

## **SECTION 5**

Financial Statements of

### **SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION**

Year ended December 31, 2006

# SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

Financial Statements Index

Year ended December 31, 2006

---

	Page
Auditors' Report	1
Balance Sheet	2
Statement of Earnings and Retained Earnings	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 8
Schedule of Revenue	9
Schedule of Expenses	10

## AUDITORS' REPORT

To the Board of Directors

We have audited the balance sheet of **Sudbury Airport Community Development Corporation** as at December 31, 2006 and the statements of earnings and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the City's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Airport as at December 31, 2006 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

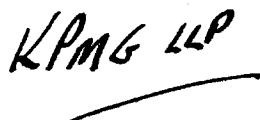
Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Schedules is presented for purposes of additional information and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**COLLINS BARROW, SUDBURY - NIPISSING LLP**  
Chartered Accountants, Licensed Public Accountants



**FREELANDT CALDWELL REILLY LLP**  
Chartered Accountants, Licensed Public Accountants



**KPMG LLP**  
Chartered Accountants, Licensed Public Accountants

Sudbury, Canada  
April 28, 2007

# SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

Balance Sheet

December 31, 2006, with comparative figures for 2005

	2006	2005
<b>Assets</b>		
Current assets:		
Petty cash	\$ 1,000	1,000
Accounts receivable	1,238,020	932,586
Prepaid expenses	11,814	-
Inventory	98,162	101,826
	1,348,996	1,035,412
Other assets	-	7,530
Capital assets (note 2)	10,982,528	10,841,122
	\$ 12,331,524	11,884,064
<b>Liabilities and Surplus</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 745,068	792,294
Other liabilities:		
Payable to the City of Greater Sudbury (note 4)	962,805	951,868
Deferred capital grants (note 5)	5,742,388	5,668,621
	6,705,193	6,620,489
Surplus:		
Contributed surplus	2,662,157	2,662,157
Retained earnings	2,219,106	1,809,124
	4,881,263	4,471,281
Commitments (note 6)		
Contingent liability (note 7)		
	\$ 12,331,524	11,884,064

See accompanying notes to financial statements.

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

## Statement of Earnings and Retained Earnings

Year ended December 31, 2006, with comparative figures for 2005

	2006	2005
<b>Revenue:</b>		
Supplementary terminal fees	\$ 1,486,406	1,396,348
Rentals and concessions	868,277	719,908
National landing fees	461,828	425,409
Terminal fees	365,440	301,813
Services	206,780	172,000
Miscellaneous	56,877	3,536
Interest	-	4,369
	<u>3,445,608</u>	<u>3,023,383</u>
<b>Expenses:</b>		
Wages and benefits	1,090,006	1,013,351
Security and commissionaires	371,826	328,849
Materials	290,437	220,791
Depreciation and amortization	275,830	219,831
Energy costs	241,974	209,024
Purchased services	212,488	172,820
Repairs and maintenance	194,058	225,302
Administration (note 4)	100,392	171,975
Insurance	81,173	81,308
Professional development	58,094	48,954
Property taxes	56,822	56,934
Miscellaneous	36,079	50,690
Interest	29,523	4,979
Bad debt (recovery)	(3,076)	(2,255)
Hydrogeological study	-	1,600
	<u>3,035,626</u>	<u>2,804,153</u>
<b>Net earnings</b>	409,982	219,230
Retained earnings, beginning of year	1,809,124	1,589,894
<b>Retained earnings, end of year</b>	<u>\$ 2,219,106</u>	<u>1,809,124</u>

See accompanying notes to financial statements.

# SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

## Statement of Cash Flows

Year ended December 31, 2006, with comparative figures for 2005

	2006	2005
Cash flows from operating activities:		
Net earnings	\$ 409,982	219,230
Adjustments for:		
Depreciation and amortization	275,830	219,831
	685,812	439,061
Changes in non-cash working capital:		
Accounts receivable	(11,814)	-
Prepaid expenses	(305,434)	-
Inventory	3,664	16,100
Accounts payable and accrued liabilities	(47,226)	369,042
	325,002	824,203
Cash flows from financing activities:		
Deferred capital grants	388,419	2,559,697
Cash flows from investing activities:		
Purchase of capital assets	(724,358)	(3,804,977)
<b>Net decrease in cash</b>	(10,937)	(421,077)
Payable to City of Greater Sudbury, beginning of year	(659,215)	(238,138)
<b>Payable to City of Greater Sudbury, end of year (note 4)</b>	\$ (670,152)	(659,215)

See accompanying notes to financial statements.

# SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended December 31, 2006

---

The Sudbury Airport Community Development Corporation (the "Corporation") is incorporated without share capital under the laws of Ontario. Its principal business activity is to manage, operate and maintain the Sudbury Airport.

The objective of the Corporation is to promote community economic development in the City of Greater Sudbury ("CGS") with the cooperation and participation of the community strategic planning and increasing self-reliance, investment and job creation within the community through the development and enhancement of the Sudbury Airport.

## 1. Significant accounting policies:

### (a) Inventory:

Inventory is valued at the lower of cost and replacement cost.

### (b) Other assets:

Other assets, which consist of incorporation costs, are amortized using the straight-line method over five years.

### (c) Capital assets:

Capital assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line basis at the following rates:

---

Buildings	10 to 30 years
Equipment	5 to 25 years
Runway	15 years

---

Assets under construction are not depreciated until they are placed into use.

In the year of acquisition or usage, half of the annual depreciation charge is taken.

# SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended December 31, 2006

## 1. Significant accounting policies (continued):

### (d) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the periods specified. Actual results could differ from those estimates.

### (e) Deferred capital grants:

Deferred capital grants represent the unamortized amount of grants received for the purchase of capital assets. The amortization of deferred capital grants is recorded in the statement of earnings and retained earnings at the same rates and terms as the related asset as a reduction of depreciation expense.

## 2. Capital assets:

	2006		2005	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Buildings	\$ 6,366,738	753,887	6,280,308	539,301
Equipment	2,009,844	282,038	1,476,534	179,921
Runway	4,046,043	404,174	3,941,425	137,925
Transferred assets	2	-	2	-
	12,422,627	1,440,099	11,698,269	857,147
Less accumulated depreciation	1,440,099		857,147	
	\$ 10,982,528		10,841,122	

Transferred assets represent assets acquired pursuant to an agreement with Transport Canada that transferred the Sudbury Airport on March 31, 2000 to the newly incorporated Sudbury Airport Community Development Corporation ("SACDC"). This transfer included the transfer of all chattels by way of bill of sale and property by way of instruments of grant to the SACDC for consideration of \$2.00.



# SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended December 31, 2006

---

### 3. Option to purchase:

An operating agreement was entered into with Transport Canada whereby the SACDC agreed to manage, operate and maintain the airport. This agreement includes an Option to Purchase for ten years exercisable by Her Majesty on the termination of the provision of the airport services. The option is exercisable in the event of closure of the airport and includes the right to obtain ownership of airport lands, chattels and consumable stock.

### 4. Payable to City of Greater Sudbury:

The SACDC is operated by the City of Greater Sudbury (the "City") in accordance with an operating agreement between the parties which was signed on December 12, 2002.

Consequently, cash flows of the SACDC flow through the City. The resulting payable at December 31, 2006 in the amount of \$962,805 (2005 - \$951,868) bears interest at the City's average monthly rate of return on investments plus 1% and has no specified terms of repayment. In the event that the account is in a receivable balance, the SACDC earns interest at the City's average monthly rate of return on investments.

Included in expenses is \$79,293 (2005 - \$156,730) charged by the City for the provision of administrative services. In addition, net interest in the amount of \$29,523 (2005 - \$4,979) was charged during the year.

### 5. Deferred capital grants:

The unamortized deferred capital grants are as follows:

	2006	2005
Balance, beginning of year	\$ 5,668,621	3,325,781
Additions	388,419	2,559,847
Amortization for the year	(314,652)	(217,007)
Balance, end of year	\$ 5,742,388	5,668,621

# SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended December 31, 2006

---

## 6. Commitments:

- (i) The SACDC has entered into an Assignment, Assumption and Indemnity Agreement which relates to the SACDC taking on all the rights related to leasing of land to the Province for air ambulance and for the forest fire facility at the airport

Navcan operates the air navigation and air traffic control at the airport. There is an agreement with Navcan to perform these functions and a lease has been entered into with them for the land under their tower and space in the administration building.

- (ii) The SACDC entered into an agreement with Canadian Corps of Commissionaires for the provision of security services. The approximate annual payments are as follows:

---

2007	\$ 358,400
2008	372,000
2009	157,300
	<hr/>
	\$ 887,700

---

## 7. Contingent liability:

Pursuant to funding agreements with Transport Canada, the SACDC may in certain circumstances be considered in default of the agreement. Should the SACDC be considered in default of the agreement, action may be taken which could result in repayment of funding or cancellation of the agreement.

## 8. Fair value of financial instruments:

The carrying values of the Corporation's petty cash, accounts receivable, accounts payable and accrued liabilities and payable to the City of Greater Sudbury approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

# SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

## Schedule of Revenue

Year ended December 31, 2006, with comparative figures for 2005

	2006	2005
<b>Rentals and Concessions:</b>		
Land and office/shop space	\$ 286,507	282,707
Parking	345,900	263,279
Car rental agencies	235,870	173,922
	<u>868,277</u>	<u>719,908</u>
<b>Services:</b>		
Recoverable services	196,783	158,090
Aircraft parking	9,997	13,910
	<u>206,780</u>	<u>172,000</u>
<b>National landing fees:</b>		
- domestic airline	281,508	244,330
- other domestic	180,320	181,079
	<u>461,828</u>	<u>425,409</u>
Supplementary terminal fees	1,486,406	1,396,348
Terminal fees	365,440	301,813
Interest income	-	4,369
Miscellaneous	56,877	3,536
<b>Total revenue</b>	<u>\$ 3,445,608</u>	<u>3,023,383</u>

See accompanying notes to financial statements.

# SUDBURY AIRPORT COMMUNITY DEVELOPMENT CORPORATION

## Schedule of Expenses

Year ended December 31, 2006, with comparative figures for 2005

	2006	2005
Wages and benefits	\$ 1,090,006	1,013,351
Materials	290,437	220,791
Administration	100,392	171,975
Repairs and maintenance:		
Repairs - equipment	108,836	87,488
Repairs - buildings	85,222	137,307
Equipment rental	-	507
	194,058	225,302
Energy costs	241,974	209,024
Purchased services:		
Building services	161,590	129,550
Telephone	22,165	19,843
Consulting	22,613	13,757
Audit	6,120	9,670
	212,488	172,820
Security and commissionaires	371,826	328,849
Depreciation and amortization	275,830	219,831
Insurance	81,173	81,308
Property taxes	56,822	56,934
Professional development	58,094	48,954
Miscellaneous	36,079	50,690
Hydrogeological study	-	1,600
Interest	29,523	4,979
Bad debt (recovery)	(3,076)	(2,255)
<b>Total expenses</b>	<b>\$ 3,035,626</b>	<b>2,804,153</b>

See accompanying notes to financial statements.