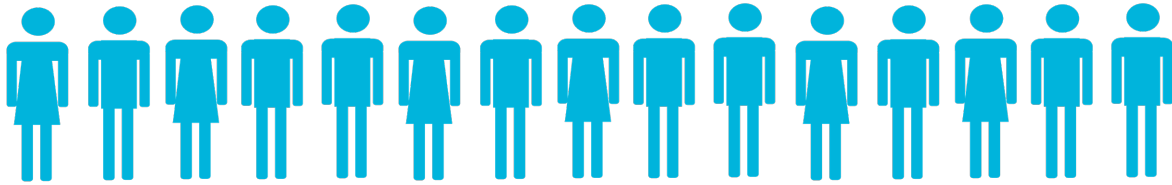


SASKATOON AIRPORT AUTHORITY  
2022 ANNUAL REPORT

# Airport Economic Impact in Saskatoon



8,373 Total Direct & Indirect Jobs



Each time a B737 arrives and departs at YXE, it generates:

-  1.1 Full-Time Jobs
-  \$41,650 Annual Labour Income
-  \$167,500 in Economic Output Activity



Throughout 2022, the Saskatoon Airport Authority (SAA) continued to focus on recovery efforts and mitigating operational disruptions caused by the pandemic. We were pleased to see a strong return to air travel that materialized into a busy summer period, and we were excited that Canadian travel restrictions were rescinded in October. While passenger traffic for the year ended stronger than forecasted (952,000 passengers or 64% of 2019 passenger levels), 2023 passenger numbers are encouraging, as we work toward a full recovery.

As a community-focused organization, the SAA is a private, not-for-profit corporation reliant on user fees to fund airport capital projects and operations. Amidst the past three years of challenges, our corporate strategy has demonstrated financial resilience and viability, through effective debt management, competitive aviation fees, and expansion capacity. In 2022, the airport ended the year with financial viability and organizational stability ahead of strong financial projections into 2023.

We continue to focus on maintaining our critical capital assets to meet our community's current and future demand for air travel, air ambulance, flight training, and air cargo services. Through programs approved in the previous year and executed in 2022, SAA benefited from the Federal Airport Critical Infrastructure Program to complete various essential infrastructure projects. These projects included the expansion of Apron 3 for improved maneuverability of larger aircraft, relocating our common-use baggage claim counters, completing phase 1 of our primary runway rehabilitation, and undertaking restoration work on Aprons 1 through 5.

Re-establishing air service to our community following the pandemic generated changes that remain paramount into the future. Through partnership and collaboration with our valued airlines, community partners, and both Federal and Provincial government, the SAA welcomed the addition of several new routes, frequency, and larger aircraft to accommodate rising demand. Low-cost carrier Flair Airlines returned to Saskatoon with service to Toronto and Vancouver, extending Toronto operations year-round and announcing daily Calgary service beginning in 2023. SAA also welcomed Swoop Airlines to Saskatoon for the first time in June with low-cost service to Toronto. SAA welcomed the return of Air Canada's passenger-pleasing summer seasonal route to Montreal, offering many unique connections into Europe. Additionally, our largest carrier, WestJet, continued to demonstrate its commitment to our market by returning nonstop seasonal service to Las Vegas, Orlando, and Phoenix, along with several Mexico sun destinations. Notably, WestJet recently announced 3 times weekly service to Minneapolis year-round, beginning in June 2023.

In reflection and despite of our industry challenges, SAA remained successful in serving our guests through exceptional customer experience. As passenger demand increased through the year, we worked diligently with our valued partners to re-open retail and food and beverage options, re-establish service contracts, and further promote our enhanced cleaning and sanitization protocols. In our vision to be Canada's most valued airport experience, the SAA rejoined the Airports Council International - Airport Service Quality (ASQ) Program at the beginning of the year, and finished the year above our target with a score of 4.29/5, ranking the SAA fifth in the country for guest satisfaction, demonstrating our service quality commitment to our guests.

## CEO & CHAIR REPORT

The airport sector requires collaboration, consultation, and partnerships with our community to ensure future success for the benefit of our community. The SAA is committed to our community and our symbiotic relationship with all our partners. Our commitment to serving our community is everpresent. Our most recent economic impact study completed in 2019 concluded that approximately one in nineteen jobs in the Saskatoon region depends directly or indirectly on the Saskatoon Airport. For every 1,000 passengers that enplane and deplane in Saskatoon, it creates 5.6 full-time jobs and \$200,000 in annual labour income in our community. This results in approximately \$837,000 of economic benefit. Our strong partnerships and collaboration with our airlines, tenants, Federal, Provincial, and Municipal governments, contractors, community partners, and our valued employees make all this possible.

In the year ahead, we will continue to focus on ensuring a safe, secure, and welcoming environment for all our guests and employees through sustainable practices, investing in our core assets, strengthening our guest experience, and enriching the relationships around us.



A handwritten signature in black ink, appearing to read 'S. Maybury'.

Stephen Maybury  
President & Chief Executive Officer



A handwritten signature in black ink, appearing to read 'D. Weger'.

David Weger  
Board Chair



# CONNECTING SASKATCHEWAN TO THE WORLD

---

While we continue to recover from the pandemic, our commitment remains with our community. We strive to Responsibly Grow as We Proudly Connect Saskatchewan to the World through our vision to be Canada's Most Valued Airport Experience.

---



**952,000**  
ANNUAL  
PASSENGERS

REPRESENTING 64% OF 2019



**15** DIRECT ROUTES SERVICED

AIRPORT SERVICE QUALITY  
OVERALL SATISFACTION

**4.29**

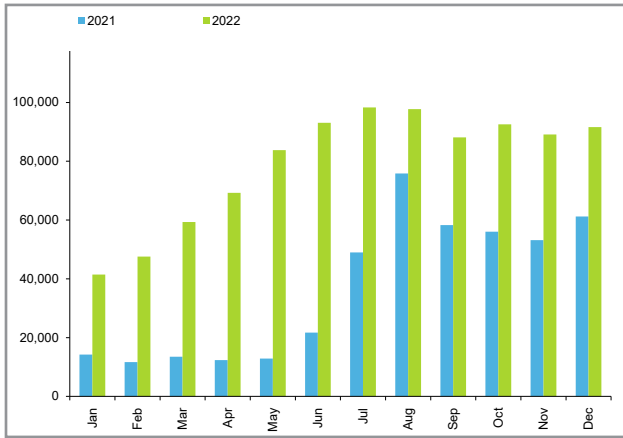
(AVERAGE OUT OF 5-PT SCALE)



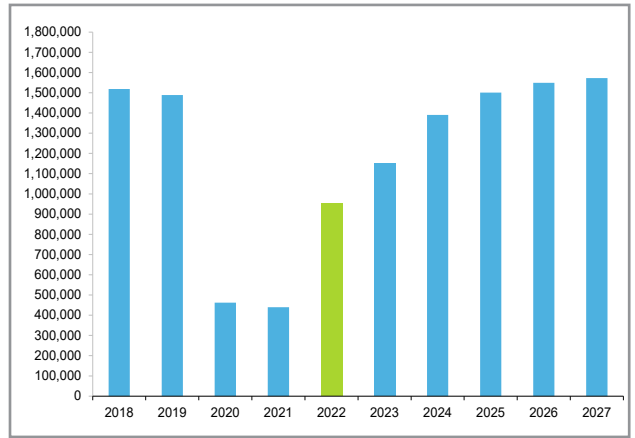
## HISTORICAL ANALYSIS & FIVE-YEAR FORECASTS

The following charts offer an analysis of key performance indicators for the Saskatoon Airport and its stakeholders, both historically and in anticipation of what the future may hold. These charts reflect Skyxe’s current assessment of the impacts of COVID-19 and the estimated recovery for the Saskatoon Airport.

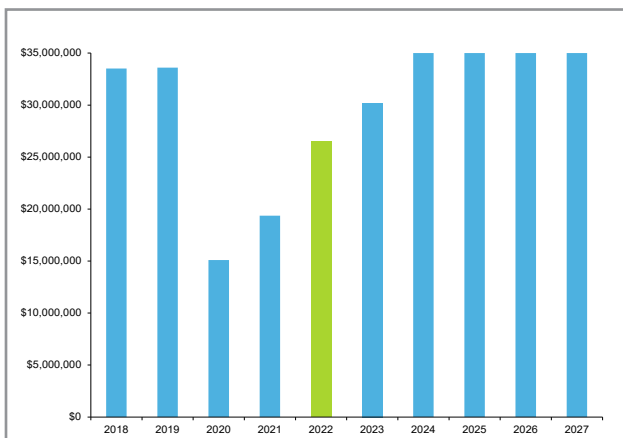
### Monthly Passenger Traffic



### Annual Passenger Traffic



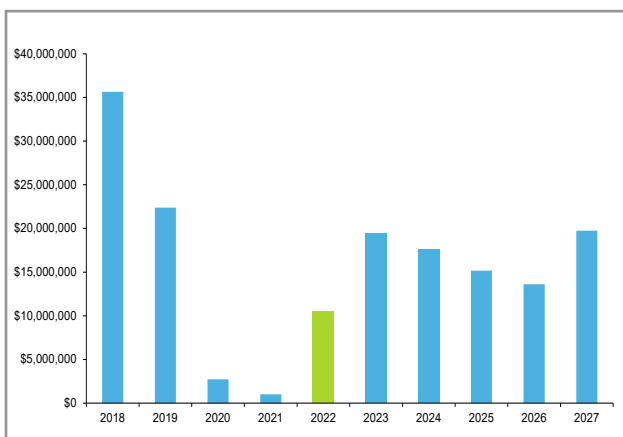
### Airport Revenue



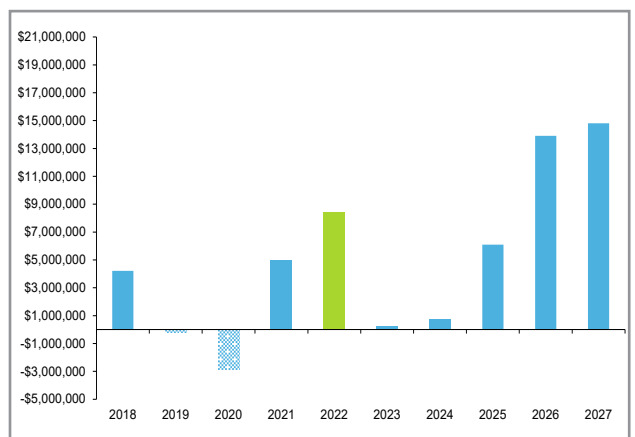
### General Fund Operating Profit\*



### Capital Expenditures



### Cash Position/Net Borrowing



\* In 2021, Skyxe generated an operating loss, however we benefited from government funding through the Airport Relief Fund and the Regional Air Transport Initiative.

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Saskatoon Airport Authority

### Opinion

We have audited the financial statements of Saskatoon Airport Authority (the "Authority"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and changes in fund balances and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

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

### Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

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

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

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

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

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

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



## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

Original signed by Deloitte LLP

Chartered Professional Accountants  
March 22, 2023  
Saskatoon, Saskatchewan

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

### Saskatoon Airport Authority - year ended December 31, 2022

	Notes	General Fund	Capital Fund	31 December 2022	31 December 2021
<b>REVENUE</b>					
Aircraft landing fees		\$ 3,415,785	\$ -	\$ 3,415,785	\$ 2,057,224
General terminal fees		2,491,700	-	2,491,700	1,419,105
Car parking		3,908,449	-	3,908,449	1,923,578
Concessions		2,767,557	-	2,767,557	1,262,339
Space rental		1,459,165	-	1,459,165	868,972
Land rental		991,174	-	991,174	928,212
Government contribution	3	606,269	-	606,269	6,824,714
Other revenue		214,554	-	214,554	257,116
Airport improvement fees	4	-	9,935,619	9,935,619	4,565,454
Interest income		-	265,748	265,748	20,031
Recognition of deferred contributions	5	-	<u>410,533</u>	<u>410,533</u>	<u>402,532</u>
		<u>15,854,653</u>	<u>10,611,900</u>	<u>26,466,553</u>	<u>20,529,277</u>
<b>EXPENDITURES</b>					
Salaries		3,861,423	-	3,861,423	3,309,284
Benefits	7	583,741	-	583,741	568,925
Operational and professional services		4,964,126	-	4,964,126	3,769,587
General and administrative expenses		2,114,350	-	2,114,350	1,478,202
Property taxes		871,633	-	871,633	875,925
Utilities		1,159,443	-	1,159,443	963,357
Federal government rent (recovery)	10	801,298	-	801,298	(20,538)
Loss on disposals of assets	6	-	6,934	6,934	35,420
Interest expense		-	122,404	122,404	74,924
Amortization		-	<u>12,291,657</u>	<u>12,291,657</u>	<u>12,786,844</u>
		<u>14,356,014</u>	<u>12,420,995</u>	<u>26,777,009</u>	<u>23,841,930</u>
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES</b>					
		1,498,639	(1,809,095)	(310,456)	(3,312,653)
<b>FUND BALANCES, BEGINNING OF OF YEAR</b>					
		12,250,927	126,967,816	139,218,743	143,491,357
<b>Employee future benefits re-measurements and other items</b>					
	7	<u>208,855</u>	-	<u>208,855</u>	<u>(959,961)</u>
<b>FUND BALANCES, END OF PERIOD</b>					
		\$ <u>13,958,421</u>	\$ <u>125,158,721</u>	\$ <u>139,117,142</u>	\$ <u>139,218,743</u>

See accompanying notes to the Financial Statements

## STATEMENT OF FINANCIAL POSITION

### Saskatoon Airport Authority - year ended December 31, 2022

	Notes	General Fund	Capital Fund	31 December 2022	31 December 2021
<b>CURRENT ASSETS</b>					
Cash		\$ 12,520,062	\$ 760,318	\$ 13,280,380	\$ 10,229,181
Short-term investments		499,821	-	499,821	-
Accounts receivable	11	1,399,960	928,162	2,328,122	1,355,932
Consumable supplies		255,162	-	255,162	226,342
Prepaid expenses		232,860	-	232,860	247,917
		14,907,865	1,688,480	16,596,345	12,059,372
Defined benefit pension asset	7	1,454,655	-	1,454,655	1,288,451
Other long-term assets		568,862	-	568,862	537,735
Property, plant & equipment	6	-	133,674,307	133,674,307	135,502,599
		\$ <u>16,931,382</u>	\$ <u>135,362,787</u>	\$ <u>152,294,169</u>	\$ <u>149,388,157</u>
<b>CURRENT LIABILITIES</b>					
Accounts payable and accrued liabilities		\$1,783,958	\$536,081	\$2,320,039	\$1,220,743
				\$	
Government remittances payable		46,394	-	46,394	5,530
Interfund payable (receivable)	8	(3,388,418)	3,388,418	-	-
Security deposits		187,256	760,318	947,574	941,115
Deferred revenue		288,434	-	288,434	382,403
Current portion of long-term debt	9	<u>457,579</u>	-	<u>457,579</u>	<u>444,663</u>
		(624,797)	4,684,817	4,060,020	2,994,454
Long-term debt	9	3,597,758	-	3,597,758	4,055,337
Deferred contributions	5	-	<u>5,519,249</u>	<u>5,519,249</u>	<u>3,119,623</u>
		2,972,961	10,204,066	13,177,027	10,169,414
Commitments	10				
FUND BALANCES		<u>13,958,421</u>	<u>125,158,721</u>	<u>139,117,142</u>	<u>139,218,743</u>
		\$ <u>16,931,382</u>	\$ <u>135,362,787</u>	\$ <u>152,294,169</u>	\$ <u>149,388,157</u>

See accompanying notes to the Financial Statements

Approved by the Board



.....Director



.....Director

## STATEMENT OF CASH FLOWS

### Saskatoon Airport Authority - year ended December 31, 2022

	Notes	General Fund	Capital Fund	31 December 2022	31 December 2021
<b>OPERATING ACTIVITIES</b>					
(Deficiency) excess of revenue over expenditures		\$ 1,498,639	\$ (1,809,095)	\$ (310,456)	\$ (3,312,653)
Adjustments for					
Amortization		-	12,291,657	12,291,657	12,786,844
Recognition of deferred contributions		-	(410,533)	(410,533)	(402,532)
Loss on disposals of assets		-	6,934	6,934	35,420
Difference between pension expense and amount funded		42,651	-	42,651	64,918
Other long-term assets		(31,127)	-	(31,127)	(36,341)
Changes in non-cash working capital items		<u>2,653,083</u>	<u>(2,586,386)</u>	<u>66,697</u>	<u>451,898</u>
		<u>4,163,246</u>	<u>7,492,577</u>	<u>11,655,823</u>	<u>9,587,554</u>
<b>INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		-	(10,470,299)	(10,470,299)	(1,003,662)
Government funding	5	-	2,810,159	2,810,159	-
Purchase of short-term investments		<u>(499,821)</u>	-	<u>(499,821)</u>	-
		<u>(499,821)</u>	<u>(7,660,140)</u>	<u>(8,159,961)</u>	<u>(1,003,662)</u>
<b>FINANCING ACTIVITIES</b>					
Long-term debt issuance	9	-	-	-	4,500,000
Long-term debt repayment	9	<u>(444,663)</u>	-	<u>(444,663)</u>	<u>(5,000,000)</u>
		<u>(444,663)</u>	-	<u>(444,663)</u>	<u>(500,000)</u>
NET INCREASE (DECREASE) IN CASH		3,218,762	(167,563)	3,051,199	8,083,892
CASH POSITION, BEGINNING OF YEAR		<u>9,301,300</u>	<u>927,881</u>	<u>10,229,181</u>	<u>2,145,289</u>
CASH POSITION, END OF PERIOD		\$ <u>12,520,062</u>	\$ <u>760,318</u>	\$ <u>13,280,380</u>	\$ <u>10,229,181</u>

See accompanying notes to the Financial Statements

## NOTES TO THE FINANCIAL STATEMENTS

Saskatoon Airport Authority – year ended December 31, 2022

### 1. NATURE OF BUSINESS

The Saskatoon Airport Authority (the “Authority”) was incorporated without share capital under Part II of the Canada Corporations Act. In 2013, the Authority was continued under the Canada Not-for-profit Corporations Act. The Authority has operated the Saskatoon John G. Diefenbaker International Airport since January 1, 1999 under a lease from the Government of Canada. All earnings of the Authority are retained and reinvested in airport operations and development to best serve the community and ultimately to ensure a valued experience is achieved.

COVID-19 has and is expected to continue to have a significant impact on the aviation industry. Since March 2020, the Authority has seen a significant decline in passenger traffic and aviation activity. While it is not possible to quantify the future impact on the Authority, it is expected to continue to have a material adverse impact on anticipated future passenger volume and reduce a number of future revenue streams. In response to the impact of the pandemic, the Authority took actions throughout 2020 and 2022 to reduce capital and operating spending and cash outflows while maintaining a safe operation. Further, the Authority was able to access government funding described in Note 3 which enhanced its financial position. While the full duration and scope of the COVID-19 pandemic is not known at this time, the Authority does not believe the pandemic will have a material adverse impact on the long-term financial sustainability of the airport. As a result, these financial statements are prepared on a going concern basis.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”) and include the following significant accounting policies:

#### Fund Accounting

The Authority uses fund accounting.

The General Fund accounts for the Authority’s operating activities. This fund reports unrestricted resources. The Capital Fund reports the assets, liabilities, revenues and expenditures as allocated by the Board of Directors to the Authority’s property, plant and equipment, expansion and renovation projects.

#### Use of Estimates

The preparation of the financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant financial statement items that require estimates are as follows: the useful lives, amortization and impairment of property, plant and equipment; allowance for doubtful accounts; inventory valuation; and actuarial and economic assumptions used in calculating the cost and obligation associated with the defined benefit pension plan. Actual results could differ from those estimates.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Cash

Cash consists of balances in banks and cash on hand.

#### Short-term Investments

Short-term investments consist of investments which have original maturities greater than 90 days when purchased.

#### Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value and subsequently measured at amortized cost.

Transaction costs related to financial instruments are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest method.

The Authority uses the effective interest method to recognize interest expense which includes transaction costs or fees, premiums or discounts earned or incurred for financial instruments.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include debt, accounts payable and accrued liabilities.

#### Consumable Supplies

Inventories of consumable supplies are recorded at the lower of cost and net realizable value. Cost is determined using the first in first out method. The inventories recognized as an expense during the year amount to \$419,427 (\$494,922 in 2021).

#### Property, Plant and Equipment

Property, plant and equipment are recorded at cost and, when put in use, depreciation and amortization is provided for on the following basis:

Paved surfaces and land improvements	15-25 years straight line
Buildings	20 years straight line
Vehicles, machinery and equipment	5-10 years straight line
Computer equipment	2 years straight line
Computer software	1 year straight line

Normal repairs and maintenance expenditures are expensed as incurred.

When property, plant and equipment that is subject to amortization no longer has any long-term service potential for the Authority, the excess of its carrying value over any residual value is expensed in the statement of operations.

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Income Taxes

The Airport Transfers (Miscellaneous Matters) Act exempts the Authority from paying federal and provincial income and capital tax.

#### Revenue Recognition

Revenue is recorded when the services are performed, the facilities are utilized or the amounts are earned pursuant to the related agreements, and collection is reasonably assured. Where the Authority receives payment in advance in respect of leases or operating licenses, the amounts are initially recognized as deferred revenue on the Statement of Financial Position and subsequently recognized as revenue on a straight-line basis over the term of the lease or operating license. The Airport Improvement Fee ("AIF") revenue is recognized when passengers embark.

Operating lease revenues are recognized on a straight-line basis over the term of the lease.

#### Government Contributions

Government contributions to long-term assets are accounted for under the deferral method whereby the contributions are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired property, plant and equipment. If the related property, plant and equipment is decommissioned or disposed of, the difference between the net proceeds on disposal and the net carrying amount is recognized in the statement of operations and changes in fund balances. Any unamortized deferred contributions related to the property, plant and equipment disposed of would be recognized as revenue in the period of the disposal, provided that any restrictions of the contribution agreement between the Authority and Government have been complied with.

Restricted contributions are reflected as deferred contributions and are recognized as revenue in the year 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.

#### Ground Lease

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

#### Pension & Retirement Savings Plans

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 employees of the Authority on the date of transfer including former Transport Canada employees, some of whom transferred their entitlements under the Public Service Superannuation Plan to the plan. The defined contribution component is for employees who commenced employment with the Authority between January 1, 1999 and April 1, 2013. The defined contribution component of the plan is closed to new members with employees commencing employment after April 1, 2013 being members of a group retirement savings plan.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Pension & Retirement Savings Plans (continued)

The Authority accrues its obligations under the defined benefit pension plan as the employees render the services necessary to earn the pension benefits. The cost of the defined benefit component of the plan is determined periodically by an independent actuary.

The Authority uses the most recently completed actuarial valuation prepared for funding purposes for measuring its defined benefit plan obligations. A funding valuation is prepared in accordance with pension legislation and regulations, generally to determine required cash contributions to the plan. The Authority uses the immediate recognition approach for its defined benefit pension plan and it recognizes all re-measurements directly in fund balances in the statement of financial position.

Re-measurements and other items comprise the aggregate of the following: the difference between the actual return on plan assets and the return calculated using the discount rate; actuarial gains and losses; the effect of any valuation allowance in the case of a net defined benefit asset; past service costs; and gains and losses arising from settlements and curtailments.

The Authority recognizes its contributions to the contribution component of the Plan and its group retirement savings plan as expenses in the period earned.

### 3. GOVERNMENT CONTRIBUTIONS

In 2022, the Authority applied for and received support from the Tourism and Hospitality Recovery Program (THRP), a successor program to the Canada Emergency Wage Subsidy (CEWS). The Authority received a total of \$297,910 (2021 - \$205,024) under THRP and \$nil (2021 - \$954,690) under CEWS. These amounts are included in Government Contributions on the statement of operations and changes in fund balances. In 2022, the Authority also received \$9,484 (2021-nil) under the Canada Recovery Hiring Program.

The Authority received the following unrestricted contributions in 2021 with no further funding received in 2022: \$2,844,000 from Transport Canada's Airport Relief Fund program and \$2,664,000 from Western Economic Diversification Canada's Regional Air Transportation Initiative.



3. GOVERNMENT CONTRIBUTIONS (continued)

Government contributions received during the year are as follows:

	<u>2022</u>	<u>2021</u>
Canada Emergency Wage Subsidy	\$ -	\$ 954,690
Tourism and Hospitality Recovery Program	297,910	205,024
Prairies Economic Development Canada	137,578	-
Canada Recovery Hiring Program	9,484	-
Airport Relief Fund	-	2,844,000
Regional Air Transportation Initiative	-	2,664,000
Other	<u>161,297</u>	<u>157,000</u>
	<u>\$ 606,269</u>	<u>\$ 6,824,714</u>

4. AIRPORT IMPROVEMENT FEES (AIF)

The Authority has an agreement with the Air Transport Association of Canada and certain of the air carriers serving the Saskatoon John G. Diefenbaker International Airport for the collection of an AIF. Effective June 1, 2020, the AIF is \$23 per local boarded passenger for travel to destinations outside of Saskatchewan and \$6 for travel to destinations within Saskatchewan. The AIF is collected by the air carriers and the portion of the fee earned and reported by the Authority is net of a 7% handling fee retained by the air carriers which was \$759,435 in 2022 (2021 - \$351,460). The Authority charges an infrastructure fee of \$0.63 effective March 1, 2022 per departing aircraft seat or seat equivalent totaling \$126,847 (2021 - \$106,816) to those air carriers who are not subject to the collection of an AIF. The Board of Directors has internally restricted the Authority's share of the AIF revenues and infrastructure fees in the Capital Fund to pay for the capital and related financing costs of major airport infrastructure development. Substantially all Capital Fund accounts receivable relate to the AIF.

5. DEFERRED CONTRIBUTIONS

During the year, the Government of Canada provided financial assistance for use toward capital projects through the Airport Critical Infrastructure Program (ACIP) totaling to \$2,810,159. This represents partial reimbursement respectively for apron retoration, runway restoration, apron infill and new baggage booth system.

5. DEFERRED CONTRIBUTIONS (continued)

Changes to deferred contributions are as follows:

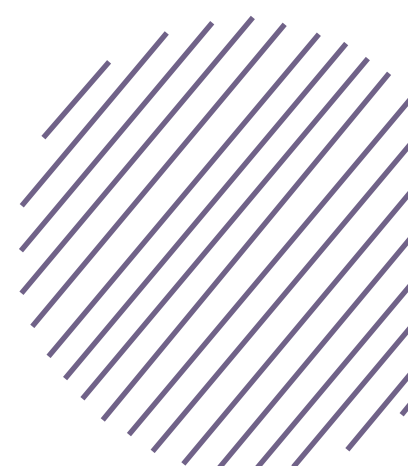
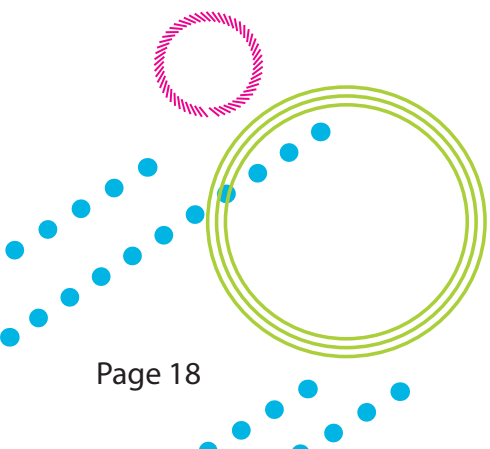
	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 3,119,623	\$ 3,522,155
Current year contributions	2,810,159	-
Current year recognition	<u>(410,533)</u>	<u>(402,532)</u>
Balance, end of period	<u>\$ 5,519,249</u>	<u>\$ 3,119,623</u>

6. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2022</u>	<u>2021</u>
Buildings	\$ 110,463,379	\$ 51,319,608	\$ 59,143,771	\$ 63,441,435
Paved surfaces & land improvements	99,858,533	35,473,441	64,385,112	60,947,086
Vehicles, machinery & equipment	25,309,618	15,380,602	9,929,016	10,822,418
Computer equipment	802,687	608,479	194,208	291,335
Computer software	<u>166,568</u>	<u>144,368</u>	<u>22,200</u>	<u>325</u>
	<u>\$ 236,600,805</u>	<u>\$ 102,926,498</u>	<u>\$ 133,647,307</u>	<u>\$ 135,502,599</u>

During the year, property, plant and equipment was acquired at a cost of \$10,470,299 (2021-\$1,003,662) of which \$536,082 is included in accounts payable and accrued liabilities at December 31, 2022 (2021-\$249,989). Included in the cost of certain property, plant and equipment is work in progress in the amount of \$5,559,519 (2021-\$80,832). These amounts have not been amortized as they are in progress or not available for use.

During the year, the Authority decommissioned, disposed of, or assessed as obsolete property, plant and equipment with a cost of \$30,027 (2021 - \$151,904), accumulated amortization of \$23,093 (2021- \$113,508), and net proceeds of nil (2021 -\$2,976) resulting in a new book loss of \$6,934 (2021- \$35,420) being recorded in the statement of operations and changes in fund balances.



## NOTES TO THE FINANCIAL STATEMENTS

### 7. PENSION PLAN

The Authority has a defined benefit pension plan, which covers certain employees. The plan provides pensions based on length of service and the average of the highest six years' earnings.

The Authority measures its accrued benefit obligations and the fair value of the plan assets for funding purposes as at December 31 of each year.

The status of the defined benefit component of the plan based on the most recent actuarial determination completed as at December 31, 2021 and rolled forward to December 31, 2022 by Management is as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets	\$ 13,926,356	\$ 16,644,051
Defined benefit obligation	<u>12,471,701</u>	<u>15,355,600</u>
Defined benefit asset	<u>\$ 1,454,655</u>	<u>\$ 1,288,451</u>

The next required valuation for funding and solvency purposes as of December 31, 2022 will be prepared no later than June 30, 2023.

The current year defined benefit pension expense \$39,722 (2021 - \$62,650) and defined contribution pension and group retirement savings plan expense of \$171,214 (2021 - \$162,061) is included in the statement of operations within Benefits.

During 2022, an increase in going concern surplus of \$208,855 (2021-\$959,961 decrease) was recognized directly in the General Fund Balance as a result of a lower actuarially assessed discount rate for the plan liabilities.

### 8. INTERFUND TRANSFER

No transfer was made between Capital Fund and General Fund during the year (2021 - \$0). Prior year allocations result in receivable and payable balances between funds.

## NOTES TO THE FINANCIAL STATEMENTS

### 9. DEBT

Details of the Authority's long-term debt outstanding are as follows:

	2022	2021
Term loan bearing interest at 2.62 % per annum with monthly principal and interest payments of \$15,616, due December 2024	\$ 1,350,335	\$ 1,500,000
Term loan bearing interest at 2.955 % per annum with monthly principal and interest payments of \$31,709 due December 2026	2,705,002	3,000,000
	4,055,337	4,500,000
Current portion	457,579	444,663
Long-term portion	\$ 3,597,758	\$ 4,055,337

Future principal payments required on all long-term debt for the next five years are summarized below. These payments do not consider any loan renewals for the next four years.

2023	457,579
2024	1,509,794
2025	322,589
2026	1,765,375
Total	\$ 4,055,337

The Authority has established two revolving credit facilities each with a limit of \$5,000,000. The first credit facility bears interest at prime lending rate (December 31, 2022 - 6.45%; December 31, 2021 – 2.45%) which can be drawn by way of overdraft. As at December 31, 2022, no amounts were drawn against this credit facility (2021 - \$0). The second revolving credit facility can be drawn in the form of term loans bearing interest at either prime lending rate or prevailing one-year fixed interest rates at the time of borrowing. As at December 31, 2022, no amounts were drawn against this credit facility (2021 – nil).

As at December 31, 2022, the Authority's aggregate undrawn credit facilities total \$10,000,000 (2021 - \$10,000,000). The Authority's term debt and revolving credit facilities are secured by way of general security agreement.

### 10. COMMITMENTS AND CONTINGENCIES

The Authority rents the Saskatoon airport facilities under a long-term lease entered into on January 1, 1999 with Transport Canada. In 2015, the Authority exercised an option to renew the lease and the lease was extended by 20 years to December 31st, 2078. The terms of the lease remained the same upon exercising the option to renew the lease. At the end of the lease, the Authority is obligated to return control of the airport to the landlord. The Authority began to pay rent on January 1, 2006. The rent is calculated based on a formula reflecting annual gross revenues less Government contributions. The formula is applied at a rate of 1% of adjusted gross revenues in excess

### 10. COMMITMENTS AND CONTINGENCIES (continued)

of \$5 million, 5% of adjusted gross revenues in excess of \$10 million and 8% of adjusted gross revenue in excess of \$25 million. As the result of the financial impact of COVID-19, the requirement to pay rent was waived by Transport Canada for the months of March-December 2020 and the full year 2021. In 2021, the Authority realized a recovery of rent paid in 2020 totaling \$20,538. No rent waiver was granted for 2022 and the total rent charged of \$801,298 is included in the statement of operations and changes in fund balances.

The Authority has capital and operating commitments totaling \$2,351,114 at December 31, 2022 (2021 - \$697,679).

The Authority is subject to legal proceedings and claims that arise in the ordinary course of business. While the final outcome with respect to these legal proceedings and claims cannot be predicted with certainty, management does not expect the outcome of any proceedings to have a material adverse effect on the financial position or results of operations of the Authority.

### 11. FINANCIAL INSTRUMENTS

#### Credit Risk

The Authority's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the statement of financial position represent the Authority's maximum credit exposure as at December 31, 2022.

The Authority's credit risk is primarily attributable to its accounts receivable. The amounts disclosed in the statement of financial position 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. The Authority has set aside an allowance for doubtful accounts of \$20,000 (2021 - \$20,000). The credit risk on cash is limited because the counterparties are chartered banks.

#### Interest Rate Risk

The Authority is exposed to interest rate risk as the result of its revolving credit facilities bearing interest based on prime lending rate. In 2022, the Authority's exposure to interest rate risk increased due to increase in prime rate. The interest-bearing short-term investments have a limited exposure to interest rate risk due to their short-term maturity.

#### Liquidity Risk

The Authority's objective is to have sufficient liquidity to meet its liabilities when due. The Authority monitors its cash balances, liquidity, available credit facilities, and cash flows generated from operations to meet its

MEMBERS OF THE BOARD



David Weger



Susan Milburn



Lee Braaten



Todd Brandt



Tammy Cook-Searson



Brian Heinrichs



Mark Leach



Bert Munro



Tara Reichert



Kaylynn Schroeder



Tammy Van Lambalgen



Clint Weiland



## REQUIRED DECLARATIONS

### 1. Compliance with the Code of Conduct

Saskatoon Airport Authority has established and maintains a comprehensive code of conduct for Directors, Members, Officers and Employees. In accordance with the provisions of the lease agreement with the Government of Canada, Saskatoon Airport Authority confirms that it has complied with this Code of Conduct.

### 2. Compensation of Directors and Officers

The compensation paid to the Directors of Saskatoon Airport Authority for the year ending December 31, 2022 was:

David Weger (Chair) .....	\$	24,825.00
Susan Milburn (Vice Chair) .....	\$	18,875.04
Todd Brandt.....	\$	14,524.96
Lee Braaten .....	\$	6,366.65
Tammy Cook-Searson (appointed in 2022) .....	\$	8,533.31
Brian Heinrichs .....	\$	16,225.00
William Hogan (retired May 2022).....	\$	5,591.65
Mark Leach (appointed in 2022).....	\$	9,033.31
Bert Munro .....	\$	16,575.00
Tara Reichert .....	\$	14,324.96
Kaylynn Schroeder .....	\$	16,925.00
Tammy Van Lambalgen .....	\$	14,474.96
Clint Weiland .....	\$	14,224.96

The total remuneration paid to the President and Chief Executive Officer, VP Corporate Administration & Chief Financial Officer, VP Operational Excellence, VP Business Development & Service Quality, Manager Facilities, Manager Airport Development, Manager Customer & Terminal Services, and Manager Information Technology of Saskatoon Airport Authority was \$1,307,243.

## REQUIRED DECLARATIONS

### 3. Competitive Tendering

Saskatoon Airport Authority is committed to doing business locally and competitively. To that end, during 2022 the Authority sought competitive bids on all contracts exceeding \$123,000\*.

\*Represents \$75,000, subject to an annual adjustment for inflation according to the Consumer Price Index based on 1994 dollars.

### 2022 Director Attendance at Board/Committee Meetings

Director	Board Meetings (Total of 6)	Audit & Finance (Total of 4)	Governance (Total of 4)	Community Consultative (Total of 4)	Safety, Health & Environment (Total of 3)
David Weger	6	4**	4**	4**	3**
Susan Milburn	6	4	4	4***	3***
Lee Braaten	6	4			3
Todd Brandt	5	3*		4	1*
Tammy Cook-Searson	3*	3*		2*	
Brian Heinrichs	4	4	4		
William Hogan	2*			1*	1*
Mark Leach	4*	3*		1***	2*
Bert Munro	6		4		3
Tara Reichert	5	1*		3*	3
Kaylynn Schroeder	6		4	4	
Tammy Van Lambalgen	6	1*		4	2*
Clint Weiland	6	3			3

\* Member of Board/Committee for part of the year.

\*\* Board Chair attends committee meetings as an ex-officio member.

\*\*\* Attended meeting as a Non-Committee Member.





Suite #1-2625 Airport Drive, Saskatoon SK, Canada S7L 7L1 [www.skyxe.ca](http://www.skyxe.ca)

Saskatoon Airport Authority is the operator of Saskatoon John G. Diefenbaker International Airport & Skyxe Saskatoon Airport