

NORTH SHORE FOREST PRODUCTS MARKETING BOARD

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
MARCH 31, 2024**

NORTH SHORE FOREST PRODUCTS MARKETING BOARD

Index

To the Financial Statements

For the year ended March 31, 2024

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1.

INDEPENDENT AUDITORS' REPORT

To the board of directors of
North Shore Forest Products Marketing Board

Opinion

We have audited the financial statements of North Shore Forest Products Marketing Board, which comprise the statement of financial position as at March 31, 2024, and the statements of operations, change in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

INDEPENDENT AUDITORS' REPORT (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Bathurst, NB

June 12, 2024

Allen, Paquet & Arseneau LLP
Chartered Professional Accountants

NORTH SHORE FOREST PRODUCTS MARKETING BOARD**Statement of Financial Position**

As at March 31

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 459,525	\$ 784,558
Short term investment (Note 3)	740,629	368,125
Accounts receivable	168,507	135,170
Prepaid expenses	16,736	47,335
	<u>1,385,397</u>	<u>1,335,188</u>
RESTRICTED CASH (Note 4)	25,038	24,457
PROPERTY AND EQUIPMENT (Note 5)	191,051	197,215
	<u>\$ 1,601,486</u>	<u>\$ 1,556,860</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$ 143,107	\$ 75,556
Government remittances payable	3,174	919
Long-term debt due within one year	-	21,000
	<u>146,281</u>	<u>97,475</u>
DEFERRED FOREST MANAGEMENT LEVIES (Note 8)	-	65,547
	<u>146,281</u>	<u>163,022</u>
FUND BALANCES		
NET ASSETS - Page 5	1,455,205	1,393,838
	<u>\$ 1,601,486</u>	<u>\$ 1,556,860</u>

Approved by the Board



President

Board member

NORTH SHORE FOREST PRODUCTS MARKETING BOARD**Statement of Operations****For the year ended March 31**

	2024	2023
REVENUES		
Wood sales	\$ 3,516,553	\$ 5,594,591
Silviculture (Note 9)	985,109	1,050,740
Check-off fees (Note 10)	215,859	242,013
	4,717,521	6,887,344
COST OF GOODS SOLD		
Cost of wood purchased	3,516,553	5,594,591
Silviculture (Note 9)	1,003,348	1,050,740
	4,519,901	6,645,331
GROSS PROFIT	197,620	242,013
EXPENDITURES		
Advertising and promotion	3,550	7,904
Amortization	2,309	2,373
Insurance (Note 11)	3,862	3,291
Interest and bank charges	2,304	1,876
Office	1,831	2,191
Professional fees	8,554	7,808
Property taxes	5,335	4,795
Repairs and maintenance	4,236	4,094
Subscriptions, permits and licenses	7,778	7,814
Telephone	1,742	1,788
Travel	14,882	15,153
Utilities	3,674	3,458
Wages and benefits	110,989	105,907
	171,046	168,452
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER INCOME	26,574	73,561
OTHER INCOME		
Interest	34,793	10,327
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR		
- to Page 5	\$ 61,367	\$ 83,888

NORTH SHORE FOREST PRODUCTS MARKETING BOARD**Statement of Change in Net Assets****For the year ended March 31**

	2024	2023
BALANCE, beginning of year	\$ 1,393,838	\$ 1,309,950
Excess of revenues over expenditures for the year - Page 4	61,367	83,888
BALANCE, end of year	\$ 1,455,205	\$ 1,393,838

NORTH SHORE FOREST PRODUCTS MARKETING BOARD**Statement of Cash Flows****For the year ended March 31**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 4,618,638	\$ 6,996,783
Cash receipts from other revenue	34,793	10,325
Cash paid to suppliers and employees	(4,582,898)	(6,840,528)
	<u>70,533</u>	<u>166,580</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of long-term debt	(21,000)	(24,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in restricted cash	(581)	(212)
Increase in investments	(372,504)	(105,235)
Purchase of property and equipment	(1,481)	(11,632)
	<u>(374,566)</u>	<u>(117,079)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(325,033)	25,501
CASH AND CASH EQUIVALENTS, beginning of year	784,558	759,056
CASH AND CASH EQUIVALENTS, end of year	\$ 459,525	\$ 784,557

NORTH SHORE FOREST PRODUCTS MARKETING BOARD**Notes to the Financial Statements****March 31, 2024**

1. STATUS AND NATURE OF ACTIVITIES

North Shore Forest Products Marketing Board operates under Regulations 2005-141 and 2005-142 of the Natural Products Act for woodlot owners and producers in the Province of New Brunswick. The members of the Board resigned on January 27, 2010. Regulation 2005-142 was held in abeyance by Regulation 2010-59 effective April 15, 2010. The New Brunswick Forest Products Commission exercised the powers of the Board under Order 2010-510 effective February 3, 2010 to May 27, 2014, at which time the Board resumed operations under regulations 2005-141 and 2013-81.

The Board is responsible for administering sales of wood from woodlot owners to various pulp mills and sawmills. In addition to the revenues resulting from these operations, the Board receives check-off fees through the mills for wood purchased directly by them. The Board is also responsible for administering Silviculture operations for woodlot owners. The Board is a not-for-profit organization and is exempt from taxes under the Income Tax Act.

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with Part III of the CPA Canada handbook; Accounting Standards for not-for-profit organizations.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

(b) Revenue recognition

The Board follows the deferral method of accounting for contributions which includes grants and forest management levies. Restricted contributions such as forest management levies are accumulated as deferred funding in the statement of financial position and recognized as revenue in the year in which the related expenses are made. Contributions of property and equipment are included as deferred contributions and are amortized to revenue at the same rate and on the same basis as amortization of the related property and equipment.

Wood sales and check-off revenues are recognized when delivery is made to the mills.

Silviculture revenue is recognized when the corresponding expense has been incurred.

(c) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

The main estimate relates to the useful life of property and equipment.

(d) Property and equipment

Property and equipment are recorded at cost. The Board provides for amortization using the following methods at rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

NORTH SHORE FOREST PRODUCTS MARKETING BOARD

Notes to the Financial Statements

March 31, 2024

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES (continued)**(d) Property and equipment (continued)**

Buildings	5% Diminishing balance
Equipment	20% Diminishing balance
Paving	7% Diminishing balance
Signs	20% Diminishing balance

(e) Government assistance

Government and other grants related to property and equipment are accounted for as deferred government assistance and amortized on the same basis as the related property and equipment. Operating grants are accounted for as a reduction of operating expenses.

(f) Financial instruments

The Board initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value.

Financial assets and financial liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in capacity of management, are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms.

The Board subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at amortized cost include cash, short term investment and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities and government remittance payable.

Impairment

For financial assets measured at cost or amortized cost, the board determines whether there are indications of possible impairment. When there is an indication of impairment, and the board determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. A previously recognized impairment loss may be reversed. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

NORTH SHORE FOREST PRODUCTS MARKETING BOARD
Notes to the Financial Statements
March 31, 2024

3. SHORT TERM INVESTMENT

	2024	2023
One-year cashable guaranteed investment certificate, bearing interest at 3.25% per annum, maturing in April 2024	\$ 238,866	\$ -
One-year cashable guaranteed investment certificate, bearing interest at 3.30% per annum, maturing in April 2024	140,884	-
One-year cashable guaranteed investment certificate, bearing interest at 3.30% per annum, maturing in May 2024	51,501	-
One-year cashable guaranteed investment certificate, bearing interest at 4% per annum, maturing in June 2024	103,126	-
One-year cashable guaranteed investment certificate, bearing interest at 4% per annum, maturing in June 2024	103,126	-
One-year cashable guaranteed investment certificate, bearing interest at 4% per annum, maturing in June 2024	103,126	-
One-year cashable guaranteed investment certificate, bearing interest at 1.20% per annum, matured in April 2023	-	231,471
One-year cashable guaranteed investment certificate, bearing interest at 1.20% per annum, matured in April 2023	-	136,654
	\$ 740,629	\$ 368,125

4. RESTRICTED CASH

The restricted cash is held in a variable interest savings account. At the year end, the interest rate is 2.55%. The third-party payroll service requires this deposit to be maintained to secure weekly payroll payments.

5. PROPERTY AND EQUIPMENT

	2024		2023	
	Cost	Accumulated amortization	Net	Net
Land	\$ 125,462	\$ -	\$ 125,462	\$ 125,462
Buildings	153,948	110,716	43,232	45,507
Equipment	356,705	335,950	20,755	24,278
Paving	1,595	1,393	202	217
Signs	1,945	545	1,400	1,751
	\$ 639,655	\$ 448,604	\$ 191,051	\$ 197,215

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Accounts payable and accrued liabilities	\$ 131,753	\$ 67,827
Payable to companies owned by board members	11,354	7,729
	\$ 143,107	\$ 75,556

NORTH SHORE FOREST PRODUCTS MARKETING BOARD
Notes to the Financial Statements
March 31, 2024

7. LONG-TERM DEBT

	2024	2023
Opportunities New Brunswick loan, repaid during the year	\$ -	\$ 21,000
Less: Amount due within one year	-	21,000
	\$ -	\$ -

8. DEFERRED FOREST MANAGEMENT LEVIES

	2024	2023
Deferred forest management levies opening balance	\$ 65,547	\$ 78,295
Forest management levy income	119,849	134,417
Less: forest management expenses	(184,948)	(145,516)
Silviculture operation plan	(448)	(1,649)
	\$ -	\$ 65,547

Forest management levies collected are to be used for forest management expenditures only. The balance remaining at year end is available to use for future forest management expenditures.

NORTH SHORE FOREST PRODUCTS MARKETING BOARD
Notes to the Financial Statements
March 31, 2024

9. SILVICULTURE PROGRAM

The following is a summary of the silviculture program funding received and the costs associated with the program.

	2024	2023
<u>Revenues:</u>		
Silviculture funding - M.N.R.	\$ 765,724	\$ 781,334
Woodlot owners' contribution - seedlings	33,989	33,436
2BT Federal program	-	88,805
Forest management levies	184,948	145,516
Deferred forest management levies	448	1,649
	985,109	1,050,740
<u>Expenditures:</u>		
Pre-commercial thinning	135,753	187,863
Plantation cleaning	79,281	93,553
Site prep	152,799	140,489
Planting	175,002	126,644
2BT Federal plantation	-	29,192
Seedlings	19,736	63,264
Management plans	27,224	82,078
Alternative harvesting activities	123,055	106,563
General and administration expenses	194,450	190,346
Kingsclear trees cost	95,600	29,100
Forest management	448	1,648
	1,003,348	1,050,740
	\$ (18,239)	\$ -

Pursuant to an agreement between the New Brunswick Department of Natural Resources and the Federation of Woodlot Owners, the Silviculture Program Fund has been established in order to finance and offer technical advice on forest management to private woodlot owners.

The funds are administered by the Board and the program is delivered throughout the province by the seven regional marketing boards. Any administrative funds not expensed are carried over to next years administration.

10. CHECK-OFF FEES

	2024	2023
Check off fees indirect - Administration	\$ 58,152	\$ 90,505
Check off fees direct - Administration	155,281	149,679
Check off fees indirect - Biomass	1,238	1,595
Check off fees direct - Biomass	1,053	168
Other	135	66
	\$ 215,859	\$ 242,013

NORTH SHORE FOREST PRODUCTS MARKETING BOARD**Notes to the Financial Statements****March 31, 2024**

10. CHECK-OFF FEES (continued)

Gross wood sales and purchases relating to activities with certain sawmills are not included in the statement of operations. A verbal agreement is in place between parties requiring the payment of check-off fees only, which represent the net sale. The amount of these direct check-off fees are included in check-off fees reported under other revenue in the statement of operations and were \$155,281 for the year (2023 - \$149,679).

11. INSURANCE POLICIES

Insurance policy coverages are as follows:

	Deductible	Limit
Commercial property	\$ 1,000	\$467,208
Equipment	\$ 1,000	\$ 100,000
Commercial general liability	\$ 2,500	\$ 5,000,000
Management liability	-	\$ 2,000,000

12. RELATED PARTY TRANSACTIONS

During the year, the North Shore Forest Products Marketing Board had transactions in the normal course of operations with members of the Board of Directors as well as with companies owned by the Board of Directors. The purchased services are valued at the exchange amount being the amount of consideration established and agreed by the members of the Board of Directors. The total transactions for the year were \$79,591.

13. FINANCIAL INSTRUMENTS**(a) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Board is not exposed to significant currency and interest rate risk.

(b) Other price risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates.

NORTH SHORE FOREST PRODUCTS MARKETING BOARD**Notes to the Financial Statements****March 31, 2024**

13. FINANCIAL INSTRUMENTS (continued)**(c) Credit risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Board's financial instruments that are exposed to credit risk include accounts receivable. The Board mitigates credit risk associated with its receivables by actively monitoring outstanding balances.

Concentrations of credit risk exist if a number of customers are engaged in similar economic activities or are located in the same geographic region, and indicate the relative sensitivity of the Board's performance to developments affecting a particular segment of customers or geographic region. Geographic credit risk exists for the Board due to most of its activities being primarily provided in the Northern New Brunswick region. The exposure to credit risk associated with the activities of these customers can be directly impacted by a decline in economic conditions in the area.

(d) Liquidity risk

Liquidity risk is the risk that the Board may not have cash available to satisfy financial liabilities as they come due. To mitigate this risk, the Board is internally monitoring this level of liquidity on a regular basis.

14. ECONOMIC DEPENDANCE

The Board receives annual grants from the provincial government. The continuity of operations of the Board is directly related to these government grants.

15. COMPARATIVE AMOUNTS

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Office de Commercialisation des produits forestiers du nord

North Shore Forest Products Marketing Board

Au 31 mars 2024 / as of March 31, 2024

Budget annuel 2023-2024 pour le programme d'aménagement forestier subventionné

Annual Budget for 2023-2024 for the forest management granted program

REVENUS

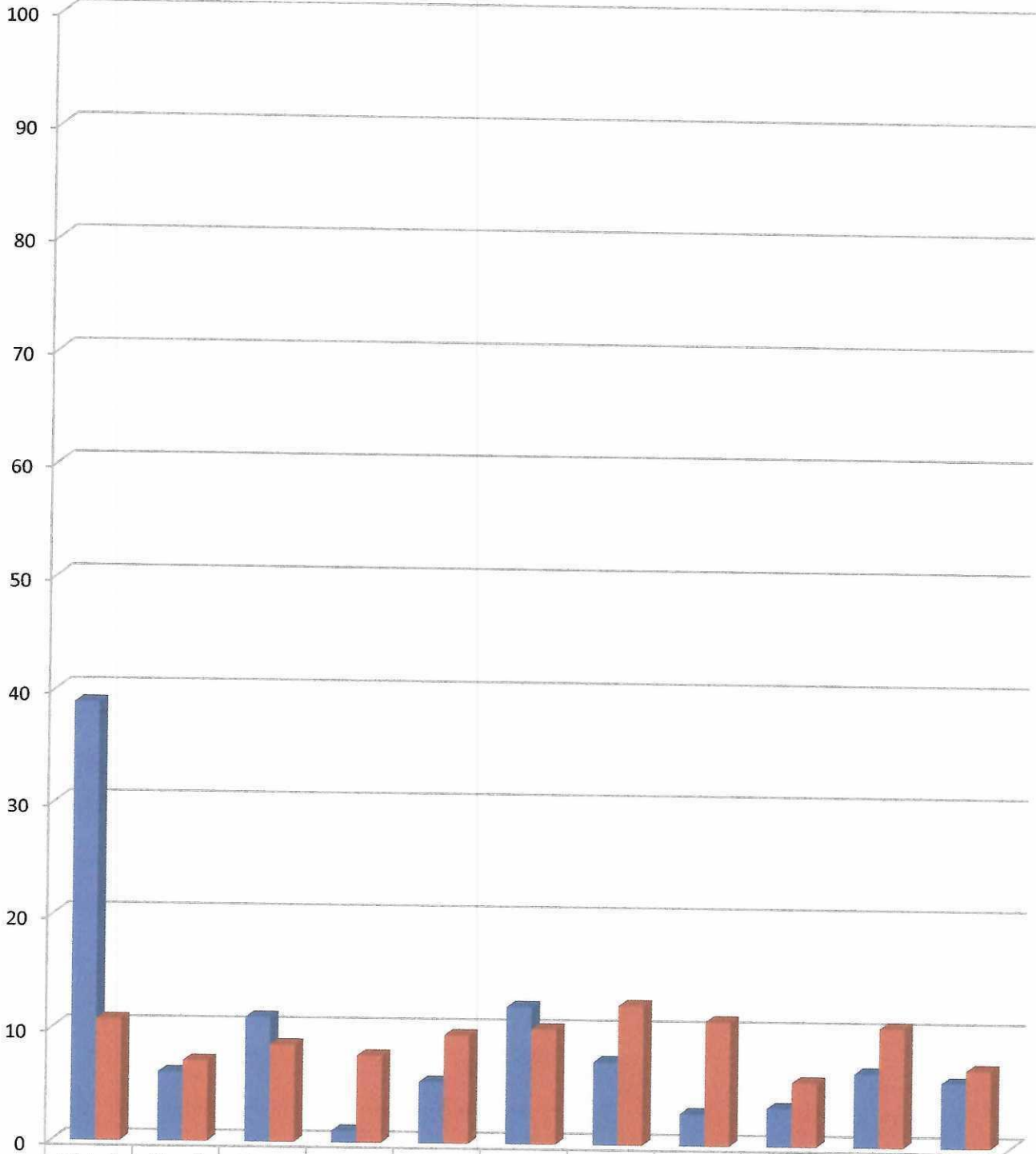
District	PCA/ Reel %	AAC %	Budget alloué Available budget	Budget réservé Reserved Budget	Surplus/ Budget Balance	Travaux complétés Completed work	Ha Area(he)
1	38.85%	10.73	86,629	297,513	-210,883	297,513	422
2	6.06%	7.07	57,080	46,439	10,641	46,439	76
3	11.00%	8.56	69,110	84,263	-15,153	84,263	77
4	1.00%	7.66	61,843	7,622	54,221	7,622	7
5	5.39%	9.55	77,102	41,282	35,821	41,282	78
6	12.10%	10.16	82,027	92,665	-10,638	92,665	225
7	7.29%	12.31	99,386	55,794	43,592	55,794	78
8	2.79%	10.97	88,567	21,384	67,183	21,384	39
9	3.34%	5.65	45,616	25,589	20,026	25,589	32
10	6.47%	10.52	84,934	49,505	35,429	49,505	86
11	5.70%	6.82	55,062	43,668	11,394	43,668	164
100.00%			807,356.00	765,723	41,633	765,723	1,285.60

GL Acct.
423100

765,723.20	765,723	94.84%
-807,356	807,356	
-41,632.80		

VALEUR DES TRAVAUX SYLVICOLES DE 2023-2024
FORESTRY VALUE FROM 2023-2024

\$ 765,723

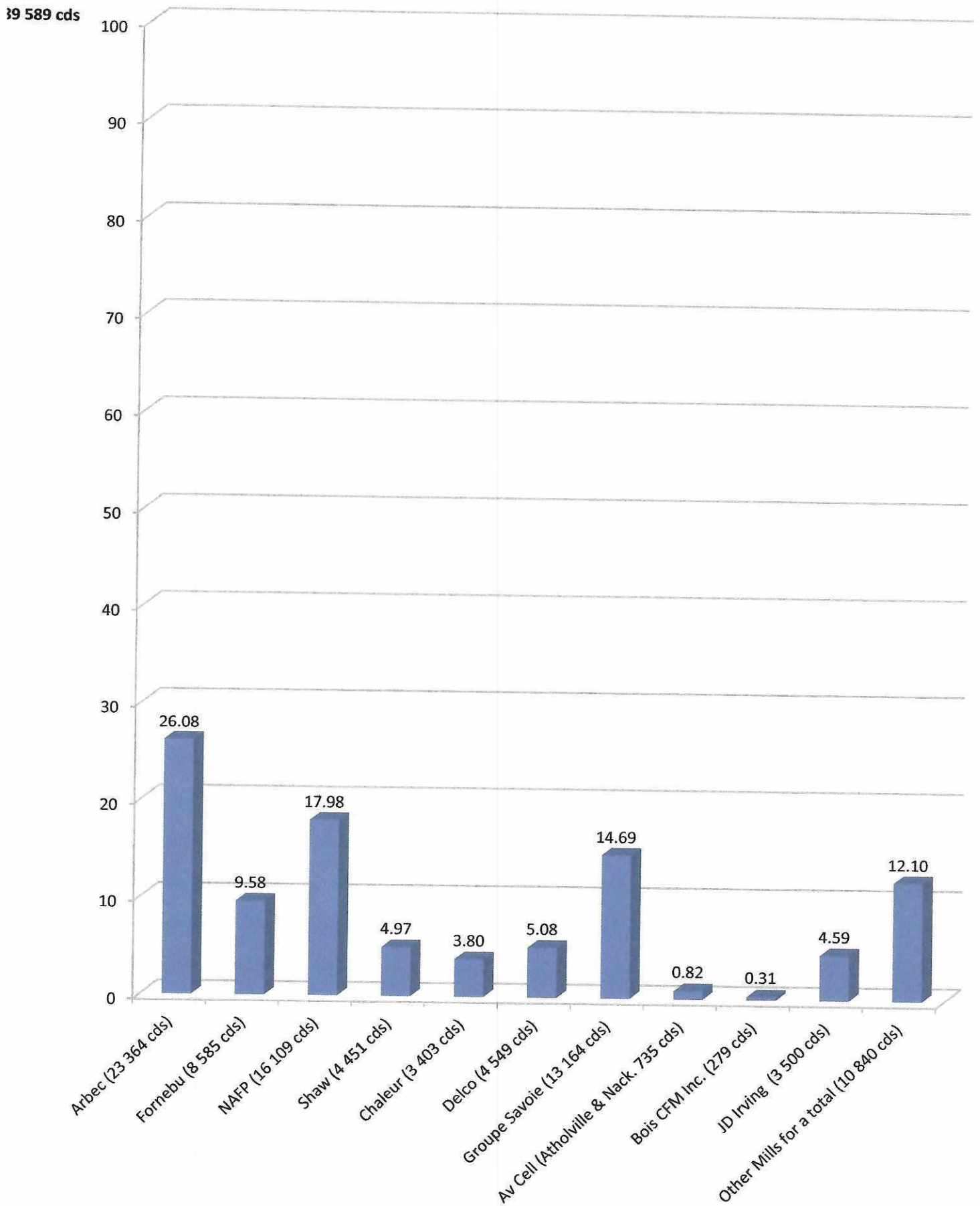


	Dist. 1	Dist. 2	Dist. 3	Dist. 4	Dist. 5	Dist. 6	Dist. 7	Dist. 8	Dist. 9	Dist. 10	Dist. 11
RÉEL / REEL	38.85	6.06	11.00	1.00	5.39	12.10	7.29	2.79	3.34	6.47	5.70
PCA/AAC	10.73	7.07	8.56	7.66	9.55	10.16	12.31	10.97	5.65	10.52	6.82

ESTIMATION – VOLUMES EN CORDES DE BOIS PAR MOULINS 2023-2024

Direct & Indirect (Loads / Charges)

ESTIMATE – VOLUME IN WOOD CORDS BY MILLS 2023-2024



DISTRICT
REVENUS DE BOIS PAR DISTRICT 2023-2024
WOOD REVENUES BY DISTRICT 2023-2024

REVENUES

