

Annual Report

April 1, 2019 - March 31, 2020



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1. INTRODUCTION

The Souris Harbour Authority Inc., (SHAI) is a not-for-profit community- based company incorporated in 2005 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 fourteenth annual report of the corporation.



The Board of Directors of the Souris Harbour Authority Inc. for the 2019 - 2020 year are:

<u>Member</u>	<u>Representing</u>
Eric Gallant, President	Community at Large
Joanne Chisholm, Vice President	Community at Large
Ian MacDonald, Secretary	Fishers
Terry Campbell, Treasurer	Community at Large
Vacant	Town of Souris
Jeff Chapman	Port User
Lorraine Hennessey	Community at Large
Peter MacPhee	Fishers

The Board of Directors of SHAI meets monthly. The board’s agenda includes financial, management and committee reports plus various company business matters. The Board of Directors oversees policy and operations with four committees; Finance and Audit; chaired by Terry Campbell, Capital Planning, chaired by Peter MacPhee, Governance and Nominations chaired by Joanne Chisholm, and Marketing/ Business Development, chaired by Joanne Chisholm.

The corporation’s management team consists of Denis Thibodeau, CEO (April-Jan), Andrew Daggett, General Manager (Jan-March), Art MacDonald, Port Manager, André Gallant, Eastern Cold Storage Manager, Eric Gallant, Marina and Lighthouse Manager, John Hughes, Plant Engineer, Margo Robertson, Office Manager/Bookkeeper, 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. The Bank of Nova Scotia, and ACOA are its lenders. Local banking services are provided by the Souris Credit Union. The company’s auditor is Grant Thornton, Charlottetown. Legal counsel is provided by Barbara Smith, Stewart, McKelvey, Charlottetown.

2. OPERATIONS AND CAPITAL MAINTENANCE

The Souris Port is becoming the most used port of call for the commercial crab fishery in PEI. In 2019-2020 the port offload of Snow Crab was approximately 3.3 million pounds despite leaving product in the water. The crab fleet utilizing the port was about 20 vessels and 3 First Nations fleets as the port was unable to accept out of Province vessels. Combining the port's traditional lobster fleet of approximately 30 boats with the 20+ crab vessels, SHAI has experienced substantial offload activities ongoing around the clock for the months of May and June.

Port Activity

We had (2) Crab buyers and approximately (20) vessels for the Spring season, with over 3 Million pounds of product coming across the dock. Port operations went essentially 24 hours a day during good fishing weather to enable this to happen. We repurposed the former Usen's deck and installed another Hiab in a designated offload site to increase our capacity for 2020.

We facilitated the loading of (5) Salmon boats from Cooke Aquaculture with smolt from the Cardigan hatchery going to south coast Nfld.

We experienced a reasonable activity level from mackerel and tuna landings during the summer and fall months.

We had very little commercial visitation on the Marine Terminal and had no aggregate offload or wharfage revenue from such.

Repairs/Upgrades

Highfield Construction completed Phase 2 of the SSP Repairs along the East and South faces of the Usen's deck.

The North side of the EastPac wharf was essentially overhauled and involved engineering services from Harbourside, excavations and reinstatement from Overdrive Carriers, and resurfacing from Chapman Brothers.

Harbourside Engineering provided services to assess the structural condition of the SSP on the Marine Terminal south face as well as investigating options for a potential wave break solution for the Marina in its present location.

There were discussions with Transport Canada about working together to have dredging completed while TC bring in the equipment to expand the ferry terminal to accommodate a larger ferry.

Ice House

The Ice House project estimated to cost close to 500,000 was partially completed this fiscal year. Cimco started the overhaul of the Ice Plant but shut down repairs prior to Xmas and did not re-commence till spring 2020 The Ice House is currently leased out to Ryan Hynes and only operates during the crab season in the spring.

3. BUSINESS OPERATIONS



Eastern Cold Storage, (ECS) the port's anchor enterprise continues to serve the fisheries, aquaculture and agriculture industries with bait freezing for over 400 customers and public cold storage.

In 2019-20, Eastern Cold Storage (ECS) continued its bait freezing line in Souris Harbour Industries at the new location in the building they moved into last year. A renovation project saw the installation of more racking space at ECS to increase the "finished product" capacity with bait production similar to previous years.

ECS employees upwards 7 full time employees and up to 28 people on a seasonal basis in 2019-20.

The windmill had several operational issues during the third and fourth quarters of the fiscal year and providing about 50% of the electric power requirements to the building during the past year.





Souris Harbour Industries

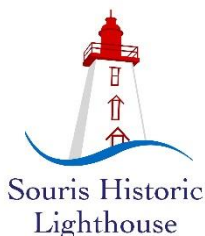
The Centre for Aquaculture Technologies Canada (CATC) reno project was 75% complete at year end. The reno was projected to cost \$375,000 in total and includes upgrades to support their feed trials and other research. The Centre for Aquaculture Technologies Canada (CATC) now leasing about 40,000 sq. ft. of the SHI building, or a little over 50% of the leasable space. CATC is leasing the extra space in order to expand their operations (more laboratory and offices) with five new employees.

MacAulay Produce moved into part of the Souris Harbour Industries building and installed the equipment to produce certified organic french fries. MacAulay started producing product and has storage in ECS.

Between CATC, MacAulays Produce and our own bait production, the leasable space in SHI is now 100% utilized.



The Souris Marina hosted 73 - day visits and 30 seasonal boaters and sold \$8,087 of gasoline in 2019. The storage shed at the topside boat yard is at capacity. Vessel storage in the recreational boat yard is over capacity at 53 vessels from all PE, NS, NB, ONT, PQ, and BC. Hurricane Dorian swept through in September and caused quite a bit of damage to the docks.



There was a tour guide for visitors to the Souris Historic Lighthouse with about 1000 people visiting in 2019.

The 3rd Annual PEI Lobster Festival PEI Lobster Festival was held on June 30, 2019 at the lighthouse venue.

This event attracted over 1,210 visitors concluding with a sold out lobster supper enjoyed by 400 guests, hosted by Chef Michael Smith. This event is becoming an excellent tourism draw, as over 50% of participants were from off island.

Another successful Mermaid Sea Glass Festival was also held at the light house venue in July and successfully drew over 2,500 visitors generating significant economic impact to the area.



4. FINANCIAL

Highlights of the audited financial statements of the corporation prepared by Grant Thornton for the year ended March 31, 2019 with year 2018 for comparison follow:

<u>Operations Revenue</u>	<u>2020</u>	<u>2019</u>
Harbour Authority Operations	792,852	619,217
Eastern Cold Storage	<u>1,468,705</u>	<u>1,537,511</u>
Total Operations Revenue	2,261,557	2,156,728
<u>Other Revenue</u>		
Investment Income	213,957	740,404
Amortization of Contributions	537,301	489,048
Government Funding	<u>13,977</u>	<u>18,459</u>
Total Other Revenue	765,235	1,247,911
Transfer Contributions Recognized	<u>855,343</u>	<u>846,434</u>
Grand Total Revenue	3,882,135	4,251,073
Expenses	<u>3,607,734</u>	<u>3,525,869</u>
Revenue less Expenses	274,401	725,204

The market value of SHAI's long term investments as of March 31, 2020 was \$12,716,486. Of this amount, \$11,469,363 is non-restricted meaning the Authority can use these funds not constrained by the Transport Canada Contribution Agreement which stipulates restricted funds in the amount of \$1,247,123 can only be used for port operations and major/minor maintenance. Property and equipment net book value totaled \$19,467,837 and total current assets (cash and receivables) totaled \$888,276 for total assets including investments of \$33,094,705. Long-term debt of the corporation is \$4,904,325.

In addition to numerous advertising sponsorships, SHAI is proud to be a committed community supporter through donations totaling \$15,000 to area

school scholarships, youth and family organizations, special events, sport teams and community service groups in 2019-2020.

5. CONCLUSION

A sincere thank you and acknowledgement to our board members for their dedication and commitment to the company's sustainability and success. Special thanks to Joanne Chisholm and Peter MacPhee whose terms are up and will be taking a well-deserved break from the Board. Thank you for your years of dedicated service to the Souris Harbour Authority Inc.

Thank you to management and advisory consultants for their support and guidance throughout the year. We, as a team, with leadership, diligence, and skillful direction, ensure the long-term viability of the corporation.

CEO, Denis Thibodeau, retired during 2019-2020 with the SHAI Board of Directors hiring his replacement, Andrew Daggett. Denis served the SHAI since its first year of operations in 2006 and held positions including Chairman and CEO. He was been a dedicated leader and a proactive manager which resulted in the corporation's success and growth. On behalf of the Board and the SHAI team, I sincerely thank Denis for his successful efforts and contributions and wish him a healthy and happy retirement.

Respectively submitted,

Eric Gallant, President