



READY FOR WHAT'S AHEAD

Annual Report 2013



AN AIRPORT HAS A TREMENDOUS RESPONSIBILITY TO A COMMUNITY.

An airport is always on standby to perform for a city, to serve its citizens, visitors to our region, and the business community. The Greater Sudbury Airport aspires to serve as the gateway airport for northern Ontario, and in that pursuit there is a high expectation of operational readiness. Over the last decade we have witnessed an evolving airport and a community with a strong willingness to continually grow. Our airport's leadership team recognizes our community's persistence to succeed and has embraced a planned approach.

**The Greater Sudbury Airport
is ready for what's ahead.**



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Welcome to the 2013 Greater Sudbury Airport (GSA) Annual Report! 2013 was a very successful “infrastructure year.” We are now functioning under a formal Master Plan that clearly identifies the need for major investment into the airport in the coming years.

To this end the GSA has managed to achieve a healthy operating surplus this past year. This will help further develop our infrastructure in the years to come. Presently, evidence of exciting new infrastructure development can be seen both groundside and airside: Parking! There are many new spots for cars and trucks groundside and also many new spots for airplanes airside.

So what’s ahead? More evidence of growth will soon be seen as the airport footprint continues to get larger. This means more capacity, which will surely spur more economic development. A fresh main runway will be the icing on the cake this year as we strive to provide world-class services and facilities for our community.

It’s amazing how many people are involved with making the Greater Sudbury Airport northern Ontario’s preferred gateway.

Thank you to the travelling public, airport businesses, council members, airport and city staff, and the Board of Directors for making 2013 another successful year.

We are ready for what’s ahead!

A handwritten signature in black ink, appearing to read 'B. Bora'.

Bish Bora

Chair of the Board, Sudbury Airport Community Development Corporation



This past year was one of contrasting results. While we were extremely pleased with the performance of our business development sector, our scheduled air services sector retracted by 2.6% as a result of what we perceive to be a prolonged stagnation of our local economy, led by a struggling mining sector.

Looking more closely at our business development sector, we are pleased that several years of planning and negotiation with the Ministry of Natural Resources (MNR) has culminated with an announcement of a significant \$20-25M capital initiative which will see a major investment in new infrastructure and a sizable expansion of their operating footprint at the Greater Sudbury Airport. Due to the necessity of maintaining operations during construction, the complex logistics associated with this project will require it to be phased over three fiscal years.

In addition to the MNR undertaking, the GSA has also seen its fair share of success when it comes to capital investment. Transport Canada approved an Airports Capital Assistance Program (ACAP) project grant to undertake three critical airport infrastructure projects with an estimated \$5M construction value. This undertaking includes the rehabilitation of Runway 04-22; rehabilitation of the airport's main apron; and the installation of new wildlife safety perimeter fencing. Although the design work associated with these projects was completed in 2013, the tender award and construction work will not proceed until the summer of 2014.

Finally, staying with our land development sector, the Sudbury Airport Community Development Corporation (SACDC) Board of Directors also approved the design of an approximate 34,000 sq. ft. hangar/office facility which will be the largest of its kind on airport property once constructed. This new facility, scheduled for construction throughout 2014 and the early part of 2015, has been designed to meet the growth needs of two important tenants, Discovery Air Fire Services and the Northern Ontario School of Medicine research department. In addition, our Board has once again demonstrated its leadership and business

acumen by electing to make a substantial investment towards increasing the capacity of the hangar to house CL-415 Water Bomber or a Bombardier Q400 aircraft. We are fully optimistic that this additional capacity will place the GSA in a good strategic position to attract a wide range of new businesses to the airport, including the potential to expand commercial air services to new markets.

Despite the challenging operating conditions this year, highlighted by a modest decline in passenger travel, the GSA exceeded its 2013 budget targets by achieving an actual operating surplus of \$1,221,740 nearly 10% better than the budgeted surplus. This outstanding achievement can be credited to our staff's unwavering support, and commitment to fulfilling our goals and objectives for the year. More importantly, our business focus did not supersede our efforts to maintain exemplary levels of customer service. 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.

In closing, I would once again like to take the opportunity to recognize our Board of Directors for their hard work, steadfast commitment, support and foresight. The Board consistently provides 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 their respective positions each and every day. As well, I would be remiss if I neglected to show our appreciation to the tenants and employees working at the GSA for working collaboratively with us to raise the standards of customer service at our airport.

As we look forward to 2014, we are set to embrace a year of busy construction and will continue to look for avenues to improve scheduled air service to the citizens of our community.

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

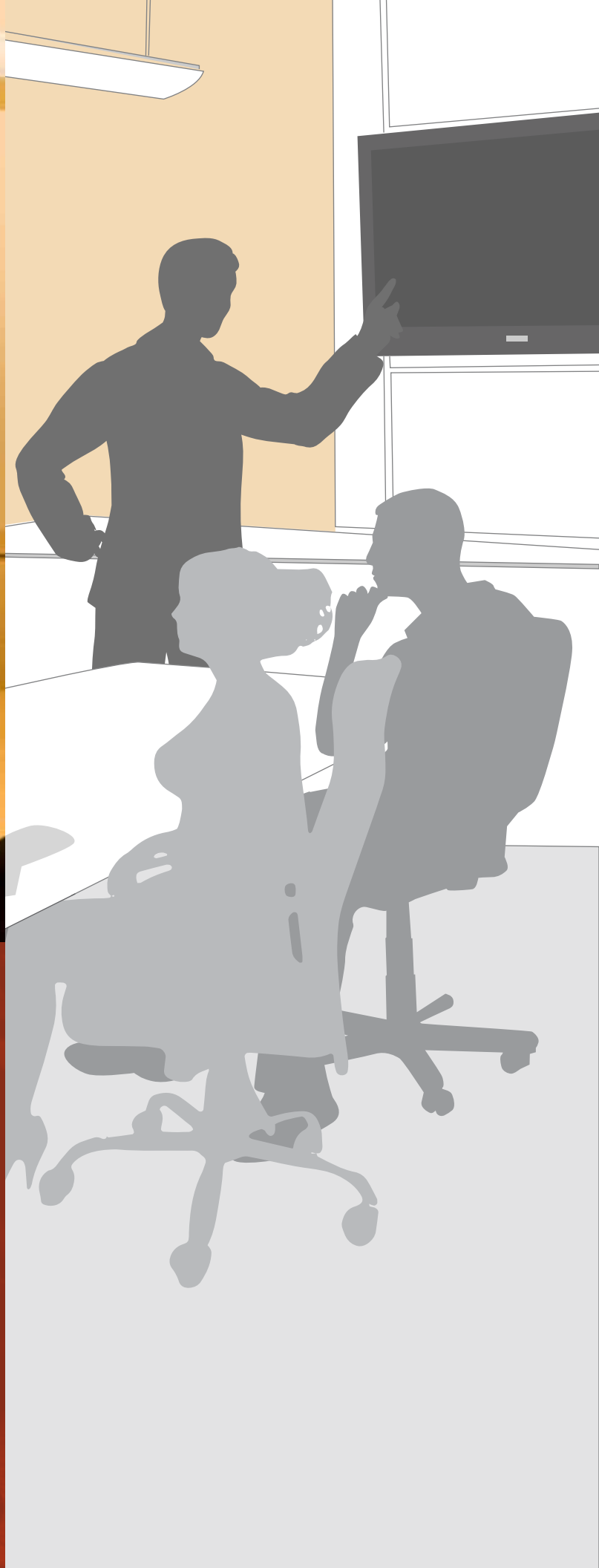
CEO, Greater Sudbury Airport

HAVING LEADERSHIP WITH VISION

Open and transparent governance is essential to the ongoing success of the Sudbury Airport Community Development Corporation (SACDC).

The Board's role is to govern the affairs of the Corporation within the framework of relevant legislation and standards. The Board of Directors, representatives of the Corporation's membership, and the community are given the legal corporate authority and responsibility for the achievement of the organization's mission and strategic goals.

The composition of the Board includes; two (2) City of Greater Sudbury Councillors, two (2) appointments from the Greater Sudbury Development Corporation (GSDC) , seven (7) citizens and one (1) ex-officio non-voting Director – CAO of the City of Greater Sudbury.



ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

- Oversee the development and approval of the Strategic Plan
- Define and safeguard the SACDC organizational mission, values and operating principles
- Governance of the Corporation through policies and planning objectives
- Select and support a Chief Executive Officer to whom the responsibility for executive leadership of the Corporation is delegated
- Secure sufficient resources to finance SACDC programs and operations



Bish Bora

Chair of the Board



Monique Forsyth

Director



Scott Lund

Vice Chair of the Board
Greater Sudbury Development
Corporation Appointment



Dave Kilgour

Director
City of Greater Sudbury Councillor,
Ward 7



Vince Pollesel

Treasurer of the Board



Chris Mercer

Director



Leah Miller

Secretary of the Board



Lise Poratto-Mason

Director



Richard Brummer

Director
Greater Sudbury Development
Corporation Appointment



Greg Séguin

Director



Frances Caldarelli

Director
City of Greater Sudbury Councillor,
Ward 10



Doug Nadorozny

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

OUR MISSION

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

OUR VISION

To be northern Ontario's preferred gateway.

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.

The SACDC is committed to strengthening working relationships with its employees. Our workforce is dedicated to providing safe and efficient services to its client base through a wide range of roles and responsibilities throughout the organization.

The SACDC continuously evaluates its staffing levels to ensure its organization is sufficiently resourced to achieve its strategic objectives. In 2013 a major organizational review was undertaken to align staff resources to meet the organization's commitment to excellence.

MANAGEMENT AND ADMINISTRATIVE TEAM



Robert Johnston, Chief Executive Officer



Diane McNamara, Secretary to CEO



Terra Glabb, Director of Business Development



Linda Dubois, Accounts & Customer Service



Paulette Ethier, Accounts & Customer Service



Robert Tyrer, Operations Manager/Fire Chief



Tim Norwood, Operations Supervisor/Deputy Fire Chief



Philip Rocca, Operations Supervisor/Deputy Fire Chief

OPERATIONS TEAM

Charles Beaudry, Airport Mechanic

Bradley Benson, Airport Operations Serviceperson (AFFS)

Allen Bushey, Airport Operations Serviceperson/Electrician

Rob Colton, Airport Operations Serviceperson (AFFS)

Bob Cruikshank, Airport Operations Serviceperson (AFFS)

Doug Davidson, Airport Operations Serviceperson (AFFS)

Mike Gredner, Airport Operations Serviceperson (AFFS)

Geoff Hutchison, Airport Operations Serviceperson (AFFS)

Bob McKessock, Airport Operations Serviceperson (AFFS)

Al Murray, Airport Operations Serviceperson (AFFS)

Rob Oldridge, Airport Operations Serviceperson (AFFS)

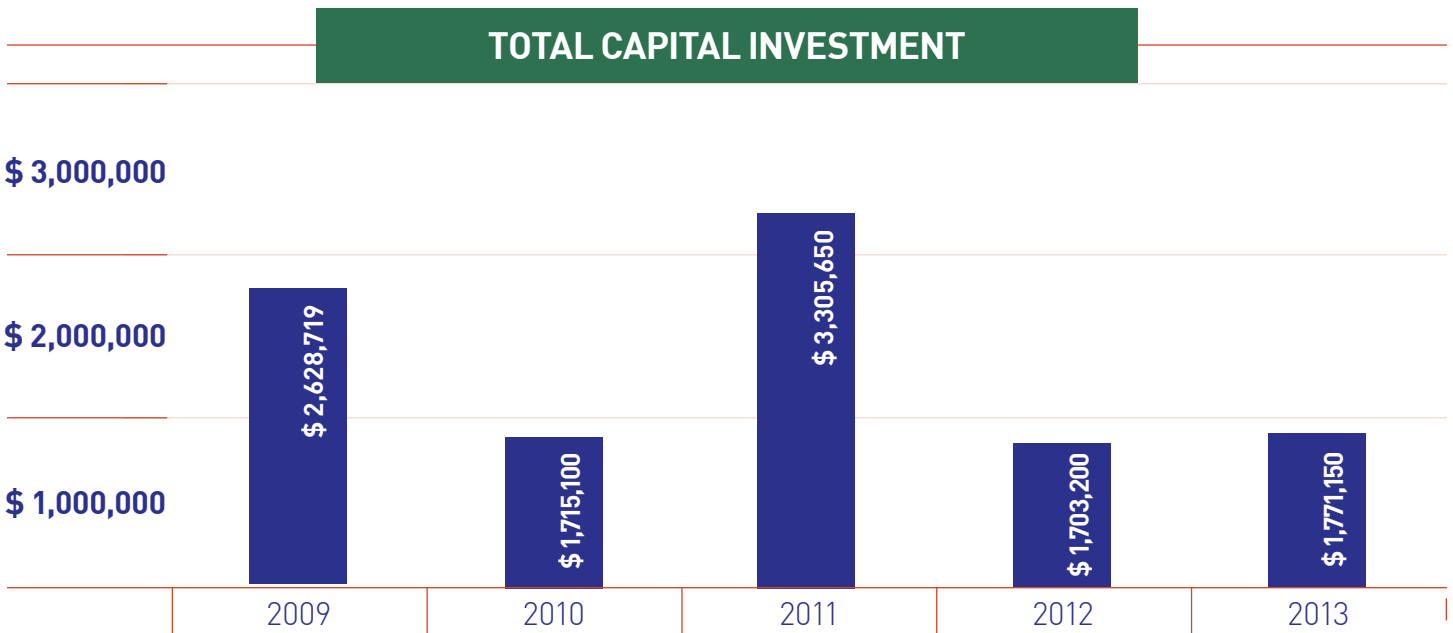
Brian Sitko, Airport Operations Serviceperson (AFFS)

Alex Stevenson, Airport Operations Serviceperson (AFFS)

The financial sustainability of the SACDC is dependent on prudent and professional financial management. As a non-share capital Corporation with financial independence from the local municipality, the SACDC faces formidable financial challenges associated with infrastructure renewal and day-to-day operational needs which must be carefully managed through sound fiscal policies.



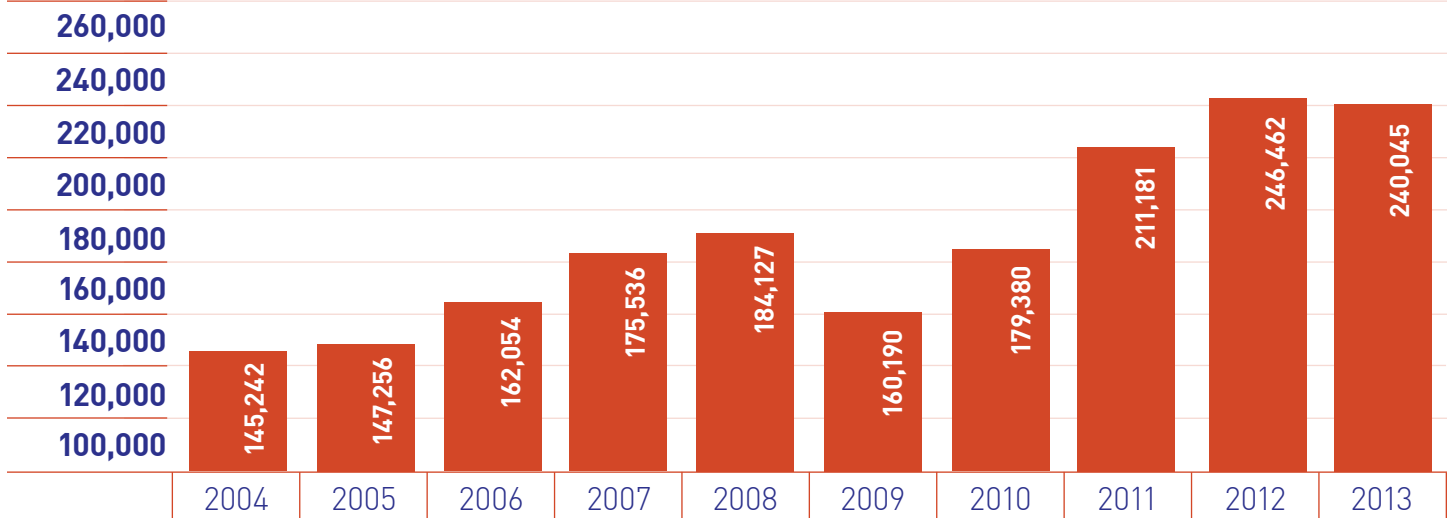
In 2013, the SACDC continued its string of strong financial performance, achieving a healthy operating surplus and maintaining its debt free position.



Operating surpluses are invested strategically to revitalize and expand airport infrastructure to meet the needs of our customers. Our capital program is supported by several key funding partners which include Transport Canada (Airports Capital Assistance Program), FedNor and the Northern Ontario Heritage Fund Corporation (NOHFC).

Commercial aviation remains the most significant source of revenue for the SACDC. The Greater Sudbury Airport served 240,045 passengers in 2013. While this represents a 2.6% drop from the previous year, the airport continues to serve more passengers than it did prior to the economic downturn in 2008.

YSB ANNUAL PASSENGERS



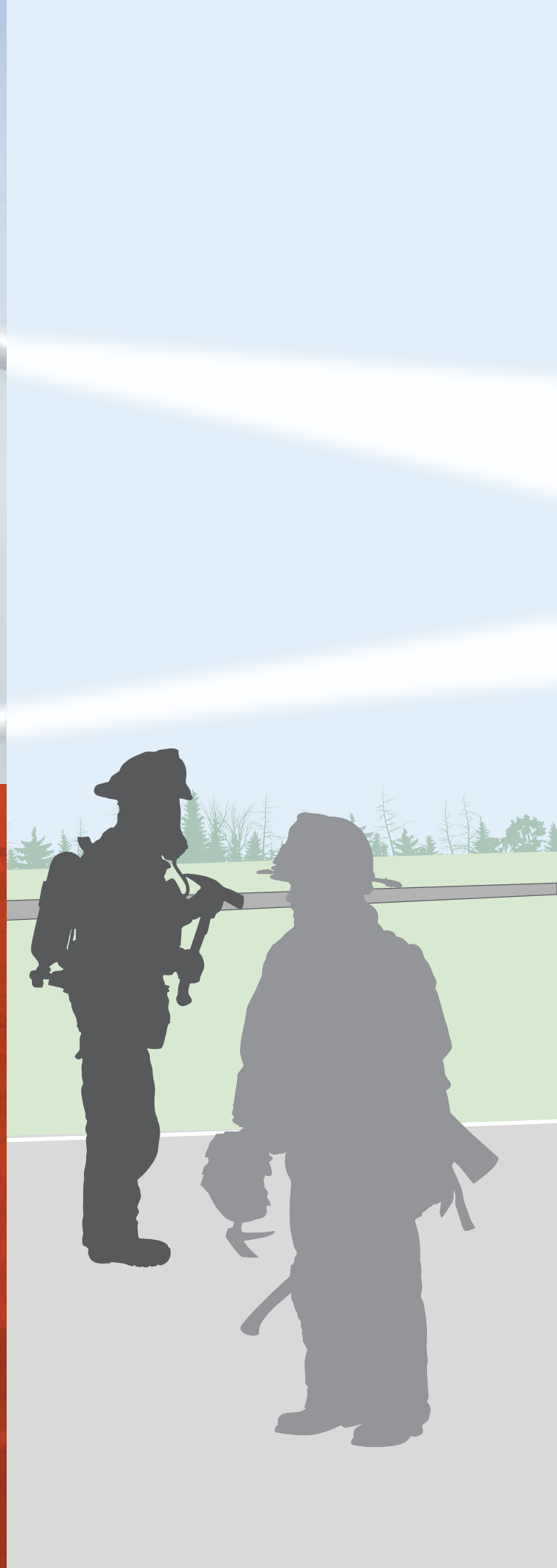
The airport remains confident that passenger travel will be consistent in 2014 with potential to gain positive momentum in the later part of the year as the economy strengthens. Given the SACDC's strong balance sheet and healthy operating surplus position, the airport will continue to invest heavily in its infrastructure revitalization program. In addition, the airport will pursue opportunities to expand business in the land development sector, with a goal of diversifying non-aviation related revenues to mitigate the financial pressures associated with the cyclical swings prevalent in commercial aviation.

INVESTING IN SAFETY

Aviation remains one of the most highly regulated and safest industries in the world.

New Federal regulations for Safety Management Systems (SMS) require an organized and systematic approach to managing safety through the implementation of rigorous processes which mitigate risks and hazards. To meet our commitment to safety, the SACDC has dedicated additional staff resources to the ongoing support of this program. Moving forward, our commitment to safety and the SMS program will remain our top priority to ensure a safe operating environment for our employees and the broader aviation community.

Canadian Aviation Regulations dictate the level of airport fire rescue services which is based on evaluating criteria related to passenger numbers and the type of regularly scheduled aircraft serving an airport. Based on the growth of our commercial air services sector in past years, on January 1, 2013 the airport moved from an emergency response Category 5 to Category 6 operation. The implications of this category change were significant, requiring an increase in the number of dedicated certified fire fighters and the purchase of a specialized Rosenbauer Panther Fire Truck, which was 100% funded by Transport Canada under its Airports Capital Assistance Program (ACAP).



The SACDC embraces its role as a catalyst for economic development and an important contributor to its community.

COMMUNITY EVENTS

In 2013, the airport partnered with the Canadian Cancer Society to host the first annual “Pulling for Wheels of Hope” event. The concept involved creating teams comprised of employees from various organizations and employers within the community to compete head-to-head in a unique “tug-of-war” style event which tested their teams’ strength and quickness. Working in unison, each team was required to pull a CL-415 waterbomber a distance of 20 ft in the fastest time. The CL-415 water bomber was graciously donated by the MNR for the purpose of the event and each team was challenged to meet fund raising goals through individual and team pledges. The first-time event was a colossal success, attracting over 300 attendees from across the community and raising over \$32,000 for the local Wheels of Hope transportation program, which transports patients to their cancer-treatment appointments, free of charge.

The SACDC felt honored to host this event as it provided an opportunity for airport employees to socialize and network within the broader aviation community, and more importantly, support a charitable organization that benefits and improves the lives of many local citizens.

COMMUNITY RELATIONS

The SACDC remains committed to communicating openly with the community at large, as well as the local aviation stakeholders.

AIRPORT EXPRESS

Connecting the **Greater Sudbury Airport** community.

The launch of an internal newsletter “Airport Express,” was a 2013 initiative targeting the airport community. It was recognized through the strategic planning process that open communication with the airport tenants was a necessary step in fostering positive relationships with stakeholders. In consideration that the quarterly edition of the newsletter was a resounding success, the distribution list will be expanded in future years to include a broader spectrum of stakeholders.

In its efforts for transparency and community accountability, in 2013 the SACDC also presented a corporate video to the City of Greater Sudbury Council. The purpose of the video was to identify to City Council and the community, the many changes the airport has experienced over the last decade. The video was an opportunity to showcase the SACDC achievements and to create a conversation around current challenges in the industry. The video was also shared through social media sites highlighting our progress with the City of Greater Sudbury.



MASTER PLAN

In keeping with the airport's mission, strategic goals and business development objectives, the SACDC commissioned an Airport Master Plan. The plan is a working document that will continue to evolve in order to guide the future development of the airport in a practical and sustainable manner.

The Master Plan identifies triggers for growth over the short term (5 year), medium (10 year) and long term (20 year). The plan addresses all aspects of the airport operations including commercial operations, passenger forecasts, terminal building requirements, airside and groundside operations along with financial capital estimates related to projects.

An integral component of the planning process involved consultation between the SACDC, tenants and the community to ensure the future of the airport represents the needs of all stakeholders.

ECONOMIC IMPACT STUDY

As a vital component of the region's transportation system the SACDC is an important contributor to the local, provincial and federal economies. A 2013 Economic Impact Report identified that the airport directly contributes 296 full-time equivalent (FTE) jobs to the City of Greater Sudbury economy. Further, at a national level, the airport contributes 772 FTE indirect and induced jobs to the Canadian economy. Taking into consideration all direct, indirect and induced effects of the airport, the total economic output to Canada is \$196.4 M.

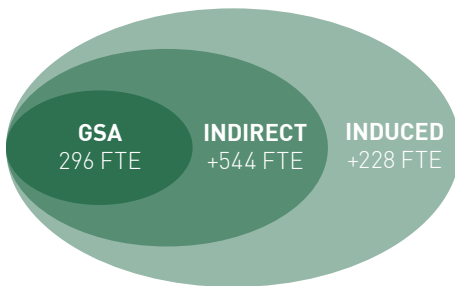
The economic significance of the Greater Sudbury Airport will garner greater prominence as the airport moves forward with new initiatives to expand its business base and diversify its operations.

LAND DEVELOPMENT

The SACDC recognizes that the 1200 acres of land on which the airport is situated has immense potential, not only to increase non-commercial aviation revenues, but to help the aviation industry thrive within Greater Sudbury. With this insight, the Board embarked on and completed a \$3.5M dollar land expansion project, which opened access to a 230 acre parcel of land for development. The Threshold 30 Land Development project created ten fully serviced airside lots for lease to potential aviation customers which includes the general aviation community and the private sector.

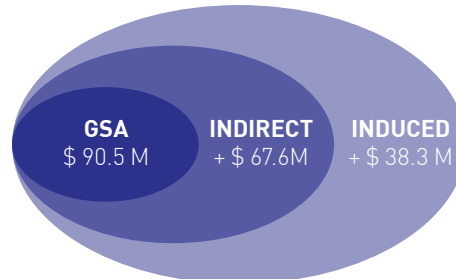


Job Contribution



Canada 1,068 FTE's

Economic Output



Gross output to Canada \$ 196.4 M

Greater Sudbury Airport

FLIGHT SERVICES

Recognizing that the community relies on the SACDC to rally on their behalf for affordable commercial air service options to primary markets within Canada, the airport continues to develop strong relationships with current and potential new carriers. Fostering positive relationships with current domestic airlines is seen as critical to our continued success in building commercial air service. Of equal importance is the need to continuously look for new opportunities to expand air service. With this objective in mind, the SACDC has met with potential new carriers to begin the process of fostering new business relationships in order to ensure the Greater Sudbury community is top of mind when airlines are making decisions on travel routes.

The SACDC will continue to work tirelessly towards achieving this goal to ensure its customers benefit from choice of air service providers, competitive fares and expanded destination options.

CUSTOMER AND TERMINAL SERVICES

Improving services to the traveling public remains at the centre of every decision we make. The SACDC recognizes that business success is correlated directly to a satisfied customer base. A measure of our success is evident by the fact that over the past year complaints have decreased and positive feedback from our customers was more prevalent. While we acknowledge there is still room for improvement in many areas of our business, the feedback we have received is a strong indication we are on the right track.

We'll use this momentum to propel us to make further improvements in the upcoming years, ensuring we achieve our goal of providing first-rate, exemplary service to our customers.



STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

ASSETS

	2013 \$	2012 \$
Current Assets		
Cash	1,300	1,300
Trade and other receivables	637,859	1,081,816
Prepaid expenses	15,964	15,990
Inventory	104,240	109,198
Receivable from the City of Greater Sudbury	512,404	-
	1,271,767	1,208,304

Non-Current Assets

Property and equipment	17,760,984	17,169,286
	19,032,751	18,377,590

LIABILITIES & EQUITY ATTRIBUTABLE TO THE CORPORATION

	2013 \$	2012 \$
Current Liabilities		
Trade and other payables	416,836	610,169
Payable to the City of Greater Sudbury	-	57,213
	416,836	667,382

Non-Current Liabilities

Employment benefit obligations	336,254	334,005
Deferred capital contributions	9,021,396	8,782,728
	9,774,486	9,784,115

EQUITY ATTRIBUTABLE TO THE CORPORATION

	2013 \$	2012 \$
Retained earnings	9,264,260	8,628,612
Accumulated other comprehensive loss	(5,995)	(35,137)
	9,258,265	8,593,475

TOTAL

	19,032,751	18,377,590
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STATEMENT OF INCOME AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31

REVENUES

	2013 \$	2012 \$
Supplementary terminal fees /Passenger facility fees	2,203,968	1,763,610
Capital contributions	622,502	576,120
Rentals and concessions	1,850,661	1,810,541
National landing fees	637,018	869,156
Terminal fees	500,527	668,519
Services	552,443	539,364
	6,367,119	6,227,310

OPERATING EXPENSES

	2013 \$	2012 \$
Salaries, wages and benefits	2,096,154	1,513,546
Policing and security	347,039	388,552
Materials	641,299	524,496
Consulting and other professional services	267,985	354,738
Maintenance	131,866	266,160
Utilities	321,491	313,817
Other	191,406	382,240
Administrative charges	211,487	121,064
Insurance	110,857	108,408
Property Taxes	237,703	233,302
Depreciation of property and equipment	1,179,450	1,063,488
	5,736,737	5,269,811

Operating Income	630,382	957,499
Interest Income	5,266	7,236
Net income for the year	635,648	964,735
Other comprehensive income	29,142	27,243
Total comprehensive income for the year	664,790	991,978

STATEMENT OF CHANGES IN EQUITY

	Retained earnings \$	Retained other comprehensive loss \$	Total \$
Balance - January 1, 2012	7,663,877	(62,380)	7,601,497
Net Income	964,735	-	964,735
Remeasurement of the employee benefit obligation	-	27,243	27,243
Balance - December 31, 2012	8,628,612	(35,137)	8,593,475
Net Income	635,648	-	635,648
Remeasurement of the employee benefit obligation	-	29,142	29,142
Balance - January 1, 2013	9,264,260	(5,995)	9,258,265

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31

CASH PROVIDED BY (USED IN)

	2013 \$	2012 \$
Operating activities		
Net income for the year	635,648	964,735
Adjustments for:		
Depreciation of property and equipment	1,179,450	1,063,488
Amortization of deferred capital contributions	(622,502)	(576,120)
Employee benefit obligations	31,391	16,266
	1,223,987	1,468,369
Changes in non-cash working capital items		
Decrease in trade and other receivables	443,957	1,014,252
Decrease in payable/receivable to the City of Greater Sudbury	(569,167)	(854,782)
Decrease in prepaid expenses	26	778
Decrease (increase) in inventory	4,958	(15,662)
Decrease and trade and other payables	(193,333)	(332,658)
	909,978	1,280,297
Financing Activities		
Capital Contributions Received	861,170	422,901
Investing Activities		
Purchase of property and equipment	(1,771,148)	(1,703,198)
Change in cash during the year	-	-
Cash - Beginning of year	1,300	1,300
Cash - End of year	1,300	1,300

2013 WAS A MONUMENTAL YEAR IN PLANNING FOR WHAT'S AHEAD.

In 2014 we will focus on building infrastructure and services to ensure we are well prepared to manage the vision the Board of the Sudbury Airport Community Development Corporation has established.

