

Annual Report

April 1, 2022 - March 31, 2023



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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
Joanne Chisholm, VP	Community at Large
Shawn MacPhee, Secretary	Fishers
Gary Sheehan, Treasurer	Community at Large
Ryan Keenan	Community at Large
Jeff Chapman	Port User
Randy MacPhee	Fishers
Stephanie Mitsuk	Town Representative

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, Reggie Sheehan, 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.

Port Activity

The port offload of Snow Crab was approximately 3.2 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.

In March an announcement was made from DFO that there would be no mackerel fishery for 2022. This greatly impacted the amount of fish we froze and packaged, but it increased the amount of herring and silverside that were stored. Tuna landings during the summer and fall months were fairly high with about 150 fish being landed at Souris. Transient revenues were back to about average.

We had the CTMA service operate from our facility for the fall and winter of 22/23 which proved a good revenue source for the port. The service officially reverted to the CTMA facility on February 15, 2023. The ramping and bridge system were removed in June of 2023

We only saw 2 aggregate barges offload on the Marine Terminal for approximately 12,000 metric tons.

Post Tropical Storm Fiona hit on September 24, 2022 and did significant damage to PEI. The port saw only minor damage with the exception of the Marina docks, many of which were damaged or destroyed. Topside was full of boats trying to get out of the water before the storm, and none sustained damage. Topside Recreational saw a couple of boats blow off their stands, but none damaged anything beside them, and all were covered by their own insurance.

Repairs/Upgrades

The long-awaited dredging of the Marine Terminal entrance area was completed by Zutphen's in fall 2021, and the cleanup happened in the spring of 2022. A total of about 4500 cubic meters was removed and placed in a containment cell constructed on the SHI property, which has since been

levelled and is a possible area for further development.

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. The chains and rollers were replaced before the beginning of the 2023 season.

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 2022-23, Eastern Cold Storage (ECS) continued its bait freezing line in Souris Harbour Industries at the location in the SHI building, although the closing of the mackerel fishery reduced the amount of product being frozen and packaged. The generator purchased for the SHI ECS freezer was installed and a building constructed to house it, which became crucial in the days after Post Tropical Storm Fiona hit on September 24, 2022. Although it hadn't been officially commissioned, and with a lot of innovation from the John Hughes, Andre Gallant and Reggie Sheehan, the generator provided the necessary power for the SHI freezer in the days following Fiona.

ECS employees 4 full time employees and up to 28 people on a seasonal basis in 2022-23, although the lack of a mackerel fishery and the sporadic nature of the herring fishery has made it challenging.

The windmill was activated on a continual basis by Andre Gallant and Andy Daggett through the spring, summer and fall of 2022 and the spring of 2023. It had several operational issues during the fiscal year and eventually quit due to gearbox failure the first week of February 2023. The wind tower produced about 26% of the electric power requirements to the building during the 22/23 year. A new gearbox has since been approved and ordered.





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. Between 2021 and 2022, 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, due to Covid 19 effecting markets and other operational issues, they ceased production in the summer of 2022 .

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



The Souris Marina had about 31 seasonal boaters, saw 47 transient visits and sold about 2,500 litres of gasoline in 2022. 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 for the summer in 2022 but we did not have student tour guides as we couldn't seem to get any.

The Mermaid Sea Glass Festival was back for 2022 and was a success according to the organizers.

4. FINANCIAL

Highlights of the audited financial statements of the corporation prepared by Grant Thornton for the year ended March 31, 2023 with year ending March 31, 2022 for comparison follow:

	2023	2022
Revenue		
Harbour Authority		
Berthage	\$ 897,503	\$ 711,336
Ice House	16,800	16,800
Lease and licences	423,495	400,276
Marina	28,737	27,836
Miscellaneous (Note 3)	173,327	178,060
Recreational - top side	28,684	40,618
Wharfage	<u>20,585</u>	<u>49,296</u>
	<u>1,589,131</u>	<u>1,424,222</u>
Eastern Cold Storage		
Freezing	451,717	1,120,806
Storage	<u>1,196,612</u>	<u>683,519</u>
	<u>1,648,329</u>	<u>1,804,325</u>
	<u>3,237,460</u>	<u>3,228,547</u>
Expenses		
Harbour Authority (Page 16)	2,509,813	2,391,302
Eastern Cold Storage (Page 17)	<u>1,775,318</u>	<u>1,597,425</u>
	<u>4,285,131</u>	<u>3,988,727</u>
Loss from operations	(1,047,671)	(760,180)
Transport Canada contributions recognized	-	<u>823,339</u>
(Loss) income before other items	<u>(1,047,671)</u>	<u>63,159</u>
Other Items		
Amortization of deferred government assistance (Note 10)		
Harbour Authority	551,037	578,604
Eastern Cold Storage	63,121	66,349
Investment income		
Gain (loss) on sale of investments	226,291	(101,048)
Interest and dividends on investments	355,246	383,747
Unrealized (loss) gain on investments	(761,447)	730,618
Government funding (Note 4)	<u>44,527</u>	<u>78,603</u>
	<u>478,775</u>	<u>1,736,873</u>
(Deficit) surplus of revenue over expenditures	(568,896)	1,800,032
Net assets, beginning of year	<u>19,939,891</u>	<u>18,139,859</u>
Net assets, end of year	<u>\$ 19,370,995</u>	<u>\$ 19,939,891</u>

The market value of SHAI's long term investments as of March 31, 2023 was \$15,746,042. All \$15,746,042 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 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 \$16,545,478 and total current assets (cash and receivables) totaled \$746,419 for total assets including investments of \$33,037,939. Long-term debt of the corporation is \$4,866,627, down \$510,990 from last year.

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.

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