(' ' '
Proceeds on sale or maturity of investments	(982,308) 946,214	(1,816,939) 1,798,945
Froceeds on sale of maturity of investments	· · · · · · · · · · · · · · · · · · ·	
	(5,243,040)	(10,068,523)
Financing activities:		
Repayments of bank term loan	(180,000)	-
Proceeds from bank term loan	-	1,800,000
	(180,000)	1,800,000
Increase in cash	2,560,871	1,296,542
Cash, beginning of year	4,426,866	3,130,424
Cash, end of year	\$ 6,987,737	\$ 4,426,966

See accompanying notes to financial statements.

Notes to the Financial Statements December 31, 2010

1. Purpose of organization:

The Regina Airport Authority (the "Authority") was incorporated June 18, 1997 as a corporation without share capital under Part II of the Canada Corporations Act. The objective of the non-profit Authority is:

To manage and operate our airport in a safe, secure, efficient and commercially viable and environmentally responsible manner.

The Authority signed a 60 year Ground Lease with Transport Canada, effective May 1, 1999, and assumed responsibility for the management, operation and development of the Regina International Airport.

The Authority is exempt from federal and provincial income tax.

2. Significant accounting policies:

The financial statements of the Authority have been prepared in accordance with Canadian generally accepted accounting principles. The more significant of these accounting policies are summarized below.

a) Financial assets and liabilities

The measurement basis for financial assets and liabilities depends on whether the financial assets or liabilities has been classified as held for trading, available for sale, held to maturity, loans and receivables, or other financial liabilities. Financial assets classified as held for trading are measured at fair value and changes in fair value are recognized in increase in net assets for the year. Financial assets or liabilities classified as available for sale are measured at fair value with changes in fair value recorded in other comprehensive income, however, unrealized losses considered other than temporary continue to be recognized as a decrease in net assets for the year. Financial assets or liabilities designated as held to maturity, loans and receivables, or other financial liabilities are measured at amortized cost using the effective interest method. The Authority has no financial instruments designated as available for sale.

The Authority has designated its cash and investments as held for trading. Accounts receivable and accrued revenue and loans receivable are designated as loans and receivables. Accounts payable and accrued liabilities and the bank loan have been designated as other financial liabilities.

The Authority has elected to apply the disclosure requirements of the CICA Handbook, Section 3861 in place of Handbook Sections 3862 and 3863 which results in more limited disclosure of the nature and extent of risks arising from financial instruments.

regina airport authority inc.

Notes to the Financial Statements

December 31, 2010

2. Significant accounting policies (continued):

b) Revenue recognition

The Authority follows the deferral method of accounting for contributions. 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 re-imbursement of specific operating costs are offset against the costs incurred.

c) Property, plant and equipment

Property, plant and equipment are recorded at cost and are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Rate
Office furniture and equipment Computer equipment and software Vehicles and equipment Leasehold improvements Work in progress	3-10 years 3 years 3-15 years 1-30 years Not amortized, as not available for use

d) Employee future benefits

The Authority maintains a pension plan for its employees which has both a defined benefit and defined contribution component. The Authority accrues its obligations 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 is used for the purpose of calculating the expected return on plan assets. Pension obligations are determined by an independent actuary using the projected benefit method prorated on service and management's best estimate assumptions. The cost of the defined contribution component of the plan is recognized based on the contributions required to be made during each period.

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. Cash:

Cash on hand earned interest at an effective rate of 0.86% (2009 – 0.96%) during the year.

Notes to the Financial Statements December 31, 2010

4. Property, plant and equipment:

			2010	2009
		Accumulated	Net book	Net book
	Cost	amortization	value	value
Land	\$ 2,730,060	\$ -	\$ 2,730,060	\$ -
Leasehold improvements	47,758,641	(13,187,534)	34,571,107	27,183,797
Vehicles and equipment	5,974,012	(3,509,099)	2,464,913	1,432,972
Computer equipment and software	557,616	(435,858)	121,758	26,060
Office furniture and equipment	104,712	(45,820)	58,892	34,243
Work in progress	1,575,624	-	1,575,624	8,497,428
	\$ 58,700,665	\$ (17,178,311)	\$ 41,522,354	\$ 37,174,500

5. Investments:

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

		2010		2009
Davida	Φ.		¢	074 447
Bonds	\$	-	Ъ	271,117
Guaranteed investment certificates (GICs)		616,829		-
Common shares		929,757		419,546
Investment savings account		674		775,552
	\$	1,547,260	\$	1,446,215

The fair value of the investment savings account and GICs approximates cost and common shares are based on quoted market values.

6. Bank term loan:

	2010	2009
Bank term loan Less: Current portion	\$ 1,620,000 180,000	\$ 1,800,000 180,000
	\$ 1,440,000	\$ 1,620,000

The bank term loan is repayable in four equal instalments of principal commencing December 1, 2010, with a final payment of the balance of principal and interest then outstanding on December 1, 2014. Interest is paid on the last banking day of each month at a rate of prime less .25%. The loan is secured by a general assignment of book debts.

regina airport authority inc.

Notes to the Financial Statements
December 31, 2010

7. Employee future benefits:

The Authority sponsors and funds a pension plan on behalf of its employees, which has defined benefit and defined contribution components. The defined benefit component is for employees who were employed by the Authority on the date of transfer, including former Transport Canada employees, some of whom transferred their vested benefits from the Public Service Superannuation Plan to the Authority's pension plan. Pension plan costs are charged to operations as services are rendered.

The most recent actuarial valuation of the defined benefit component of the pension plan occurred effective December 31, 2007. The results of the actuarial valuation have been extrapolated to December 31, 2010. Information about the defined benefit component of the Authority's pension plan is as follows:

		2010		2009
A corrued benefit obligations				
Accrued benefit obligation:	ф	4 705 000	Φ.	0.577.000
Balance, beginning of year	\$	4,705,000	\$	3,577,000
Current service cost		159,000		108,000
Interest cost		330,000		275,000
Employee contributions		49,000		52,000
Benefits paid		(91,000)		(87,000)
Change in actuarial assumptions		845,000		780,000
Balance, end of year	\$	5,997,000	\$	4,705,000
		2010		2009
Fair value of plan assets:				
Balance, beginning of year	\$	4,328,000	\$	3,656,000
Actual return on plan assets	Ψ	447.000	Ψ	498,000
Employer contributions		199,000		209,000
		,		,
Employee contributions		49,000		52,000
Benefits paid		(91,000)		(87,000)
Balance, end of year	\$	4,932,000	\$	4,328,000

Notes to the Financial Statements December 31, 2010

7. Employee future benefits (continued):

	2010	2009
Accrued benefit obligation Fair value of plan assets Funded status - deficit	\$ (5,997,000) 4,932,000 (1,065,000)	(4,705,000) 4,328,000 (377,000)
	2010	2009
Funded status – deficit Unamortized transitional obligation Unamortized net actuarial gain Accrued benefit liability	\$ (1,065,000) 55,000 789,000 (221,000)	(377,000) 81,000 152,000 (144,000)

The significant actuarial assumptions adopted in measuring the Authority's accrued benefit obligation are as follows:

	2010	2009
Discount rate Expected long-term rate of return on plan asset Rate of compensation increase	5.70% 5.40% 4.00%	6.80% 6.00% 4.20%
The Authority's pension expense is as follows:		
	2010	2009
Defined benefit component Defined contribution component	\$ 198,830 94,609	\$ 208,590 82,109
	\$ 293,439	\$ 290,699

8. Deferred contributions:

Deferred contributions relate to grants provided by Transport Canada for capital projects and represent the unamortized portion of the contributions received. The deferred contributions are recognized as income as the related assets are amortized.

Cumulative amounts received to date are as follows:

	2010	2009
Transport Canada grant Accumulated amortization	\$ 3,000,000 (2,800,358)	3,000,000 (2,600,717)
	\$ 199,642	\$ 399,283

regina airport authority inc.

Notes to the Financial Statements
December 31, 2010

9. Invested in property, plant and equipment:

(a) Invested in property, plant and equipment is calculated as follows:

		2010		2009
Property, plant and equipment Bank loan Deferred contributions	·	41,522,354 (1,620,000) (199,642)	Ċ	(1,800,000) (399,283)
	\$	39,702,712	\$	34,975,217

(b) Excess of revenue over expenses is calculated as follows:

	2010		2009
Amortization of deferred contributions related to property, plant and equipment Amortization of property, plant and equipment (2,961,800)	\$ 199,641 (3,719,263)	-	199,641
	\$ (3,519,622)	\$	(2,762,159)

(c) Change in net assets invested in property, plant and equipment is calculated as follows:

	2010	2009
Purchase of property, plant and equipment Proceeds from bank term loan Repayment of obligations under bank term loan	\$ 8,067,117 - 180,000	\$ 7,248,358 (1,800,000)
	\$ 8,247,117	\$ 5,448,358

10. Restricted airport improvement fee:

The Authority entered into an agreement dated May 31, 1999 with the Air Transport Association of Canada and major air carriers serving the Regina International Airport ("the AIF Agreement"). The AIF Agreement provides for a consultation process with air carriers on airport development as well as the collection of an airport improvement fee ("AIF") by air carriers. The AIF is to be used for airport infrastructure development. Earned AIF reported below is net of the handling fee of 7% withheld by the airlines.

The AIF fee is \$15 per enplaned passenger for all commercial flights with the exception of Intraprovincial flights, for which the AIF fee is \$5 per enplaned passenger.

During the year the Authority transferred \$1,953,510 to unrestricted net assets; for 2009 - \$13 was transferred from unrestricted net assets.

	2010	2009
Balance, beginning of year Earned during the year Eligible property, plant and equipment purchases Appropriation from (to) unrestricted net assets	\$ - 7,526,325 (5,572,815) (1,953,510)	\$ 7,072,704 (7,072,717) 13
Balance, end of year	\$ -	\$ -

Notes to the Financial Statements December 31, 2010

11. Commitments:

a) Ground lease

Effective May 1, 1999, the Authority entered into a 60 year lease of the Regina Airport facilities with Transport Canada, with an option to renew for an additional 20 years. Estimates based on rent projections indicate that rent payable over the next five years will be approximately as follows:

2011	\$ 539	5,000
2012	562	2,000
2013	590	0,000
2014	619	9,000
2015	650	0,000

b) Contracted services and operating leases:

The Authority is committed under contracted services and operating leases with the following minimum annual payments over the next five years:

2011 2012 2013	\$ 1,317,604 284,462 32,993
2014	-
2015	-

12. Net change in non-cash working capital:

	2010	2009
Accounts receivable and accrued revenue Prepaid materials and supplies Accounts payable and accrued liabilities Security deposits	\$ (47,128) (6,279) (1,083,264) (112,500)	(60,202) (61,509) 1,595,942 50,927
	\$ (1,249,171)	\$ 1,525,158

13. Customer facility charge (CFC)

Effective July 1, 2010, the Authority introduced a CFC to be collected by the vehicle rental car concession operators (on-airport and off airport). The \$3.00 per transaction day charge collected will be used for capital investment, financing, operation and maintenance of a common use rental car support facility that will be made available to all operators. Since inception, \$236,094 has been collected; \$175,932 expended in project development design and related engineering services. The contemplated facility concepts are moving toward final tender design with anticipated construction during 2011.

14. Capital management

The Authority determines the amount of capital that may be required by monitoring the long-term airport infrastructure development plans to meet the needs of passengers, tenants and other airport users and stakeholders. The Authority defines capital to be net assets and bank term loans.

regina airport authority inc.

Notes to the Financial Statements

December 31, 2010

15. Risk management

The Authority, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk and market risk (interest rate risk and other price risk).

Credit ris

The Authority's principal financial assets are cash, accounts receivable, bonds, GICs and investment savings account, which are subject to credit risk. The carrying amounts of financial assets on the balance sheet represent the Authority's maximum credit exposure at the balance sheet date.

The Authority's credit risk is primarily attributable to its trade receivables. The amounts disclosed in the balance sheet are net of allowance for doubtful accounts, estimated by management of the Authority based on previous experience and its assessment of the current economic environment. The Authority does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. The credit risk on cash, GICs and investment savings account is limited because the counterparties are chartered banks with high credit ratings assigned by national credit-rating agencies.

Interest rate risk

Cash on hand, GICs and investment savings account have limited exposure to interest rate risk due to their short-term maturity.

16. Fair values

The carrying value of cash, accounts receivable and accrued revenue, accounts payable and accrued liabilities, security deposits and bank term loan approximate fair value due to the short-term nature of these items. The fair value of investments is disclosed in note 5.

17. Comparative figures

Certain of the prior year's figures have to been changed to conform to the current year's presentation.

