

# ABOVE AND BEYOND

ANNUAL REPORT

2011



This year's Annual Report reflects on the theme 'Above and Beyond.' In 2011, the Sudbury Airport Community Development Corporation (SACDC) worked with great determination towards a year that saw unprecedented growth for the Corporation. Through the willingness to go above and beyond from its Board of Directors, its dedicated staff, and all of its tenants, the Greater Sudbury Airport (GSA) is well prepared for accelerated growth and will continue to be adaptable and accommodating to meet the needs of its customers.

*Our determination for growth and our invested interest in our customers have been our guiding principles for excellence.*

**Robert Johnston**  
CEO, Greater Sudbury Airport



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## MESSAGE FROM THE CHAIR OF THE BOARD



As one of a number of founding Directors of the Sudbury Airport Community Development Corporation, I can remember looking back over a decade ago at a shiny new terminal building plagued with aging infrastructure, dilapidating equipment, reduced passenger loads, runways that required

resurfacing, a handful of tenants, Air Canada was insolvent, and we had a deficit. The task of developing a strategic future for the airport was both exciting and daunting. At the time, we could not have imagined that the groundwork and time we were committing would result in the Greater Sudbury Airport as we know it today. With the support and vision of the Municipality, the leadership of the Board of Directors and the focus of a driven executive team we have attained as a community development corporation what many believed was unattainable.

While the airport has experienced impressive consistent growth over the years, 2011 was an especially robust one. With air travel surpassing 211,000 passengers, healthy competition amongst our commercial carriers, and unprecedented growth and development within our industrial/business park, the Board of Directors was tasked with many challenging decisions. This year the Board focused its strategic direction in four business areas, Improving Air Service to the Travelling Public, Pursuing Land and Economic

Development Opportunities, Diversifying General Aviation and Promoting the Greater Sudbury Airport. Measurable milestone successes were attained in each of these targeted areas confirming the strategic direction of the Board is well positioned to leverage this impressive momentum and continue to expand in these areas.

With many very positive growth opportunities and regulatory changes facing the aviation industry, the Directors of the SACDC are fully engaged and look forward to providing staff with the strategic direction to guide the airport through its next growth phase.

**Claude Lacroix**  
Chair, Sudbury Airport Community Development Corporation

## MESSAGE FROM THE CEO



This past year was one of unprecedented record growth and achievements at the Greater Sudbury Airport. It was exciting to see the many years of hard work culminate with such remarkable success.

Improving scheduled air service has been a consistent priority and a critical element of the

GSA's long-term growth plan. We are pleased to report that Porter Airlines added a second and third round trip flight to/from Billy Bishop Toronto City Airport in 2011 and made a commitment to add a fourth flight in early January 2012. In addition, Air Canada Express enhanced their fleet and replaced the DH-300 fleet with the new modern DH-Q400 on several of their daily scheduled round trips to Toronto Pearson International Airport. Our third scheduled air service provider, Bearskin Airlines, continued to provide excellent service to its clientele within its Northeastern Ontario market and have also experimented with enhancing its fleet by utilizing the Saab on selected routes. As a result of all the enhancements to air services, passenger travel has increased to levels not seen at the GSA for more than a quarter century. This momentum is expected to continue in 2012, with passenger travel projected to exceed 2011 levels by nearly 25%.

As a catalyst for economic development within the City of Greater Sudbury, the GSA has become home to a diverse range

of businesses in both the private and government sectors. More than 50 new jobs have been created in the last few years and several new hangars have been constructed. In order to maintain our investment readiness position, the GSA began construction on its new \$3.3 M land development project in 2011 with a targeted completion date of July 2012.

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 our customers 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 and we continue to be challenged with better ways of conducting business.

From a financial perspective, the GSA has worked diligently at creating a viable business model that is sustainable in the long term. The 2011 actual operating surplus was \$904,550, nearly 22% better than the budgeted surplus. Based on the rapid growth of the air service sector and our projections of continued market stimulation, the GSA is well positioned to increase its operating surplus in future years. These operating surpluses will be invested strategically to revitalize and expand airport infrastructure to meet the needs of our customers in the future. Despite the forecasted improvements in our operating surplus position, we anticipate enormous pressures on our capital program due to the rapid growth of our business. To ensure we manage the infrastructure renewal program in a responsible fashion, an Airport Master Plan study will be commissioned in 2012 to facilitate the planning process.

As we look forward to 2012 it may be seen as being overly optimistic to think that our successes will trump the achievements of this year. But, that is exactly what we are anticipating! The principles of good business have been established as a solid foundation that will serve as the launch point to new-found successes. We have every confidence that the growth phase we are currently experiencing will exceed 2011 levels.

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. And finally, to all of the tenants and employees 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. We have a lot to look forward to in the year ahead of us!

**Robert Johnston**  
CEO, Greater Sudbury Airport

# ABOUT THE GREATER SUDBURY AIRPORT

## Mission Statement

To provide first class service and facilities to commercial passengers, commercial carriers, and general aviation customers, to promote air travel as an attractive option, and to promote the economic development of Greater Sudbury.

## Airport Administration Staff



**Robert Johnston**, Chief Executive Officer



**Diane McNamara**, Secretary to CEO



**Linda Dubois**, Reception & Accounts



**Terra Glabb**, Director of Business Development



**Robert Tyrer**, Operations Manager/Fire Chief

## 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)

**Philip Rocca**, Airport Operations Serviceperson (AFFS)

**Brian Sitko**, Airport Operations Serviceperson (AFFS)

## Board of Directors 2011



**Claude Lacroix**  
Chair of the Board



**Bish Bora**  
Vice-Chair of the Board



**Mark Laberge**  
Treasurer of the Board



**Leah Miller**  
Secretary of the Board



**Paige Bisset**  
Director



**Richard Brummer**  
Greater Sudbury Development Corporation  
Appointment  
Director



**Frances Caldarelli**  
City of Greater Sudbury Councillor, Ward 10  
Director



**Manfred Herold**  
Director



**Dave Kilgour**  
City of Greater Sudbury Councillor, Ward 7  
Director



**Rachel Prudhomme**  
Greater Sudbury Development Corporation  
Appointment  
Director



**Sylvain Séguin**  
Director



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



# MORE DESTINATIONS

# MORE OPPORTUNITIES



## STRATEGIC PLAN 2011: REACHING NEW HEIGHTS

The strategic plan is reflective of the vision the directors of the SACDC established several years ago when they were tasked with building the future of the Greater Sudbury Airport. The strategic goals focus on each of the business sectors of the airport. Purposely developed to be broad in principle, each strategic goal provides direction to staff and allows the SACDC to continually expand within the multi-faceted aviation industry.

Over the past decade the SACDC has achieved milestones within each of the goals, indicative of the fact that the vision has been effective and continues to serve the best interest of the corporation.

### Strategic Goals

1. Improve Air Service to the Travelling Public
2. Pursue Land and Economic Development Opportunities
3. Diversify General Aviation
4. Promote the Greater Sudbury Airport

# 2011 HIGHLIGHTS: GOING BEYOND ALL EXPECTATIONS

## Building Momentum

Enhancements to the commercial air service sector of our business have changed the way visitors and residents travel to and from our community. Long gone are the days of choosing to travel by car, bus or other modes of transportation simply because of lower costs. Air travel from the GSA is now not only economically feasible, it is in fact often the cheapest and fastest way to get to your destination.

**It has always been said that competition benefits the consumer. Well, this adage couldn't be truer when you consider the dramatic changes to air service at the Greater Sudbury Airport in recent years. The competition created by the introduction of Porter Airlines into our market in 2010 and 2011 has had a profound impact on service and the cost of air travel.**

Citizens of Greater Sudbury have more choices, improved services and lower fares to more destinations than ever before. Air Canada currently provides six daily round trips through its hub at the Toronto Pearson International Airport to destinations in every corner of the world. Porter Airlines currently provides three daily round trips to eastern Canadian and United States destinations through its Billy Bishop Toronto City Airport. In addition, Porter Airlines has committed to adding a fourth round trip flight in early 2012. The GSA also serves as a hub for Bearskin Airlines, which provides as many as sixteen daily flights to various cities in northeastern Ontario. The proof is certainly in the numbers, as year over year air travel has increased 17% and surpassed the 210,000 passenger plateau for the first time in nearly 25 years. The GSA is well positioned

to enjoy continued passenger growth into 2012 and beyond, as strong local economic conditions combined with a loyal passenger base, improved air services, and the maturity of our market has positively impacted the propensity to travel by air.



## Positioned For Growth

In recent years, business development has become a top priority for the GSA. Since a vast percentage of airport revenues are derived from commercial air services, the GSA is vulnerable to economic downturns that impact the air services sector. To mitigate the impacts of fluctuating business cycles on airport revenues the GSA has focused on expanding and diversifying business across a broad spectrum of aviation sectors. The airport has specifically focused on strategic goals related to expanding land development and general aviation activity to establish alternate revenue sources and to strengthen its financial position.

**In 2011, the demand for buildings and land at the airport reached an all time high. Three new facilities with a total value of approximately \$5 M were constructed on airport property creating more than 50 new, high paying jobs.**

To maintain its "investment readiness" position, the SACDC approved an ambitious plan to expand land development in the northeast quadrant of the airport. With the generous financial support of both FedNor and the Northern Ontario Heritage Fund Corporation (NOHFC) the GSA began development on this \$ 3.3 M initiative in 2011, and this project will culminate in 2012 with the creation of an airside aviation commercial area consisting of 15 large lots on an approximate 100 acre parcel of land. This new development area will be the impetus to attract new jobs and diversify business in the years ahead.

## Committed To One Vision

Financial stewardship is the hallmark of our business and it is understood that the safeguarding of airport assets and conducting business in a fiscally responsible manner is a priority that is linked to every strategic objective of our Corporation.

Each and every employee is held accountable to work efficiently and to be mindful of cost during the course of their daily activities. All employees work diligently to ensure projects are completed on-time and within budget.

The accompanying financial statements of the Sudbury Airport Community Development Corporation have been audited by PricewaterhouseCoopers LLP, Chartered Accountants. Airport Management is responsible for the preparation and fair presentation of these statements in accordance with International Financial Reporting Standards, and for such, internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement.



Discovery Aviation Academy opens in 2011.



Teamwork is key.

## Establishing New Relationships

In 2011 Discovery Air, a Canadian specialty aviation company, launched the Discovery Aviation Academy (DAA) at the Greater Sudbury Airport.

Through its partnership with Discovery Air and its Career Pilot Program, DAA offers a unique advantage to graduating commercial pilots. The program exposes students to various aviation sectors through Discovery Air's network of companies, some of which include Discovery Air Fire Services, Great Slave Helicopters and Top Aces.

**Adding to its multi-faceted learning environment, DAA also announced a joint venture with Cambrian College. The objective of the partnership is to offer students enrolled in Cambrian College's Business Fundamentals Certificate program the opportunity to obtain commercial flight training while earning their diploma to enhance their employability in pursuing a career in aviation.**

The addition of DAA to the airport's general aviation sector is an important step towards improving the visibility of aviation in the community and promoting careers in this specialized industry.

## Working Together

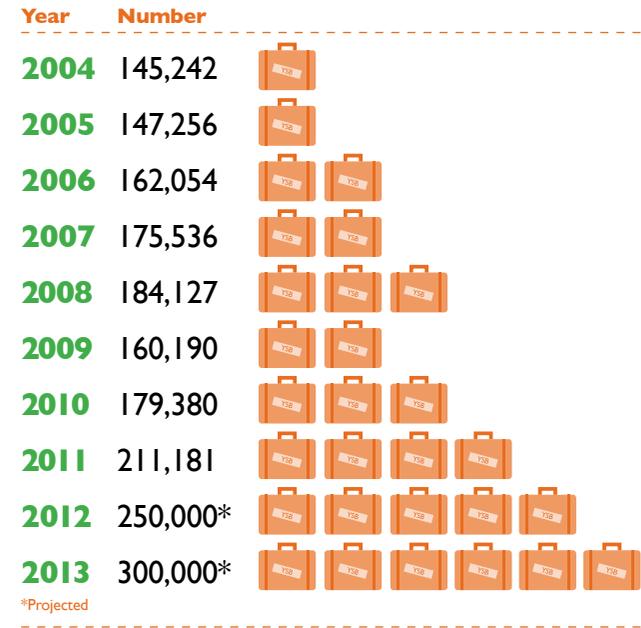
Customer service is the cornerstone of our business and deeply engrained within the culture of our organization. Our objective is simple... we want to ensure our customers enjoy the most pleasurable experience possible when traveling through our airport. Each and every employee is held accountable to do his/her part in achieving this goal. In addition, we work collaboratively with other businesses working in the air terminal building, such as the various air carriers and the Canadian Air Transport Security Authority to achieve a consistently high level of customer service.

**We are particularly proud of our reputation in how we deal with our customers. Every inquiry, question or complaint is personally responded to in a timely fashion by one of our dedicated employees.**

The feedback we have received from our customers has also been used as the impetus to improve the way we do business. As a result of customer input we have invested in a number of service improvements, which include the introduction of free Wi-Fi within our air terminal, improvements to our Flight Information Display System, enhancements to our website, improved air terminal accessibility for persons with disabilities, enhancements to our public announcement system and the automation of our parking system, to name a few.

# A YEAR IN REVIEW: 2011 STATISTICS

## YSB Annual Passengers



## Aircraft movements



## Looking Ahead...

### Projected Economic Benefits 2012-2017

Building on the momentum of 2011, the SACDC will continue to stay the course by focusing on the growth of the air service sector and diversifying business. If the goals and objectives of the Corporation are accomplished, the following economic benefits are anticipated to be achieved over the period 2012-2017.

- \$23 M in capital investment by SACDC and its funding partners
- \$14 M in new private sector investment
- Creation of 100 new jobs on airport property
- Increase in passenger growth to 350,000
- 250% increase in operating profit
- Annual consumer airfare savings of approximately \$30 - \$40 M
- 300% increase in property tax revenue to the City of Greater Sudbury

# INDEPENDENT AUDITOR'S REPORT

June 25, 2012

To the Board of Directors of Sudbury Airport  
Community Development Corporation

We have audited the accompanying financial statements of Sudbury Airport Community Development Corporation, which comprise the statement of financial position as at December 31, 2011 and the statement of income and comprehensive income, and statement of changes in equity for the year ended December 31, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

## Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

## Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sudbury Airport Community Development Corporation as at December 31, 2011 and its financial performance and its cash flows for the year ended December 31, 2011 in accordance with International Financial Reporting Standards.

## Comparative information

Without modifying our opinion, we draw attention to note 5 to the financial statements, which describes that Sudbury Airport Community Development Corporation adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at December 31, 2010 and January 1, 2010 and the statements of income and comprehensive income, changes in equity and cash flows for the year ended December 31, 2010 and related disclosures. We were not engaged to report on the restated comparative information and, as such, it is unaudited.



**Pricewaterhouse Coopers LLP, Chartered Accountants**

Licensed Public Accountants

# STATEMENT OF FINANCIAL POSITION

	December 31, 2011 \$	December 31, 2010 \$ (Unaudited)	January 1, 2010 \$ (Unaudited)
<b>Assets</b>			
<b>Current assets</b>			
Cash	1,300	1,000	1,000
Receivable from the City of Greater Sudbury	-	495,486	16,016
Trade and other receivables	2,096,068	827,251	1,617,767
Prepaid expenses	16,768	16,755	6,454
Inventory	93,536	99,147	99,135
	<b>2,207,672</b>	<b>1,439,639</b>	<b>1,740,372</b>
<b>Non-current assets</b>			
Property and equipment	16,529,576	14,214,265	13,446,499
	<b>18,737,248</b>	<b>15,653,904</b>	<b>15,186,871</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current liabilities</b>			
Trade and other payables	942,827	320,581	711,122
Payable to the City of Greater Sudbury	911,995	-	-
	<b>1,854,822</b>	<b>320,581</b>	<b>711,122</b>
<b>Non-current liabilities</b>			
Employee benefit liabilities	344,982	271,180	270,360
Deferred capital contributions	8,935,947	7,896,196	7,487,066
	<b>11,135,751</b>	<b>8,487,957</b>	<b>8,468,548</b>
<b>Shareholders' Equity</b>			
Retained earnings	7,663,877	7,166,827	6,718,323
Accumulated other comprehensive loss	(62,380)	(880)	-
	<b>7,601,497</b>	<b>7,165,947</b>	<b>6,718,323</b>
<b>TOTAL</b>	<b>18,737,248</b>	<b>15,653,904</b>	<b>15,186,871</b>

# STATEMENT OF INCOME AND COMPREHENSIVE INCOME

For the year ended December 31

	2011 \$	2010 \$ (Unaudited)
<b>Revenues</b>		
Supplementary terminal fees	1,609,860	1,515,820
Capital contributions	521,333	473,086
Rentals and concessions	1,440,349	1,231,458
National landing fees	727,700	651,445
Terminal fees	563,482	500,866
Services	545,900	458,273
	<b>5,408,624</b>	<b>4,830,948</b>
<b>Operating expenses</b>		
Salaries, wages and benefits	1,425,925	1,340,454
Policing and security	411,497	367,635
Materials	496,836	359,801
Consulting and other professional services	237,012	240,290
Maintenance	349,308	282,060
Utilities	270,269	268,228
Other	360,958	139,954
Administrative charges	120,103	123,255
Insurance	105,596	105,187
Property Taxes	165,512	237,723
Amortization of property and equipment	990,338	947,339
	<b>4,933,354</b>	<b>4,411,926</b>
<b>Operating income</b>	475,270	419,022
<b>Interest income</b>	21,780	29,482
<b>Net income attributable to shareholder for the year</b>	497,050	448,504
Actuarial loss	(61,500)	(880)
<b>Total comprehensive income attributable to shareholder for the year</b>	<b>435,550</b>	<b>447,624</b>

# STATEMENT OF CHANGES IN EQUITY

For the year ended December 31

	Retained earnings \$	Accumulated other comprehensive loss \$	Total \$
<b>Balance - January 1, 2010 (Unaudited)</b>	<b>6,718,323</b>	-	<b>6,718,323</b>
Net income	448,504	-	448,504
Actuarial loss	-	(880)	(880)
<b>Balance - December 31, 2010 (Unaudited)</b>	<b>7,166,827</b>	<b>(880)</b>	<b>7,165,947</b>
Net income	497,050	-	497,050
Actuarial loss	-	(61,500)	(61,500)
<b>Balance - December 31, 2011</b>	<b>7,663,877</b>	<b>(62,380)</b>	<b>7,601,497</b>

# STATEMENT OF CASH FLOWS

For the year ended December 31

Cash provided by (used in)	2011 \$	2010 \$ (Unaudited)
<b>Operating Activities</b>		
Net Income	435,550	447,624
<b>Adjustments for</b>		
Amortization of property and equipment	990,338	947,339
Amortization of deferred capital contributions	(521,333)	(473,086)
Gain on sale of property and equipment	(2,261)	(22,563)
	<b>902,294</b>	<b>899,314</b>
<b>Changes in non-cash working capital</b>		
Decrease (increase) in trade receivables	(1,268,817)	790,516
Decrease (increase) in receivable/payable from City of Greater Sudbury	1,407,481	(479,470)
Increase in prepaid expenses	(13)	(10,301)
Decrease (increase) in inventory	5,611	(12)
Increase in employee benefit obligations	73,802	820
Increase (decrease) in trade and other payables	622,246	(390,541)
	<b>1,742,604</b>	<b>810,326</b>
<b>Financing activities</b>		
Capital contributions received	1,561,084	882,216
<b>Investing activities</b>		
Purchase of property and equipment	(3,305,649)	(1,715,105)
Proceeds on sale of property and equipment	2,261	22,563
	<b>(3,303,388)</b>	<b>(1,692,542)</b>
<b>Increase in cash during the year</b>	<b>300</b>	<b>-</b>
<b>Cash - Beginning of year</b>	<b>1,000</b>	<b>1,000</b>
<b>Cash - End of year</b>	<b>1,300</b>	<b>1,000</b>

# A VITAL COMMUNITY SERVICE





## CLOSING REMARKS

The Sudbury Airport Community Development Corporation has made tremendous strides in recent years. The Corporation has endured tough economic times and faced significant challenges as the aviation industry has adjusted to sky rocketing fuel costs, heightened security regulations, and a worldwide recession. Despite these challenges, the SACDC has emerged in the best financial shape in its history, and is well positioned to enjoy continued air service and business growth through the next economic cycle.

**With a Board of Directors that are committed to a vision for the future, and a dedicated staff that is focused on the tasks that lie ahead, the Greater Sudbury Airport is well on its way to reaching new heights in the coming years.**



COMMUNITY DEVELOPMENT CORPORATION

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## 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](http://flysudbury.ca)