

ANNUAL REPORT 2023

Saskatoon Airport Authority



To begin our 2023 Annual Report, as a community-focused organization, the Saskatoon Airport Authority (SAA) would like to acknowledge we are on Treaty 6 Territory and the Homeland of the Metis.

The SAA is a private corporation incorporated under the Canada Not-for-Profit Corporations Act. We are a self-financing business that is reliant on a user-pay model to fund airport capital and operations for the benefit of our community. All earnings of the SAA are retained and reinvested in airport operations to ensure we meet our vision to be the most valued airport experience in Canada.

While 2023 started softer than expected, the Saskatoon Airport Authority (SAA) was pleased to see a strong return to air travel by mid-year, with summer travel achieving pre-pandemic levels. Passenger traffic for the year ended stronger than forecasted (1.27 M passengers or 86% of 2019 passenger levels), as we continue to work toward a full recovery over the next 24 months.

In 2023, investment into our core assets remained vital. With assistance from the Federal Airport Critical Infrastructure Program, our primary runway (09/27) rehabilitation project was successfully completed over two construction seasons beginning in the summer of 2022. This project was implemented as part of our life-cycle rehabilitation plan, in which runways are required to be resurfaced approximately every 25 years. Our newly resurfaced runway will keep the Saskatoon Airport available for use by our partners and community for many years to come.



Collaboration with our airlines, tenants, Federal, Provincial, and Municipal governments, contractors, community partners, and our valued employees are the ongoing key to our success.

With a strong local economy, the demand for air service in our community continued to grow. As a result of many months of hard work and support from key partners, the SAA was thrilled to welcome year-round, nonstop service with WestJet to Minneapolis. Additionally, Air Canada increased capacity to both Toronto and Vancouver as well as returned with shared seasonal Montreal service, enhancing one-stop connectivity through these major hubs. Looking ahead, WestJet has announced expanded seasonal daily service for Minneapolis, while Air Canada is expanding seat capacity on dedicated non-stop service to Montreal this summer. Porter Airlines also announced daily nonstop service to Toronto Pearson, marking the accomplishment of the airline's goal to operate in all ten provinces.

With a focus on guest-experience, the airport was excited to welcome back our long-valued YXE Volunteers in November, recognizing their contribution to ensuring our guests' journey is a positive one. Along with improved airport wi-fi, we also launched a new and improved website in December, ensuring our community can access all the information they need before heading to the airport.

As part of our commitment to guest experience, the SAA is dedicated to ensuring the airport is not only an enjoyable place, but a safe place for everyone. Human trafficking is one of the fastest growing crimes in Canada and is the second largest source of illegal income worldwide. In 2023, SAA was proud to have established a

partnership with #NotInMyCity and the Saskatoon Police Service in a campaign to help disrupt human trafficking activity in our community.

Given our vision to be Canada’s most valued airport, we strive to continuously improve our guest experience. Thanks to the incredible work of all our airport employees and partners, YXE Saskatoon Airport was thrilled to be awarded the Airport Council International (ACI) Airport Service Quality (ASQ) award for the Best Airport in North America under 2 Million Passengers in 2023.

The ASQ programme, recognized as the preeminent airport customer experience measurement and benchmarking program globally, is distinguished by its unwavering commitment to a rigorous and scientific methodology.

Looking toward the future and sustainability, the SAA has continued to undertake the diligent monitoring of our energy and carbon footprint, which has enabled us to make remarkable strides in reaching our 2023 strategic goal of reducing carbon emissions by 20% from our 2015 benchmark year. With planned new initiatives on the horizon for 2024, we seek to achieve a 30% reduction in carbon emissions by 2027 (from 2015). The SAA earned the ACI Airport Carbon Accreditation Level 2 certificate, one of only a handful of airports in Canada.

In closing, we would like to acknowledge our extraordinary airport partners and their remarkable efforts over the past year. Collaboration with our airlines, tenants, Federal, Provincial, and Municipal governments, contractors, community partners, and our valued employees are the ongoing key to our success.



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 'Susan Milburn'.

Susan Milburn
Board Chair

We proudly connect Saskatchewan to the World through our vision to be **Canada's Most Valued Airport Experience.**



A grayscale photograph of an airport terminal. In the center, a large white 'YXE' sign is mounted on a wall with horizontal wood slats. To the left, a woman with curly hair, wearing a light jacket and dark pants, stands next to a rolling suitcase. To the right, a man with a backpack stands at a self-service kiosk, interacting with the screen. The kiosk has 'WestJet' and 'AIR CANADA' logos. The ceiling is a grid of recessed lights.

1,277,077 ANNUAL PASSENGERS
Representing 86% of 2019

21 DIRECT ROUTES SERVICED

BEST AIRPORT IN NORTH AMERICA

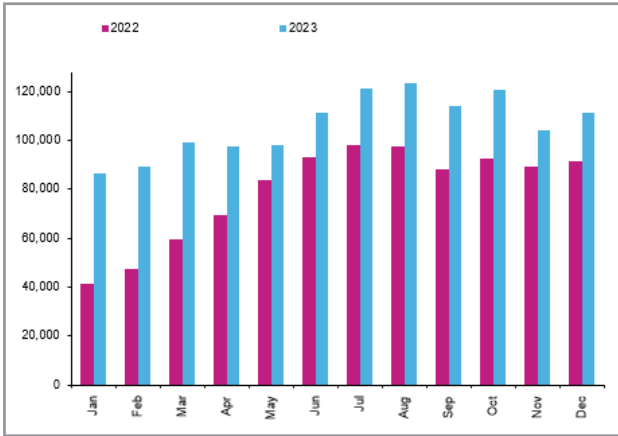
under 2 million passengers, awarded by
the Airports Council International's
Airport Service Quality Programme

\$1.25 BILLION IN ECONOMIC IMPACT

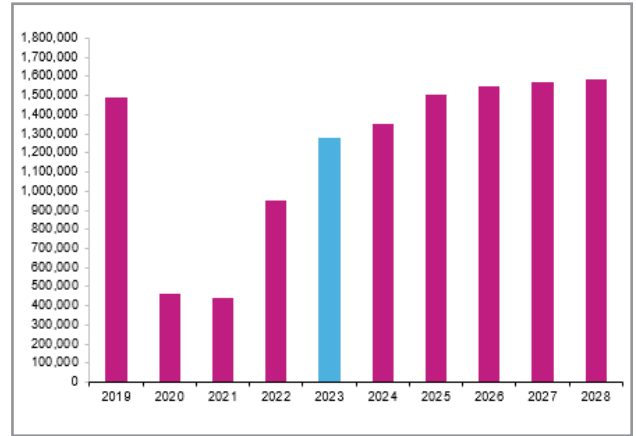
HISTORICAL ANALYSIS & FIVE-YEAR FORECASTS

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 the Saskatoon Airport Authority's current assessment of the impacts of COVID-19 and the estimated recovery for the Saskatoon Airport.

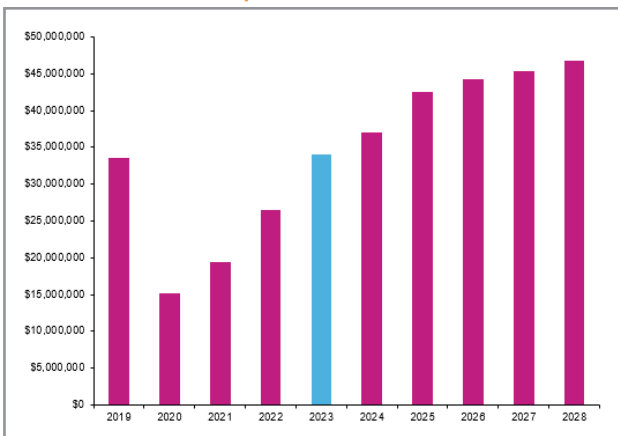
Monthly Passenger Traffic



Annual Passenger Traffic



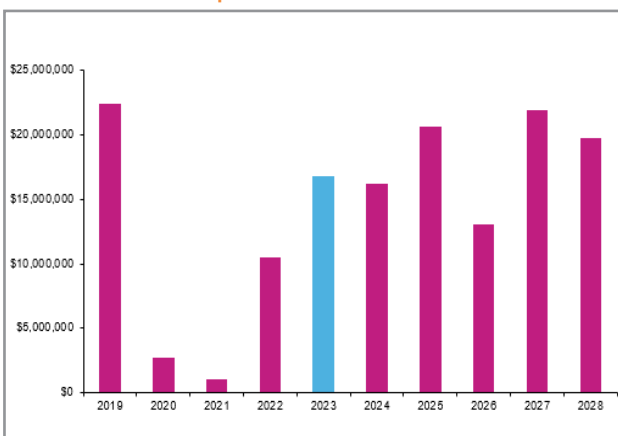
Airport Revenue



General Fund Operating Profit*



Capital Investments



Cash Position/Net Borrowing



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

FINANCIAL REVIEW

2023 Actual vs. Budget

(in \$ millions)

	Actual	Plan	Difference	Explanation
Revenue	34.0	30.2	3.8	Above budget primarily as a result of higher than budgeted passenger traffic and interest income earned.
Expenses	30.0	30.4	(0.4)	Below budget due to cost saving measures and efficiencies achieved, offset by certain higher than budgeted expenditures such as federal rent (which is based on revenues)
Capital Investments	16.9	23.2	(6.3)	Below budget due to favourable cost variances experienced on 2023 capital projects (most notably on the Runway 09/27 restoration project)
Business Plan Objectives	<ul style="list-style-type: none"> • Ensure financial viability through corporate resiliency, diversification, and strategic asset management • Corporate resiliency- hiring to ensure functions are at an acceptable level • Efficiency - keeping rates and charges competitive, ongoing government regulatory compliance • Diversification through non-aeronautical and non-passenger revenue • Strategic asset management including apron I-V & runway 09/27 restoration, critical airfield enhancements • Sustained Air Service connectivity - increasing seats in market and TB service • Sustainability - reducing our impact to the environment • Evolve the guest experience as passenger numbers increase 			

Success and feasibility of the Saskatoon Airport Authority are built on prudent and professional financial management.

Passenger numbers for 2023 were 11% above budget, which resulted in an increase in related Airport Improvement Fees (AIF) and higher non-aeronautical revenue was also captured through parking, concessions, and retail.

Capital investments were made with a focus on airside investment, including rehabilitating our main runway 09/27. In 2023 SAA received \$7.88 million in Federal government assistance toward capital projects from the Airports Critical Infrastructure Program.

Business Plan Forecast 2024-2028

(in \$ millions)

	2024	2025	2026	2027	2028
Revenue	37.1	42.5	44.3	45.3	46.8
Expenses	33.2	34.7	36.0	37.1	38.5
Capital Investments	17.0	21.5	13.0	21.9	19.7
Objectives	<ul style="list-style-type: none"> • Evolve the guest experience • Grow sustained air service connectivity • Financial viability and corporate resiliency • Empower our people through purpose • Enhance sustainability stewardship 				

Notes:

Revenues and expenses include non-cash items such as deferred contributions and amortization.

The data above reflects the information available at the time of publication. Actual results may vary from the data provided. Readers are cautioned not to place undue reliance on forecasts provided.

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, 2023, 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, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information, 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, 2024
Saskatoon, Saskatchewan

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Saskatoon Airport Authority - year ended December 31, 2023

		General Fund	Capital Fund	31 December 2023	31 December 2022
REVENUE					
Aircraft landing fees		\$ 4,245,932	\$ -	\$ 4,245,932	\$ 3,415,785
General terminal fees		3,136,206	-	3,136,206	2,491,700
Car parking		5,106,104	-	5,106,104	3,908,449
Concessions		3,203,641	-	3,203,641	2,767,557
Space rental		1,816,291	-	1,816,291	1,459,165
Land rental		1,079,740	-	1,079,740	991,174
Government contribution	3	253,822	-	253,822	606,269
Other revenue		352,760	-	352,760	214,554
Airport improvement fees	4	-	13,287,817	13,287,817	9,935,619
Interest income		-	940,127	940,127	265,748
Recognition of deferred contributions	5	-	<u>553,354</u>	<u>553,354</u>	<u>410,533</u>
		<u>19,194,496</u>	<u>14,781,298</u>	<u>33,975,794</u>	<u>26,466,553</u>
EXPENDITURES					
Salaries		4,298,025	-	4,298,025	3,861,423
Benefits	7	625,462	-	625,462	583,741
Operational and professional services		6,321,183	-	6,321,183	4,964,126
General and administrative expenses		2,765,439	-	2,765,439	2,114,350
Property taxes		863,645	-	863,645	871,633
Utilities		1,271,099	-	1,271,099	1,159,443
Federal government rent	10	1,364,467	-	1,364,467	801,298
(Gain) loss on disposals of assets	6	-	(10,866)	(10,866)	6,934
Interest expense		-	109,765	109,765	122,404
Amortization		-	<u>12,350,902</u>	<u>12,350,902</u>	<u>12,291,657</u>
		<u>17,509,320</u>	<u>12,449,801</u>	<u>29,959,121</u>	<u>26,777,009</u>
EXCESS (DEFICIENCY) OF REVENUE					
OVER EXPENDITURES		1,685,176	2,331,497	4,016,673	(310,456)
FUND BALANCES, BEGINNING OF					
OF YEAR		13,958,421	125,158,721	139,117,142	139,218,743
Employee future benefits re-measurements and other items	7	<u>(607,422)</u>	-	<u>(607,422)</u>	<u>208,855</u>
FUND BALANCES, END OF YEAR		\$ <u>15,036,175</u>	\$ <u>127,490,218</u>	\$ <u>142,526,393</u>	\$ <u>139,117,142</u>

See accompanying notes to the Financial Statements

STATEMENT OF FINANCIAL POSITION

Saskatoon Airport Authority - year ended December 31, 2023

	Notes	General Fund	Capital Fund	31 December 2023	31 December 2022
CURRENT ASSETS					
Cash		\$ 17,545,008	\$ 800,160	\$ 18,345,168	\$ 13,280,380
Short-term investments		523,160	-	523,160	499,821
Accounts receivable	11	1,755,874	1,172,046	2,927,920	2,328,122
Consumable supplies		435,061	-	435,061	255,162
Prepaid expenses		<u>317,673</u>	<u>-</u>	<u>317,673</u>	<u>232,860</u>
		20,576,776	1,972,206	22,548,982	16,596,345
Defined benefit pension asset	7	832,770	-	832,770	1,454,655
Other long-term assets		600,912	-	600,912	568,862
Property and equipment	6	<u>-</u>	<u>138,179,222</u>	<u>138,179,222</u>	<u>133,674,307</u>
		\$ <u>22,010,458</u>	\$ <u>140,151,428</u>	\$ <u>162,161,886</u>	\$ <u>152,294,169</u>
CURRENT LIABILITIES					
Accounts payable and accrued liabilities		\$1,448,749	\$416,681	\$1,865,430	\$2,320,039
Government remittances payable		6,166	-	6,166	46,394
Interfund payable (receivable)	8	1,446,172	(1,446,172)	-	-
Security deposits		148,571	800,160	948,731	947,574
Deferred revenue		326,867	-	326,867	288,434
Current portion of long-term debt	9	<u>1,509,794</u>	<u>-</u>	<u>1,509,794</u>	<u>457,579</u>
		4,886,319	(229,331)	4,656,988	4,060,020
Long-term debt	9	2,087,964	-	2,087,964	3,597,758
Deferred contributions	5	<u>-</u>	<u>12,890,541</u>	<u>12,890,541</u>	<u>5,519,249</u>
		6,974,283	12,661,210	19,635,493	13,177,027
Commitments and contingencies	10				
FUND BALANCES		<u>15,036,175</u>	<u>127,490,218</u>	<u>142,526,393</u>	<u>139,117,142</u>
		\$ <u>22,010,458</u>	\$ <u>140,151,428</u>	\$ <u>162,161,886</u>	\$ <u>152,294,169</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, 2023

	Notes	General Fund	Capital Fund	31 December 2023	31 December 2022
OPERATING ACTIVITIES					
Excess (deficiency) of revenue over expenditures		\$ 1,685,176	\$ 2,331,497	\$ 4,016,673	\$ (310,456)
Adjustments for					
Amortization		-	12,350,902	12,350,902	12,291,657
Recognition of deferred contributions		-	(553,354)	(553,354)	(410,533)
(Gain) loss on disposals of assets		-	(10,866)	(10,866)	6,934
Difference between pension expense and amount funded		14,463	-	14,463	42,651
Other long-term assets		(32,050)	-	(32,050)	(31,127)
Changes in non-cash working capital items		<u>3,838,275</u>	<u>(5,158,032)</u>	<u>(1,319,757)</u>	<u>66,697</u>
		<u>5,505,864</u>	<u>8,960,147</u>	<u>14,466,011</u>	<u>11,655,823</u>
INVESTING ACTIVITIES					
Purchase of property and equipment		-	(16,862,132)	(16,862,132)	(10,470,299)
Proceeds from disposals of property and equipment		-	17,181	17,181	-
Government funding	5	-	7,924,646	7,924,646	2,810,159
Purchase of short-term investments		<u>(23,339)</u>	<u>-</u>	<u>(23,339)</u>	<u>(499,821)</u>
		<u>(23,339)</u>	<u>(8,920,305)</u>	<u>(8,943,644)</u>	<u>(8,159,961)</u>
FINANCING ACTIVITIES					
Long-term debt repayment	9	<u>(457,579)</u>	<u>-</u>	<u>(457,579)</u>	<u>(444,663)</u>
		<u>(457,579)</u>	<u>-</u>	<u>(457,579)</u>	<u>(444,663)</u>
NET INCREASE IN CASH		5,024,946	39,842	5,064,788	3,051,199
CASH POSITION, BEGINNING OF YEAR		12,520,062	760,318	13,280,380	10,229,181
Interfund transfer	8	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH POSITION, END OF YEAR		\$ <u>17,545,008</u>	\$ <u>800,160</u>	\$ <u>18,345,168</u>	\$ <u>13,280,380</u>

See accompanying notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

Saskatoon Airport Authority – year ended December 31, 2023

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 had a significant impact on the aviation industry. The Authority does not, however, believe that this 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 \$961,234 (\$419,427 in 2022).

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

Government contributions received during the year are as follows:

	<u>2023</u>	<u>2022</u>
Prairies Economic Development Canada	\$ 88,679	\$ 137,578
Tourism and Hospitality Recovery Program	-	297,910
Canada Recovery Hiring Program	-	9,484
Other	<u>165,143</u>	<u>161,297</u>
	<u>\$ 253,822</u>	<u>\$ 606,269</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 \$1,053,839 in 2023 (2022 - \$759,435). The Authority charges an infrastructure fee of \$0.63 effective March 1, 2023 per departing aircraft seat or seat equivalent totaling \$137,399 (2022 - \$126,847) 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.

NOTES TO THE FINANCIAL STATEMENTS

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 \$7,880,146 (2022 - \$2,810,159). This represents partial reimbursement respectively for apron restoration, runway restoration, apron infill and new baggage booth system. The Authority also received \$44,500 in other financial assistance for use toward capital projects.

Changes to deferred contributions are as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 5,519,249	\$ 3,119,623
Current year contributions	7,924,646	2,810,159
Current year recognition	<u>(533,354)</u>	<u>(410,533)</u>
Balance, end of period	<u>\$ 12,890,541</u>	<u>\$ 5,519,249</u>

6. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2023</u>	<u>2022</u>
Buildings	\$ 110,596,757	\$ 55,871,564	\$ 54,725,193	\$ 59,143,771
Paved surfaces & land improvements	114,493,069	41,100,553	73,392,516	64,385,112
Vehicles, machinery & equipment	27,120,297	17,277,473	9,842,824	9,929,016
Computer equipment	986,031	817,058	168,973	194,208
Computer software	<u>215,339</u>	<u>165,623</u>	<u>49,716</u>	<u>22,200</u>
	<u>\$ 253,411,493</u>	<u>\$ 115,232,271</u>	<u>\$ 138,179,222</u>	<u>\$ 133,674,307</u>

During the year, property, plant and equipment was acquired at a cost of \$16,862,132 (2022-\$10,470,299) of which \$416,681 is included in accounts payable and accrued liabilities at December 31, 2023 (2022-\$536,082). Included in the cost of certain property, plant and equipment is work in progress in the amount of \$789,123 (2022-\$5,559,519). 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 \$51,443 (2022 - \$30,027), accumulated amortization of \$45,128 (2022- \$23,093), and net proceeds of \$17,181 (2022 -nil) resulting in a new book loss of \$10,866 (2022- net book gain of \$6,934) being recorded in the statement of operations and changes in fund balances.

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.

NOTES TO THE FINANCIAL STATEMENTS

7. PENSION PLAN (continued)

The status of the defined benefit component of the plan based on the most recent actuarial determination completed as at December 31, 2022 and rolled forward to December 31, 2023 by Management is as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets	\$ 13,597,870	\$ 13,926,356
Defined benefit obligation	<u>12,765,100</u>	<u>12,471,701</u>
Defined benefit asset	<u>\$ 832,770</u>	<u>\$ 1,454,655</u>

The next required valuation for funding and solvency purposes as of December 31, 2023 will be prepared no later than June 30, 2024.

The current year defined benefit pension expense of \$11,810 (2022 - \$39,722) and defined contribution pension and group retirement savings plan expense of \$181,855 (2022 - \$171,214) is included in the statement of operations within Benefits.

During 2023, a decrease in going concern surplus of \$607,422 (2022-\$208,855 increase) 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 (2022 - nil). Prior year allocations result in receivable and payable balances between funds.

9. DEBT

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

	<u>2023</u>	<u>2022</u>
Term loan bearing interest at 2.62 % per annum with monthly principal and interest payments of \$15,616, due December 2024	\$ 1,196,678	\$ 1,350,335
Term loan bearing interest at 2.955 % per annum with monthly principal and interest payments of \$31,709 due December 2026	2,401,080	2,705,002
	<u>3,597,758</u>	<u>4,055,337</u>
Current portion	1,509,794	457,579
Long-term portion	<u>\$ 2,087,964</u>	<u>\$ 3,597,758</u>

NOTES TO THE FINANCIAL STATEMENTS

9. DEBT (continued)

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

2024	1,509,794
2025	322,589
2026	1,765,375
Total	\$ 3,597,758

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, 2023 - 7.20%; December 31, 2022 – 6.45%) which can be drawn by way of overdraft. As at December 31, 2023, no amounts were drawn against this credit facility (2022 - nil). 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, 2023, no amounts were drawn against this credit facility (2022 – nil).

As at December 31, 2023, the Authority's aggregate undrawn credit facilities total \$10,000,000 (2022 - \$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 of \$5 million, 5% of adjusted gross revenues in excess of \$10 million and 8% of adjusted gross revenue in excess of \$25 million. Total rent charged of \$1,364,467 (2022 - \$801,298) was included in the statement of operations and changes in fund balances.

The Authority has capital and operating commitments totaling \$2,008,041 at December 31, 2023 (2022 - \$2,351,114).

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, 2023.

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 (2022 - \$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 2023 and 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 requirements. As at December 31, 2023 the most significant liabilities of the Authority are accounts payable and accrued liabilities and its term debt.

MEMBERS OF THE BOARD



Susan Milburn



Kaylynn Schroeder



Lee Braaten



Todd Brandt



Tammy Cook-Searson



Barbara Crowe



Brian Heinrichs



Mark Leach



Bert Munro



Tara Reichert



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, 2023 was:

David Weger (Chair retired May 2023)	\$	10,725.00
Susan Milburn (Vice Chair / Chair)	\$	21,758.35
Todd Brandt.....	\$	15,966.65
Lee Braaten	\$	14,399.96
Tammy Cook-Searson	\$	13,099.96
Barbara Crowe (appointed in 2023)	\$	8,533.31
Brian Heinrichs	\$	16,800.00
Mark Leach	\$	14,449.96
Bert Munro	\$	16,450.00
Tara Reichert	\$	14,449.96
Kaylynn Schroeder (Vice Chair)	\$	17,966.69
Tammy Van Lambalgen	\$	13,999.96
Clint Weiland	\$	14,399.96

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, VP Airport Development, Manager People & Culture, Manager Facilities, Manager Operations, Manager Customer & Terminal Services, and Manager Information Technology of Saskatoon Airport Authority was \$1,435,402.

REQUIRED DECLARATIONS

3. Competitive Tendering

Saskatoon Airport Authority is committed to doing business locally and competitively. To that end, during 2023 the Authority sought competitive bids on all contracts exceeding \$136,000*.

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

2023 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**	2*	1*	1*	1*	1*
Susan Milburn**	6	4	4	4	3
Lee Braaten	6	4	1***		3
Todd Brandt	6	1*	3*	4	
Tammy Cook-Searson	5	4		2	
Barbara Crowe	4*	1***	2***	3*	2*
Brian Heinrichs	6	4	4		
Mark Leach	6	4	1***		3
Bert Munro	6		4		3
Tara Reichert	6	1***		4	3
Kaylynn Schroeder	6	3***	4	4	2***
Tammy Van Lambalgen	5			4	2
Clint Weiland	6	4			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.



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