

Annual Report

April 1, 2015 - March 31, 2016



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1. INTRODUCTION

The Souris Harbour Authority Inc., (SHAI) is a not-for-profit community based company incorporated in 2006 under Part II of the P.E.I. Companies Act to own, operate and promote the development of the Port of Souris. This is the tenth annual report of the corporation.

2. BOARD GOVERNANCE, MANAGEMENT AND PROFESSIONAL SERVICES

The Board of Directors of the Souris Harbour Authority Inc. are:

<u>Member</u>	<u>Representing</u>
Denis Thibodeau, President	Town of Souris
Brian MacPhee, Vice President	Fishers
Eric Gallant, Secretary	Marina
Dr. Colin Jack, Treasurer	Community at Large
Brian Ching	Port User
Joanne Chisholm	Community at Large
Jason Chapman	Port User
Terry Campbell	Community at Large
Peter MacPhee	Fishers

The Board of Directors of SHAI meets monthly. The board's agenda includes financial, management and committee reports and various company business matters. The Board of Directors oversees policy and operations with three committees; Finance, Audit and Governance; chaired by Dr. Colin Jack, Capital Planning, chaired by Eric Gallant and Marketing and Business Development, chaired by Denis Thibodeau.

The corporation's management team consists of Denis Thibodeau, CEO, Art MacDonald, Port Manager, Margo Robertson, Accountant/Office Administrator, André Gallant, Eastern Cold Storage Manager, Eric Gallant, Marina and Lighthouse Manager, John Hughes, Plant Engineer, Delbert Francis, Senior Financial Advisor and Gerry Gallant, Business Development Consultant.

Scotia Asset Management, Toronto, and Scotia McLeod, Charlottetown are SHAI's investment management advisors, and the Bank of Nova Scotia, ACOA and Finance PEI are its lenders. Local banking services are provided by the Souris Credit Union. The company's auditor is MacPherson, Roche, Smith and Associates, Charlottetown. Legal counsel is provided by Barbara Smith, Stewart, McKelvey, Charlottetown, (contracts and leases) Alan MacPhee, Souris, (land transactions) and Daniel Watt at McInnes Cooper, Halifax, (marine).

3. OPERATIONS AND MAINTENANCE

The Souris Port is the home of a thriving fishing fleet, recreational vessels at its marina, and commercial marine transportation. Since taking ownership of the port from Transport Canada in 2006, the Authority (SHAI) has invested over \$21 million in harbour improvements and waterfront business development. Annually, the Authority spends over \$2 million in operating and maintenance costs for local supply and services. The port's commercial activity includes commercial shipping, mostly in-bound aggregate and berthage. Aggregate imports were 16,500 Mt in 2015. Maintenance and repair included complete paving of the Marine Terminal Pier. At the East Pac wharf, SSP plating and copewall repair, along with new lighting, electrical and water services and mooring cleats was completed.

4. BUSINESS OPERATIONS

Eastern Cold Storage, the port's anchor enterprise is a 4.5 million lb. freezing and cold storage facility that serves the fisheries, aquaculture and agriculture industries. Other developments reinvigorating the town's waterfront include a topside vessel storage facility, lighthouse tourism



attraction, marina, restaurant renovation and lease, lobster storage tank house, windmill to provide power to Eastern Cold Storage and the purchase and leasing of various other properties.





In November of 2014, the Authority purchased the 83,000 sq.ft. vacant Ocean Choice International seafood processing plant. The main purpose of this acquisition was to enable expansion to meet the increasing Eastern Cold Storage storage needs with an additional 4 million lbs. of cold storage in the former plant.



SHAI is repurposing the former OCI facility (Souris Harbour Industries) to accommodate industrial tenants. The Centre for Aquaculture Technologies Canada occupies 22,000 sq.ft. and is fully operational employing 20 technicians and professional scientists, who perform research for the aquaculture industry. Prospecting continues for one other tenant to completely fill the building.

The marina has 40 permanent vessels berthed which include 15 tuna fishing and experiential charter vessels. Transient vessels visiting the marina in 2015 were down from 70 in 2014 to 41 in 2015, averaging a stay of 1.9 days. The topside storage yard for sailboats is operating at 90% capacity with indications of a full yard in the fall of 2016. The Marina had only three berths open for visitors.



Over one thousand visitors paid for a tour of the Lighthouse, generating \$4,700 in revenue. Many more visited the property. The 7th annual Mermaid Seaglass Festival was held at the Souris Lighthouse on July, 25 and 26, 2015 with over 3,000 attendees.



The Sheltered Harbour Café and Pub leasing the SHAI waterfront restaurant has operated its fourth year at the waterfront.

5. FINANCIAL

Highlights of the audited financial statements of the corporation prepared by MacPherson, Roche, Smith and Associates for the year ended March 31, 2016 follow:

Revenue	<u>2016</u>	<u>2015</u>
Harbour Authority Operations	628,697	434,983
Eastern Cold Storage	1,197,977	1,110,702
Other Revenue:		
Investment Income	-83,576	1,249,165
Amoritization of Contributions	265,458	223,764
Government Funding	<u>19,308</u>	<u>28,106</u>
Total Other Revenue	201,190	1,501,035
Transfer Contributions Recognized	<u>1,657,766</u>	<u>1,472,940</u>
Grand Total Revenue	3,685,630	4,519,660
Expenses	<u>3,011,701</u>	<u>2,467,782</u>
Revenue less Expenses	673,929	2,051,878

In 2015-16, total revenues were \$3,685,630, a decrease of \$834,030 from 2014-2015. Decreases were mainly due to nil returns from the investment portfolios as both bond and equity markets experienced negative returns during the year.

The \$1,657,766 of transfer contributions applied during the year was higher by \$184,826 than the previous year contributing to the revenue account. Port operating revenues were \$628,697, an increase of \$193,714 (45%) over the previous year. Eastern Cold Storage revenue increased 8%, mostly due to freezing and storing more bait product.

Total expenses of all port and business operations (including \$871,959 in depreciation) was \$3,011,701. Surplus revenue over expenditures in 2015-16 was \$673,929 a decrease of \$1,377,949 from 2014-15.

The market value of SHAI's long term investments as of March 31, 2016 was \$17,474,595. Of this amount, \$8,921,969 is non-restricted meaning the Authority can use these funds not constrained by the Transport Canada Contribution Agreement which stipulates restricted funds can only be used for port operations and maintenance. Property and equipment values totalled \$16,676,781 for total assets of \$34,987,146. Total long term debt of the corporation as of March 31, 2015 is \$6,656,025.

SHAI is proud to be a committed community supporter and has donated \$14,880 to local sport teams and community organizations in 2015-2016. In addition, SHAI has pledged \$25,000 over five years to the Eastern Kings Health Foundation's fundraising campaign to raise \$500,000 for a new X-ray machine and other medical equipment.

6. CONCLUSION

I wish to recognize the contributions of our board members. Their leadership, valuable decision making based on their extensive business experience, community involvement and commitment to the board's fiduciary responsibilities and sound governance ensures the long term sustainability of the corporation. I also want to thank our dedicated management and advisory team for their valuable services.

Respectively submitted,



Denis Thibodeau
Chairman and CEO

