

Annual Report

April 1, 2021 - March 31, 2022



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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 2021 - 2022 year are:

<u>Member</u>	<u>Representing</u>
Brian Ching, President	Community at Large
Lorraine Hennessey, VP	Community at Large
Ian MacDonald, Secretary	Fishers
Gary Sheehan, Treasurer	Community at Large
Ryan Keenan	Community at Large
Jeff Chapman	Port User
Randy MacPhee	Fishers
Joanne Chisholm	Community at Large

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 Gary Sheehan, 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, Cindy Kickam-Fisher, Marina and Lighthouse Manager, John Hughes, Plant Engineer, Shanna Carter, Bookkeeper, and Delbert Francis, Senior Financial Advisor.

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. This year, Covid was not as big an issue as in 2020-21, but it was still a factor that impacted overall operations.

Port Activity

The port offload of Snow Crab was approximately 3.3 million pounds, with large catches early in the season, which started early in April, and some fishermen catching their quota in the first few weeks of the season. The quality of crab dropped off in early June and many fishermen landed their gear and stopped fishing. The crab fleet comprised of 20 vessels and quota from (3) First Nations fleets. In combination with the port's traditional lobster fleet (30 boats), SHAI experienced good offload activities for April to June with approximately 200 persons employed or generating income during the period.

We experienced a reasonable activity level from mackerel, herring, silverside and tuna landings during the summer and fall months. Transient revenues were back to about average.

We had the CTMA service operate from our facility for the fall and winter of 21/22 which proved a good revenue source for the port. A ramping and bridge system were constructed at the port to allow for this service, with CTMA leasing a barge from Irving to make the ferry docking possible.

We had 7 aggregate barges offload on the Marine Terminal for approximately 55000 metric tons. This was due to the work being done on the CTMA terminal and aggregate brought in by Chapman's.

We completed a study on Energy Usage at SHAI and ECS with the intent of using this information to try and find ways to decrease the usage or increase what we produce.

Repairs/Upgrades

New timber fendering was added from the Knight's Landing berth to enable a better system of self-fendering.

The long-awaited dredging of the Marine Terminal entrance area was completed by Zutphen's just before they left after working on the CTMA dredging. A total of about 4500 cubic meters was removed and placed in a containment cell constructed on the SHI property.

Ice House

Cimco Refrigeration completed a replacement of one of the compressors in the Ice House and had it ready for the 2022 crab and lobster season. The replacement unit was already owned by SHAI and had been in storage for several years.

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 almost 700 customers and public cold storage.

In 2021-22, 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 completion of more racking space at SHI ECS to increase the "finished product" capacity with bait production slightly higher than previous years. The generator purchased for the SHI ECS freezer was installed and a building constructed to house it. A new blast freezer was purchased and installed.

ECS employees upwards of 4 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 only providing about 2% of the electric power requirements to the building during the 21/22 year. The issue was continual shutdowns which didn't have an obvious cause. In March, the GM and ECS Manager began re-starting the windmill after each shutdown.





Souris Harbour Industries

The Centre for Aquaculture Technologies Canada (CATC) is leasing about 40,000 sq. ft. of the SHI building, or about 50% of the leasable space. CATC is leased the 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 completed to scope what it would cost to expand CATC into the “Boneyard”, a 10,000ft² space currently being used for storage. The project design and engineering was completed but CATC has yet to decide if they will proceed with the project.

MacAulay Produce, operating as Red Isle, occupies about 13% 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. They produced product this year (21/22).

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



The Souris Marina had about 35 seasonal boaters, saw 53 day visits and sold about 3,000 litres of gasoline in 2021. Covid-19 impacted the Marina less this year but was still a factor. The storage shed at the topside boat yard is at capacity. Vessel storage in the recreational boat yard at full capacity at 55 vessels from all PE, NS, NB, ONT, PQ, and BC.



Souris Historic
Lighthouse



The Souris Historic Lighthouse was open and we had guided tours for the summer in 2021 with two students acting as tour guides.

There was no Annual PEI Lobster Festival PEI Lobster Festival held in 2021.

The Mermaid Sea Glass Festival was also cancelled for 2021.

4. FINANCIAL

Highlights of the audited financial statements of the corporation prepared by Grant Thornton for the year ended March 31, 2022 with year ending March 31, 2021 for comparison follow:

Revenue	2022	2021
Harbour Authority		
Berthage	711,336	83,209
Ice house	16,800	19,684
Lease and Licenses	400,276	416,150
Marina	27,836	24,059
Miscellaneous (Note 3)	178,060	106,535
Recreational - topside	40,618	40,749
Wharfage	49,296	15,785
	1,424,222	706,171
Eastern Cold Storage		
Freezing	1,120,806	652,541
Storage	683,519	924,571
	1,804,325	1,577,112
	3,228,547	2,283,283
Expenses		
Harbour Authority (Page 16)	2,391,302	2,298,073
Eastern Cold Storage (Page 17)	1,597,425	1,506,489
	3,988,727	3,804,562
Loss from operations	-760,180	-1,521,279
Transport Canada contributions recognized	823,339	903,439
	63,159	-617,840
Other Items		
Amortization of contributions (Note 10)		
Harbour Authority	578,604	584,153
Eastern Cold Storage	66,349	36,994
Investment income		
Gain on sale of investments	-101,048	962,967
Interest and dividends on investments	383,747	389,961
Unrealized gain (loss) on investments	730,618	2,268,923
Loss on sale of capital property		-358,948
Government funding (Note 14)	78,603	149,840
	1,736,873	4,033,890
Surplus of revenue over expenditures	1,800,032	3,416,050
Net assets, beginning of year	18,139,849	14,526,094
	19,939,891	18,139,859

The market value of SHAI's long term investments as of March 31, 2022 was \$16,242,692. All \$16,242,692 is non-restricted, meaning the Authority can use these funds that are no longer constrained by the Transport Canada

Contribution Agreement. As of the year ending March 31, 2022, SHAI has used the restricted portion of the investment funds and no longer is required to complete a report on allowable expenditures for Transport Canada. Property and equipment net book value totaled \$17,568,170 and total current assets (cash and receivables) totaled \$940,321 for total assets including investments of \$34,751,183. Long-term debt of the corporation is \$5,377,617.

SHAI is proud to be a committed community supporter through donations, and donated \$5,200 to area school scholarships, youth and family organizations, special events, sport teams and community service groups.

5. CONCLUSION

A sincere thank you and acknowledgement to our board members for their dedication and commitment to the company's sustainability and success. On behalf of the Board, I want to thank Lorraine Hennessey and Ian MacDonald for their years of service to the Souris Harbour Authority and wish them all the best in the future.

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,

Brian Ching, President