

Annual Report

April 1, 2020 - March 31, 2021



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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 2020 - 2021 year are:

<u>Member</u>	<u>Representing</u>
Eric Gallant, President	Community at Large
Lorraine Hennessey, VP	Community at Large
Ian MacDonald, Secretary	Fishers
Terry Campbell, Treasurer	Community at Large
Ryan Keenan	Community at Large
Jeff Chapman	Port User
Randy MacPhee	Fishers
vacant	Town of Souris

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 Randy MacPhee, with the Board dealing with Governance/Nominations and Marketing/ Business Development.

The corporation’s management team consists of Andrew Daggett, General Manager, 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 the premier PEI fishing port that can accommodate inshore, midshore, and offshore fishing fleets. In 2020-2021, the Covid-19 Pandemic imposed many operational challenges including access restrictions, 24hr security, fleet separations, testing protocols, and the inability to accept transient vessels. The Port of Souris, working in accordance with the Chief Public Health Office, developed an approved Operational Plan to enable it to be the first of industries to operate following a series of public lockdowns and restrictions. This operational plan was implemented by Small Craft Harbours island wide to enable other facilities to begin safe operations as well.

Port Activity

Despite the challenges, the port offload of Snow Crab was approximately 3.2 million pounds, slightly lower than projected due to an early NARW impacted season closure. The crab fleet comprised of 20 vessels and quota from (4) First Nations fleets. In combination with the port's traditional lobster fleet (30 boats), SHAI experienced substantial offload activities ongoing around the clock for April to June with approximately 200 persons employed or generating income during the period.

We experienced a reasonable activity level from mackerel and tuna landings during the summer and fall months. Transient revenues were down mainly due to Pandemic issues.

We had 3 aggregate barges offload on the Marine Terminal for approximately 20000 metric tons.

We completed a study on Economic Opportunities for the port which included a possible container line visiting the port, but the findings did not support the investment necessary.

Repairs/Upgrades

The old timber fendering system was removed from the Marine Terminal South Berth to enable a better system of self-fendering.

Cimco Refrigeration completed an overhaul/retrofit of the Ice Plant to accommodate the needs of the increased fishing fleet and product volume.

Maritime Electric removed the old 240V Pad mounted transformers feeding the Transit Shed and replaced the with newer 208V units.

The water system received minor repairs and upgrades including new roadway valves.

The Transit Shed had new fascia and roof repairs done to the loading bay alcoves and other minor works.

Overdrive Carriers performed a cleanout and reshaping of the Tap Drain to allow a more efficient passage of stormwater outflow.

JD Diving replaced a significant section of planking in the Boat Harbour slipway and cleaned debris from the seaward approach.

SHAI eliminated the existing lawn maintenance contracts, purchased equipment, acquired a Provincial maintenance contract, and thus created a maintenance worker seasonal position.

Discussions were continued 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, but those discussions did not pan out so we are now working to complete the dredging on our own.

Ice House

The Ice House project estimated to cost close to \$500,000 was completed this fiscal year. Cimco completed the overhaul of the Ice Plant and operations commenced spring 2020. The Ice House was leased out to Ryan Hynes and only operated 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 500 customers and public cold storage.

In 2020-21, Eastern Cold Storage (ECS) continued its bait freezing line in Souris Harbour Industries at the location in the SHI building. A renovation project saw the installation of more racking space at SHI ECS to increase the "finished product" capacity with bait production similar to previous years. There was also a generator purchased for the SHI ECS freezer with a new blast freezer purchased and to be installed in fall 2021.



ECS employees upwards of 7 full time employees and up to 28 people on a seasonal basis in 2020-21.

The windmill had several operational issues during the fiscal year and providing about 15% of the electric power requirements to the building during the past year.



Souris Harbour Industries

The Centre for Aquaculture Technologies Canada (CATC) is now leasing about 40,000 sq. ft. of the SHI building, or about 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. CATC has also installed a new feed extruder to enable them to make feed on site for themselves and their customers. A \$100,000 design and engineering project was also initiated to expand CATC into the “Boneyard”, a 10,000ft² space currently being used for storage. This project may include adding about 1500ft² of new space to the SHI building to allow for more research aquaria. The project design and engineering is due to be completed in the fall of 2021.

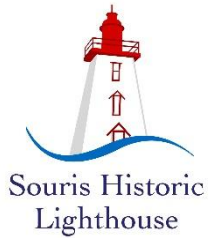
MacAulay Produce, operating as Red Isle, moved into part of the Souris Harbour Industries building and installed the equipment to produce certified organic french fries. MacAulay started producing product in May of 2020 but, unfortunately, Covid 19 shutdowns drastically effected their markets and they have not been able to move much product this past year. They still have product stored in ECS.

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



The Souris Marina had about 37 seasonal boaters, saw 48 day visits and sold 2,910 litres of gasoline in 2020. Covid-19 impacted the Marina and outside boat visits and out of Province boaters were down. We saw mostly local boats, although the second boat to tie up at the Marina was an out of Province visitor

that was required to stay on his vessel and leave the next morning due to Covid restrictions. The storage shed at the topside boat yard is at capacity. Vessel storage in the recreational boat yard is over capacity at 56 vessels from all PE, NS, NB, ONT, PQ, and BC.



The Souris Historic Lighthouse was open for “self guided” tours for only part of the summer in 2020 due to Covid-19.

There was no Annual PEI Lobster Festival PEI Lobster Festival held in 2020.

The Mermaid Sea Glass Festival was also cancelled for 2020.

4. FINANCIAL

Highlights of the audited financial statements of the corporation prepared by Grant Thornton for the year ended March 31, 2021 with year ending March 31, 2020 for comparison follow:

Revenue	2021	2020
Harbour Authority		
Berthage	83,209	75,518
Ice house	19,684	21,028
Lease and Licenses	416,150	423,483
Marina	24,059	29,808
Miscellaneous (Note 3)	106,535	200,806
Recreational - topside	40,749	36,044
Wharfage	15,785	6,165
	<u>706,171</u>	<u>792,852</u>
Eastern Cold Storage		
Freezing	652,541	518,824
Storage	924,571	949,881
	<u>1,577,112</u>	<u>1,468,705</u>
	2,283,283	2,261,557
Expenses		
Harbour Authority (Page 16)	2,298,073	2,273,523
Eastern Cold Storage (Page 17)	1,506,489	1,334,211
	<u>3,804,562</u>	<u>3,607,734</u>
Loss from operations	-1,521,279	-1,346,177
Transport Canada contributions recognized	903,439	855,343
	<u>-617,840</u>	<u>-490,834</u>
Income before other items		
Other Items		
Amortization of contributions (Note 10)		
Harbour Authority	584,153	526,521
Eastern Cold Storage	36,994	10,780
Investment income		
Gain on sale of investments	962,967	895,443
Interest and dividends on investments	389,961	309,038
Unrealized gain (loss) on investments	2,268,923	-1,067,212
Loss on sale of capital property	-358,948	
Government funding (Note 14)	149,840	13,977
	<u>4,033,890</u>	<u>688,547</u>
Surplus of revenue over expenditures	3,416,050	197,713
Net assets, beginning of year	14,723,807	14,526,094
Net assets, end of year	<u>18,139,857</u>	<u>14,723,807</u>

The market value of SHAI's long term investments as of March 31, 2021 was \$15,931,426. Of this amount, \$15,108,087 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 7

\$823,339 can only be used for port operations and major/minor maintenance. Property and equipment net book value totaled \$18,274,172 and total current assets (cash and receivables) totaled \$620,795 for total assets including investments of \$34,826,393. Long-term debt of the corporation is \$4,588,686.

SHAI is proud to be a committed community supporter through donations, but 2020-21 was a slow year due to Covid and many events being cancelled. A total of \$1,000 was donated to area school scholarships, youth and family organizations, special events, sport teams and community service groups in 2020-2021.

5. CONCLUSION

A sincere thank you and acknowledgement to our board members for their dedication and commitment to the company's sustainability and success. Both myself and Terry Campbell will be retiring from the Board due to our terms being up, and we will be taking a well-deserved break from the Board after 15 years. I want to thank Terry for his 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.

Respectively submitted,

Eric Gallant, President