



BELLEDUNE...*Unlimited!*

2010 ANNUAL REPORT



TABLE OF CONTENTS

Board of Directors	1
Message from the Chairman of the Board of Directors	2
Message from the President & CEO	3
10 th Anniversary of the Belledune Port Authority	4
2010 Highlights	5
Belledune Port Authority Summarized Financial Statements	6
Audit Committee Report	7
Auditors' Message	7
Summarized Statement of Income	8
Summarized Balance Sheet	9
Notes to the Summarized Financial Statements	10
Belledune Port Authority Management & Staff	12

BELLEDUNE PORT AUTHORITY

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HUMAN RESOURCES & COMPENSATION

Chair: Léo Cormier
Nancy McKay
Claude Doucet
Barry Kyle

AUDIT

Chair: Albert Doucet
Léo Cormier
Claude Doucet

FINANCE

Chair: Nancy McKay
Albert Doucet
Basile Chiasson
Barry Kyle

BUSINESS DEVELOPMENT

Chair: Claude Doucet
Nancy McKay
Léo Cormier
Albert Doucet
Basile Chiasson
Barry Kyle
Harry H. Williamson

LAW & GOVERNANCE

Chair: Basile Chiasson
Claude Doucet
Harry H. Williamson

DONATION

Board: Claude Doucet



*From left to right – standing: Léo Cormier, Albert Doucet, Barry Kyle and Basile Chiasson
From left to right – sitting: Rayburn Doucett, Harry H. Williamson, Claude Doucet and Nancy McKay*



MESSAGE FROM THE **CHAIRMAN** OF THE **BOARD OF DIRECTORS**



As Chairman of the Belledune Port Authority Board of Directors, I am pleased to report that the Port of Belledune has delivered a strong financial performance for the sixth consecutive year and continues to build on its consistent and well executed strategy.

We have experienced excellent cooperation from the Federal and Provincial government authorities and elected representatives who, through the Federal Infrastructure Stimulus Fund and the Northern New Brunswick Infrastructure Initiative and the Atlantic Gateway Initiative invested substantially in improvements to our infrastructure. We now recognize that our next strategic focus must be on marketing and utilizing the new facilities which we have and efforts are underway in this regard.

While the Port Authority recognizes that the modular fabrication complex which we have established may not be a huge profit centre for the Port, we did undertake the project for the greater good of the area of Northern New Brunswick and it is our fervent hope that in time this will be a platform from which many solid, well paying jobs will emerge for the skilled tradesman of this area. We share a core philosophy and a common vision for the future which is one of prosperity, growth and global competitiveness and we will be unrelenting in our efforts to create attractive business options in the area, first rate employment opportunities for the local workforce, and a strong and vibrant regional economy.

Our net income for the year was \$2,710,130.00 and our asset value has climbed substantially as new infrastructure has been put in place. As I may never get another chance, I want to put on record what has occurred since Rayburn Doucett joined the Port as President & CEO in March of 2005. In prior years, net

income at the Port ranged from a low of \$58,000.00 to a high of \$676,000.00. Since Mr. Doucett assumed his position, net incomes have ranged from a low of \$1,018,000.00 to a high of \$3,001,000.00.

At the same time, since the end of 2004 our asset value has increased by \$20,000,000.00 while our overall debt level has remained the same.

It is little wonder that Mr. Doucett has been named one of the top 50 CEOs in Atlantic Canada for the past three successive years.

Our President & CEO never fails to stress the hard work and dedication of the staff of the Belledune Port Authority that support his efforts and on behalf of the Board I thank each and every one of these employees sincerely. I also wish to extend sincere thanks to all of the members of the Board for their efforts on behalf of the Port throughout the year. I especially wish to single out for thanks our Vice-Chairman, Claude Doucet, whose dedication and attention to many of the details makes my role as Chairman so much easier.

I wish to say thank you to all of the Ports customers for their business.

With our proactive team, dynamic support network and strategic vision, I am confident that we will continue to serve our customers in the best way possible and further that we are well positioned to build on our success in the coming years.

Harry H. Williamson
Chairman of the Board



MESSAGE FROM THE **PRESIDENT & CEO**

03

The Belledune Port Authority marked another milestone in its history in 2010 by celebrating its 10th Anniversary as it launched the year with a slate full of infrastructure improvements, new initiatives and significant growth. And, as President & CEO of the Port of Belledune, I am extremely pleased to report on our activities and accomplishments for 2010.

Once again, the Port has met and exceeded its financial targets with net profits of \$2.7M, and with the Port's vitals all remaining robust we saw total cargo tonnage of 2.149M tonnes handled and 118 vessels calling at the Port. The port's success and profitability has relied on unwavering commitment to responsible practices, teamwork, solid planning and a genuine interest in offering superior services at competitive prices. I am especially appreciative of the support of our dedicated staff and Board of Directors, our government and business partners and our expert stevedoring services.

Belledune Port Authority greatly values its relationship with the Provincial and Federal Governments as it continues its partnership to create opportunities for our communities. Notably, this strong 'partner-

centric' approach to doing business has augured well for investments in areas such as infrastructure and new projects - an approach we continue to endorse and seek to replicate in pursuit of accelerating our mutual goal of socio economic development. Growing the economy and bridging the regional divide is imperative for the betterment of the northern region. With our sound financial position at year end, we look forward to 2011 as we are well positioned to support our operations, initiate new projects, continue to participate in local green initiatives and pursue disciplined acquisitions in 2011.

We are very fortunate to live and work in a supportive, business-friendly community. In return, we recognize worthy endeavors in the region by donating to groups and charitable events such as The Relay for Life, Canadian Cancer Society, Junior Achievement, Salmon enhancement programs, theatre, and assorted fun and fitness activities. The Port donated more than \$108,000 to these endeavors in 2010.

So here's to the next 10 years of the Belledune Port Authority as we Imagine, Believe and Execute our goals as "*Belledune...Unlimited!*"

Rayburn Doucett
President & CEO



10th Anniversary

OF THE BELLEDUNE PORT AUTHORITY

In celebration of the **Belledune Port Authority's 10th anniversary** the BPA was pleased to host a series of events throughout 2010 to support business, family, community, education and culture.

The opening 10th Anniversary Flag raising ceremony was followed soon after by a *Family Fun Day* which brought children of all ages to enjoy the magic show, balloon animals, and music at Atlas Park. The entertainment was first class! BPA provided all family activities including pedal boats, kayaking, rowboats etc. while the BPA staff served over 600 hotdogs all free of charge to the crowd in a 3-hour period!

School tours at the port were next; over 17 classes from the Chaleur and Restigouche regions toured the port facilities as part of an educational piece. The classes were enthusiastic



Family Fun Day



Golf tournament



Art Competition & Exhibition participants

and questioned filled. The regions' future will be bright with these young people emerging into the job market.

A golf tournament for business people from Atlantic Canada, Quebec and Ontario took place in September. This milestone celebration is in appreciation of BPA's customers, partners and ambassadors; the day of golf was an excellent opportunity to update the business community on port activities and the developments they supported over the past 10 years.

Finally, BPA hosted an Art Competition & Exhibition. Artists and Artisans of the Chaleur and Restigouche regions participated in this unique competition to create a piece of art in their medium of choice that represented the BPA. The resulting participation and quality of work was overwhelming.

The celebrations were a huge success – it is because of the community, the people and the participation in our regions that the BPA is a very successful port.

MODULAR FABRICATION

The Belledune Port Authority and the governments of Canada and New Brunswick announced a modular fabrication and component construction centre will be built on lands close to the Port of Belledune. The Northern New Brunswick Infrastructure Initiative will contribute \$7 million toward the \$13.2 million dollar project. Part of the price tag is for the purchase of an 8,100 square-metre facility.

Unlike mainstream manufacturing, the combined modular fabrication and components operation being developed by the Belledune Port Authority will allow for the construction of modules – buildings, workshops and so forth – and the assembly of various required components such as electric generators, pumps, compressors, etc., allowing it to ship ready-to-use modules built in Belledune.



SUMMARIZED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010



AUDIT COMMITTEE REPORT

The primary task of the Belledune Port Authority's (BPA) Audit Committee is to oversee the financial reporting process on behalf of the Board of Directors. In order to carry out this responsibility, the Committee reviews the BPA's financial statements and gives its recommendations to the Board of Directors.

The Audit Committee also reviews any reports prepared by the BPA's Auditor regarding the BPA's accounting policies and procedures, as well as its internal controls. The Audit Committee meets independently with management and the Auditor to review the involvement of each in the financial reporting process and to review the independence of the Auditor. These meetings also

facilitate any private communication with the Audit Committee that is desired by either party.

This Committee also has the responsibility of recommending the appointment of the BPA's Auditor, who is appointed annually by the Board of Directors.



Albert Doucet
Chairman, Audit Committee

AUDITORS' MESSAGE

To the Board of Directors of Belledune Port Authority

The accompanying summarized balance sheet and statements of earnings and surplus are derived from the complete financial statements of Belledune Port Authority as at December 31, 2010 and for the year then ended on which we expressed an opinion without reservation in our report dated April 11th, 2011. The preparation of summarized financial statements from the complete financial statements is the responsibility of management.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these

statements may not be appropriate for their purposes. For more information on the entity's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.



ALLEN, PAQUET & ARSENEAU LLP

Bathurst, New Brunswick
April 11, 2011

SUMMARIZED STATEMENT OF INCOME | BELLEDUNE PORT AUTHORITY

Year Ended December 31	2010	2009
INCOME		
Harbour Services	\$ 1,497,874	\$ 1,914,308
Rentals	5,992,759	6,182,156
Shipping and Other Services	8,278	1,835
	7,498,911	8,098,299
EXPENSES		
Salaries and Employee Benefits	515,113	513,190
Maintenance and Repairs	572,600	455,223
Professional Fees and Fees for Consulting Services	922,452	1,065,325
Amortization	1,728,165	1,420,325
Gross Revenue Charge	152,345	165,381
Other Operating Expenses	762,796	834,852
	4,653,471	4,454,618
EARNINGS FROM OPERATIONS BEFORE INTEREST EXPENSE AND INVESTMENT INCOME	2,845,440	3,643,681
INTEREST EXPENSE AND INVESTMENT INCOME		
Interest Expense	(253,945)	(805,718)
Investment Income	118,635	163,535
	(135,310)	(642,183)
NET INCOME FOR THE YEAR	\$ 2,710,130	\$ 3,001,498

See accompanying notes to the financial statements.

SUMMARIZED BALANCE SHEET | BELLEDUNE PORT AUTHORITY

December 31	2010	2009
ASSETS		
<u>CURRENT ASSETS</u>		
Cash and Term Deposits	\$ 6,935,421	\$ 7,269,255
Account Receivables	5,611,629	1,119,794
Prepaid Expenses	171,727	190,543
	<hr/> 12,718,777	<hr/> 8,579,592
Deferred Financing Cost	1,139,121	1,271,967
Property and Equipment (Notes 3)	51,145,184	40,645,820
Total Assets	<hr/> \$ 65,003,082	<hr/> \$ 50,497,379
 LIABILITIES		
<u>CURRENT LIABILITIES</u>		
Bank Advances	\$ 16,470,576	\$ 3,823,891
Accounts Payable and Accrued Liabilities	5,061,012	2,784,055
Current Portion of Long Term Debt	3,142,857	3,142,857
	<hr/> 24,674,445	<hr/> 9,750,803
Accrued Employee Benefits	133,055	125,030
Long Term Debt (Note 4)	3,928,572	7,071,429
Deferred Revenue	6,763	-
Total Liabilities	<hr/> 28,742,835	<hr/> 16,947,262
 EQUITY		
Contributed Surplus	22,278,564	22,278,564
Surplus, End of Year	13,981,683	11,271,553
	<hr/> 36,260,247	<hr/> 33,550,117
Total Equity	<hr/> 36,260,247	<hr/> 33,550,117
Total Liabilities & Equity	<hr/> \$ 65,003,082	<hr/> \$ 50,497,379

1. Nature of operations

The Belledune Port Authority was established under the Canada Marine Act to administer, manage and control Belledune harbour, as well as the property of Canada transferred by the Governor in Council. The Authority is named in Part 2 of the Schedule Canada Marine Act and is exempt from income tax.

2. Summary of significant accounting policies

Deferred financing cost

Deferred financing cost consists of various professional fees incurred to obtain long term financing. These costs are amortized over 152 months on the straight-line basis.

Property and equipment

Grants, including forgivable loans, towards capital projects received from Canada and from third parties are deducted from the cost of the related assets.

Amortization is calculated on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

Dredging	40 years
Berthing structures	32, 38 and 40 years
Buildings	10, 37 and 40 years
Utilities	10, 19, 20, 29 and 30 years
Roads and surfaces	10, 20 and 30 years
Machinery and equipment	3, 5 and 10 years
Furniture and fixture	3 and 5 years

Revenue recognition

Revenue is recognized as the related services are provided.

Pension costs

All permanent employees of the Authority are covered by the Canadian Airports Council and Harbour Board pension plan. The funds are held in trust by AON in two (2) different plans (Defined Benefits and Defined Contribution).

One (1) employee is a member of the Defined Benefits plan and the remaining employees are members of the Defined Contributions plan. The annual contributions for pensions are recognized in the accounts on a current basis.

Employee benefits

The Authority accrues in its accounts, annually, the estimated liabilities for severance pay and annual leave, which are payable to its employees in subsequent years in accordance with its policy.

NOTES TO THE SUMMARIZED FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

11

3. PROPERTY AND EQUIPMENT

			2010	2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Lands	\$ 8,065,217	\$ -	\$ 8,065,217	\$ 7,941,134
Dredging	7,107,308	3,049,693	4,057,615	4,235,297
Berthing Structures	25,608,969	11,508,339	14,100,630	14,683,384
Buildings	7,364,818	1,635,166	5,729,652	5,844,149
Utilities	5,941,086	3,398,471	2,542,615	2,697,209
Roads & Surfaces	2,914,006	2,525,058	388,948	482,471
Machinery & Equipment	544,544	276,702	267,842	271,998
Furniture & Fixtures	237,096	213,804	23,292	36,000
Projects under Construction	15,963,373	-	15,969,373	4,454,179
	\$ 73,752,417	\$ 22,607,233	\$ 51,145,184	\$ 40,645,821

4. LONG TERM DEBT

	2010	2009
Bank Loan, bearing interest at prime plus 0.25%, repayable in equal quarterly instalments of \$785,714 principal and interest, maturing in March 2013.	\$ 7,071,429	\$ 10,241,286
Less: current portion of long term debt	3,142,857	3,142,857
	\$ 3,928,572	\$ 7,071,429

Principal repayments in each of the next three years are due as follows:

2011	\$ 3,142,857
2012	\$ 3,142,857
2013	\$ 785,715
	\$ 7,071,429



12 BELLEDUNE PORT AUTHORITY **MANAGEMENT & STAFF**

TAKING ON ALL CHALLENGES

Being members of the small team that runs the Port is as interesting as it is challenging. The reward for the team is in developing the Port to its fullest potential. Experience and expertise of the team consist of marine, healthcare, entrepreneurship, politics, port operations, tourism, environment, etc. This diverse team allows thinking outside the box to be normal and expected. The Belledune Port Authority's success is to be attributed to these individuals.

The team knows that the region benefits through jobs and opportunities that quite possibly would not exist were it not for the Belledune Port Authority's pro-active role in drumming up new business. It is this small group that is making continued growth possible and success an expectation at the Port.



Picture taken January 2011

From left to right – standing: Jeannine Scott, Monica Legacy, Jana Godin, Susan Furlotte, Wynford Goodman, Rayburn Doucett, Tracey Porter, Jenna Doucet, Rolande Comeau-Roy and Lynn Russell

From left to right – sitting: Eric M^oIntyre, Todd Fitzpatrick, Tracy Eddy and Ron Guitard