



MAKING THE CONNECTION

ANNUAL REPORT

2012



Table of Contents

4	Message from the Chairman of the Board
5	Message from the CEO
6	About the Greater Sudbury Airport
7	Board of Directors
9	Our People
10	Our Customers
12	Our Community
13	Our Innovators
14	Financial Statements
18	Closing Remarks



Connecting Greater Sudbury to the World.

Today, the Greater Sudbury Airport serves to function as more than the usual community aerodrome. It's more than families, entrepreneurs, voyageurs and snow birds – rather, we're seeing passion, ideas and investment into our community.

Our citizens and the guests of our community have relied on our operations. We're proud to serve as Northern Ontario's preferred gateway airport.

▶ Message from the Chair of the Board



Typically, outgoing chairs tend to take a look back at their tenure and highlight some of the more attention grabbing developments and successes the organization has had. In keeping with the dynamic corporate culture at the Greater Sudbury Airport, this message focuses more on where we want to be and how we will get there.

What has been abundantly clear during my tenure is that our success thus far, and ability to adapt to change for the future has been and will be driven by our people. Our directors, our executive team, our dedicated staff, our members, and our municipal partners all work tirelessly and collaboratively to provide our travellers with world-class services and facilities; driving economic development locally and reinforcing our place as **“Northern Ontario’s Preferred Gateway”**. The CEO’s message and this annual report highlight a number of these performance benchmarks for which the Greater Sudbury Airport, Council, and the community can be very proud.

Supported and guided by our updated 2013 Operational Plan, our refreshed and recharged corporate vision, and our soon to be finalized Master Plan, our people have never been more ready to tackle the opportunities and challenges which lie ahead. We are financially sound, well capitalized, focused, and accountable. Our strategic decisions moving forward will embrace our role as an economic driver, a course that is well entrenched and fully supported by my fellow directors and successors on the executive committee.

I would like to thank the Directors, the executive team and staff for their creative ideas, advice and hard work throughout my tenure. I cannot over-emphasize how rewarding this experience has been and want to convey that your dedication and support did not go unnoticed.

A handwritten signature in black ink, reading 'Claude Lacroix'. The signature is fluid and cursive, with a small flourish at the end.

Claude Lacroix
Chair, Sudbury Airport Community Development Corporation

▶ Message from the CEO



I am pleased to once again report that this past year has been one of continued growth and remarkable achievement.

In particular, the commercial air service sector continues to lead the way and is the single most important factor contributing to our success. We are pleased to report that in 2012 Porter Airlines added a fourth daily round trip flight to/from Billy Bishop Toronto City Airport. Air Canada, Bearskin

Airlines, and Sunwing Airlines round out our list of air service companies, proudly serving their customers by providing air transportation options to destinations in northeastern Ontario and to a vast transportation network that extends to virtually any destination in the world. As a result of the healthy competition in our market, passenger travel has once again climbed to new heights, at levels not seen at the Greater Sudbury Airport (GSA) for more than a quarter century. The year over year passenger increase of 17%, to 242,462, surpassed all expectations!

One important deliverable of every successful company is the ability to adequately respond to its customer needs. While operating an airport is very unique from many perspectives, in reality it is very similar to other private businesses. From our perspective, it is imperative that the Greater Sudbury Airport is a sustainable and viable business in the long term. The challenge that lies ahead of us is to ensure that our facilities and infrastructure, necessary to serve our customers, is maintained and/or enhanced to meet the heightened demands created by new growth. To adequately prepare for our future, the GSA commissioned a comprehensive Master Plan study in 2012. This study, which is anticipated to be completed in 2013, will be relied upon to guide the GSA through its various phases of development over the next two decades. It is estimated that an aggressive infrastructure renewal program, requiring an investment between \$25-40 M, will take place during this time frame. To achieve this lofty goal it is essential to strengthen its financial position.

From a financial perspective, the GSA has worked diligently over this past year to diversify its operations and to attract new business to increase revenues and improve operating profits. The 2012 operating surplus was \$1,480,000, a remarkable 103% better than the budgeted surplus. I am pleased to report that this surplus is

the largest in the GSA's history, far surpassing operating surpluses of former years. As noted before, our operating surpluses will be invested strategically to revitalize and expand infrastructure to meet the needs of our customers. Despite the improvement in our financial position, it is highly likely that further improvements to our surplus position will be required to meet the enormous pressures on our capital program. While this goal may seem like a daunting task, I have every confidence that with good planning and proper financial stewardship the GSA will rise to the challenge and accomplish this goal.

I am especially proud of our record when it comes to providing service to our customers. Our team at the GSA clearly understands the needs of our clientele and the importance of ensuring they enjoy the most pleasurable travel experience possible. As a credit to our staff's commitment, every customer question or complaint is followed up personally by one of our dedicated staff. Improving the passenger experience remains top of mind through all airport initiatives as we continue to be challenged with better ways of conducting our business.

As we look forward to 2013, we are cautiously optimistic about the economic growth at the airport. Of concern, there are some signs that local economic activity may be slowing down, particularly in the mining sector; and that the world economy continues to be sluggish. Every effort will be made to mitigate the affects of these economic realities to maintain the positive momentum realized in past years.

In closing, I would like to take this opportunity to recognize our Board of Directors for their hard work, steadfast commitment, support, and foresight. The Board has provided clear direction to staff with well-defined, challenging, and results-orientated Strategic Goals. I would also like to thank our amazing employees for the dedication and passion they bring to the job each and every day. Their upbeat enthusiasm and willingness to go above and beyond creates a wonderfully gratifying work environment. Finally, to the tenants working at the GSA, I would like to extend my sincere appreciation to you for working collaboratively with us to raise the standards of customer service at our airport.

A handwritten signature in black ink that reads "Robert Johnston". The signature is fluid and cursive, with a long horizontal line extending to the right.

Robert Johnston
CEO, Greater Sudbury Airport

▶ About the Greater Sudbury Airport

Our Vision

To be Northern Ontario's preferred gateway.

Our Mission

To provide world class services and facilities and to stimulate the economic development of our community.

Our Core Values

Safety

We value our customers and employees. Their SAFETY will always be paramount to all decisions we make.

Quality

We take pride in our business and undertake decisions based on QUALITY service and products.

Accountability

We are ACCOUNTABLE to the City of Greater Sudbury and its citizens for all decisions we make. We will demonstrate integrity in our business relationships, the utilization of our resources and the treatment of our customers and employees.

Environment

We are committed to the future of our planet. We will develop and adhere to best practices based on ENVIRONMENTALLY friendly standards and will strive toward reducing our carbon footprint.

Sustainability

We embrace our role as an economic driver for our community and are responsible and accountable for our own future. We will continue to diversify with a view of lasting SUSTAINABILITY.

Airport Administration Staff



Robert Johnston, Chief Executive Officer



Diane McNamara, Secretary to CEO



Terra Glabb, Director of Business Development



Robert Tyrer, Operations Manager/Fire Chief



Linda Dubois, Accounts & Customer Service



Paulette Ethier, Accounts & Customer Service

Airport Operations Staff

Charles Beaudry, Airport Mechanic

Bradley Benson, Airport Operations Serviceperson (AFFS)

Jean-Yves Bujold, Airport Operations Serviceperson (AFFS)

Bob Cruikshank, Airport Operations Serviceperson (AFFS)

Doug Davidson, Airport Operations Serviceperson (AFFS)

Hank Gribbon, Airport Operations Serviceperson (AFFS)

Geoff Hutchison, Airport Operations Serviceperson (AFFS)

Bob McKessock, Airport Operations Serviceperson (AFFS)

Rob Oldridge, Airport Operations Serviceperson (AFFS)

Phillip Rocca, Airport Operations Serviceperson (AFFS)

Brian Sitko, Airport Operations Serviceperson (AFFS)

▶ Board of Directors 2012-2013



Claude Lacroix
Chair of the Board



Frances Caldarelli
City of Greater Sudbury Councillor, Ward 10
Director



Bish Bora
Vice-Chair of the Board



Dave Kilgour
City of Greater Sudbury Councillor, Ward 7
Director



Mark Laberge
Treasurer of the Board



Scott Lund
Greater Sudbury Development
Corporation Appointment
Director



Leah Miller
Secretary of the Board



Vince Pollesel
Director



Paige Bisset
Director



Sylvain Séguin
Director



Richard Brummer
Greater Sudbury Development
Corporation Appointment
Director



Doug Nadorozny
City of Greater Sudbury,
Chief Administrative Officer
Ex-Officio of the Board





▶ **Our People**

As the saying goes, a company is “only as good as its people”. If this saying holds truth, then it comes as no surprise that the tremendous success enjoyed by the Greater Sudbury Airport in recent years is in part due to the dedication and commitment of its employees. It is evident that our airport has successfully evolved as a business. The culture of our organization has been undergoing a metamorphosis of positive change and that provides for an encouraging outlook.

Recognizing that air travel is so often filled with stress and anxiety, every employee is empowered and challenged to carry out their responsibilities in a manner that will enhance our customers' experience. You can feel the energy on the ground floor and throughout all the groups that make up

the airport community. Airport employees have a sense of purpose and take pride in knowing that their contributions are meaningful and integral to the airport's overall success. We are particularly pleased with the extended focus on delivering excellent customer service, beyond airport staff and throughout all airport agencies and organizations.

Looking ahead, customer service will remain the cornerstone of our business and we will continue to work collectively with all of our partners to achieve the best service possible!

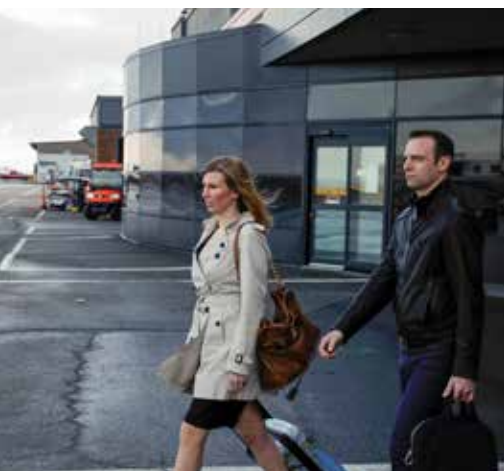
▶ *Our Customers*

The Greater Sudbury Airport is going places, and taking people with them! In 2012, commercial travel reached record highs with 246,462 passengers passing through our airport – levels not seen in the past quarter century. There's no denying that the citizens and guests of our community are turning more frequently to air travel as the most convenient and cost effective means of transportation. Our partner airlines have come to the table offering more flight options at better prices than ever before and passengers are responding with more trips, both in the leisure and business markets.

It is also exciting to see that air travel is appealing to a more diverse demographic. Whether serving a VIP business traveller, adventure seekers off to find new experiences, the reuniting of family members, or entrepreneurs expanding their horizons in global markets, the Greater Sudbury Airport is meeting the needs of its customers like never before.

The change is remarkable, and hopefully, just the beginning of great things to come!







▶ ***Our Community***

Airports are important economic drivers for their respective communities. The Greater Sudbury Airport embraces the critical role it plays in attracting and retaining new business for the City through accessible and convenient commercial air travel. We take our responsibility of supporting our community with its growth and prosperity very seriously.

In 2012, the Greater Sudbury Airport met with its current airline partners and potential partners in order to ensure we continue to develop and nurture business relationships.

In 2013 and beyond, we'll build on these relationships and ensure that Greater Sudbury is well serviced in the commercial air service sector, creating opportunities for business growth in the community.

Furthermore, our commitment to engaging the community in discussions on our 'Master Plan' and airport service improvements has increased in scope and frequency. Beyond our active participation in community groups and discussion forums, we have piloted the use of iPads in gathering feedback from passengers and visitors. Conducted throughout the year, our team has compiled significant information from this new approach and looks at expanding the pilot project into a regular routine to capture feedback on our operations from our users.

▶ *Our Innovators*

Over the past decade, the Greater Sudbury Airport has worked tremendously hard at establishing its investment readiness position to pursue new business opportunities and building meaningful business partnerships. Companies such as Geotech Aviation and Discovery Air are examples of businesses that have located at the airport in recent years.

Geotech Aviation is a provider of airborne geophysical surveys for exploration purposes. They have strategically positioned themselves at the airport to expand their customer base through the deployment of innovative geophysical system technology to markets around the world.

In a similar light, Discovery Air has a highly regarded reputation for providing quality flight training services, and is recognized as a leader in the area of forest fire

detection and suppression throughout Ontario. Recently, Discovery Air embarked on a ground-breaking aerial infrared initiative. The project consists of utilizing infrared aircraft, traditionally used for fire detection, to perform infrared scanning of area lakes to determine algal species and abundance. This cutting-edge technology places Discovery Air in a position to export this work and continue to diversify their company.

The business community has often commended our collaborative approach when supporting prospective and existing tenants looking to develop on airport land.



Statement of Financial Position

As at December 31

	2012	2011
	\$	\$
Assets		
Current assets		
Cash	1,300	1,300
Trade and other receivables	1,081,816	2,096,068
Prepaid expenses	15,990	16,768
Inventory	109,198	93,536
	1,208,304	2,207,672
Non-current assets		
Property and equipment	17,169,286	16,529,576
	18,377,590	18,737,248
Liabilities and Equity Attributable to the Corporation		
	2012	2011
	\$	\$
Current liabilities		
Trade and other payables	610,169	942,827
Payable to the City of Greater Sudbury	57,213	911,995
	667,382	1,854,822
Non-current liabilities		
Employee benefit obligations	334,005	344,982
Deferred capital contributions	8,782,728	8,935,947
	9,784,115	11,135,751
Equity Attributable to the Corporation		
Retained earnings	8,628,612	7,663,877
Accumulated other comprehensive loss	(35,137)	(62,380)
	8,593,475	7,601,497
TOTAL	18,377,590	18,737,248



Statement of Income and Comprehensive Income

For the year ended December 31

Revenues	2012	2011
	\$	\$
Supplementary terminal fees	1,763,610	1,609,860
Capital contributions	576,120	521,333
Rentals and concessions	1,810,541	1,440,349
National landing fees	869,156	727,700
Terminal fees	668,519	563,482
Services	539,364	545,900
	6,227,310	5,408,624

Operating expenses	2012	2011
	\$	\$
Salaries, wages and benefits	1,513,546	1,425,925
Policing and security	388,552	411,497
Materials	524,496	496,836
Consulting and other professional services	137,310	50,580
Contracted Services	217,428	186,432
Maintenance	266,160	349,308
Utilities	313,817	270,269
Other	382,240	360,958
Administrative charges	121,064	120,103
Insurance	108,408	105,596
Property Taxes	233,302	165,512
Depreciation of property and equipment	1,063,488	990,338
	5,269,811	4,933,354

Operating income	957,499	475,270
Interest income	7,236	21,780
Net income for the year	964,735	497,050
Actuarial gain (loss)	27,243	(61,500)
Total comprehensive income for the year	991,978	435,550

▶ Statement of Changes in Equity

	Retained earnings \$	Accumulated other comprehensive loss \$	Total \$
Balance - January 1, 2011 (Unaudited)	7,166,827	(880)	7,165,947
Net income	497,050	-	497,050
Actuarial loss	-	(61,500)	(61,500)
Balance - December 31, 2011	7,663,877	(62,380)	7,601,497
Net income	964,735	-	964,735
Actuarial gain	-	27,243	27,243
Balance - December 31, 2012	8,628,612	(35,137)	8,593,475



Statement of Cash Flows

For the year ended December 31

	2012	2011
	\$	\$
Cash provided by (used in)		
Operating Activities		
Net Income	964,735	497,050
Adjustments for		
Depreciation of property and equipment	1,063,488	990,338
Amortization of deferred capital contributions	(576,120)	(521,333)
Gain on sale of property and equipment	-	(2,261)
Employee benefit obligations	16,266	12,302
	1,468,369	976,096
Changes in non-cash working capital items		
Decrease (increase) in trade and other receivables	1,014,252	(1,268,817)
(Decrease) increase in payable to the City of Greater Sudbury	(854,782)	1,407,481
Decrease (increase) in prepaid expenses	778	(13)
(Increase) decrease in inventory	(15,662)	5,611
(Decrease) increase in trade and other payables	(332,658)	622,246
	1,280,297	1,742,604
Financing activities		
Capital contributions received	422,901	1,561,084
Investing activities		
Purchase of property and equipment	(1,703,198)	(3,305,649)
Proceeds on sale of property and equipment	-	2,261
	(1,703,198)	(3,303,388)
Increase in cash during the year	-	300
Cash - Beginning of year	1,300	1,000
Cash - End of year	1,300	1,300



In 2012, the Greater Sudbury Airport capped off a three-year run of remarkable economic growth.

As we turn our sights to 2013, we look to mitigate the impacts of a slowing economy by strategically positioning ourselves for the next wave of expansion.



Greater Sudbury Airport

5000 Air Terminal Drive, Suite T202
Garson, Ontario P3L 1V4

T. 1.855.FLY.2YSB

F. 705.693.2937

W. flysudbury.ca

Designed by OvertheAtlantic.com (Sudbury, Canada)

© Copyright 2013. Greater Sudbury Airport.

Printed in Northern Ontario.

Special thanks! The airport management team would like to gratefully acknowledge the support of Air Canada, Bearskin Airlines, Porter Airlines, and the entire airport community for participating in the photography sessions required for this report.