NORTH SHORE FOREST PRODUCTS MARKETING BOARD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
MARCH 31, 2025

NORTH SHORE FOREST PRODUCTS MARKETING BOARD

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For the year ended March 31, 2025

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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, 2025, and the statements of operations, change in net assets, cash flows and related schedules 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, 2025, 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.

Emphasis of Matter
We draw attention to Note 13 of the financial statements, which describes the effects of a change in accounting policy. Our opinion is not modified in respect of this matter.

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.

INDEPENDENT AUDITORS' REPORT (continued)

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

Allen, Paquet & Arseneau LLP
Chartered Professional Accountants

June 18, 2025

NORTH SHORE FOREST PRODUCTS MARKETING BOARD
Statement of Financial Position
As at March 31

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	$ 521,158	$ 459,525
Short term investment (Note 3)	966,159	740,629
Accounts receivable	228,311	168,507
Prepaid expenses	14,461	16,736
Government remittances receivable	3,942	-
	1,734,031	1,385,397
RESTRICTED CASH (Note 4)	25,640	25,038
PROPERTY AND EQUIPMENT (Note 5)	112,882	191,051
	$ 1,872,553	$ 1,601,486
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	$ 182,924	$ 143,107
Government remittances payable	-	3,174
	182,924	146,281
FUND BALANCES		
FOREST MANAGEMENT FUND - Page 6	183,090	153,838
UNRESTRICTED - Page 6	1,506,539	1,301,367
	1,689,629	1,455,205
	$ 1,872,553	$ 1,601,486

Approved by the Board

_______________ President

Paul Dolichard Board member

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

	2025	2024
REVENUES		
Wood sales	**$ 6,053,212**	$ 3,516,553
Silviculture program - Schedule 1	**882,365**	830,823
Forest Management Fund - Schedule 2	**184,285**	154,286
Check-off fees (Note 9)	**274,805**	215,859
	7,394,667	4,717,521
COST OF GOODS SOLD		
Cost of wood purchased	**6,053,212**	3,516,553
GROSS PROFIT	**1,341,455**	1,200,968
EXPENDITURES		
Advertising and promotion	**4,097**	3,550
Amortization	**4,409**	2,309
Forest Management Fund - Schedule 2	**-**	448
Insurance	**8,100**	3,862
Interest and bank charges	**5,472**	2,304
Office	**3,755**	1,831
Professional fees	**22,009**	8,554
Property taxes	**11,055**	5,335
Repairs and maintenance	**9,514**	4,236
Silviculture program - Schedule 1	**1,037,398**	1,002,900
Subscriptions, permits and licenses	**334**	7,778
Telephone	**1,937**	1,742
Travel	**31,930**	14,882
Utilities	**10,611**	3,674
Wages and benefits	**117,334**	110,989
	1,267,955	1,174,394
EXCESS OF REVENUES OVER EXPENDITURES BEFORE OTHER INCOME	**73,500**	26,574
OTHER INCOME		
Gain on sale of property and equipment	**120,820**	-
Interest	**36,174**	34,793
Other income	**3,930**	-
	160,924	34,793
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR - to Page 6	**$ 234,424**	$ 61,367

NORTH SHORE FOREST PRODUCTS MARKETING BOARD
Statement of Change in Net Assets
For the year ended March 31, 2025

	Forest Management Fund	Unrestricted	Total 2025	Total 2024
BALANCE, beginning of year	$ 153,838	$ 1,301,367	**$ 1,455,205**	$ 1,393,838
Excess of revenues over expenditures - Page 5	184,285	50,139	**234,424**	61,367
Contribution from the Forest Management Fund to Silviculture (Note 8)	(155,033)	155,033	**-**	-
BALANCE, end of year	**$ 183,090**	**$ 1,506,539**	**$ 1,689,629**	$ 1,455,205

NORTH SHORE FOREST PRODUCTS MARKETING BOARD
Statement of Cash Flows

For the year ended March 31	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	**$ 7,330,922**	$ 4,618,638
Cash receipts from interest	**36,174**	34,793
Cash receipts from other revenue	**3,930**	-
Cash paid to suppliers and employees	**(7,274,997)**	(4,582,898)
	96,029	70,533
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of long-term debt	-	(21,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in restricted cash	**(602)**	(581)
Increase in investments	**(225,530)**	(372,504)
Purchase of property and equipment	**(8,264)**	(1,481)
Proceeds on disposal of property and equipment	**200,000**	-
	(34,396)	(374,566)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**61,633**	(325,033)
CASH AND CASH EQUIVALENTS, beginning of year	**459,525**	784,558
CASH AND CASH EQUIVALENTS, end of year	**$ 521,158**	$ 459,525

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 restricted fund method whereby externally restricted contributions (grants and levy) are recognized in the fund corresponding to the purpose for which they are contributed. Restricted contributions for which no corresponding restricted fund is presented must be recognized in the Unrestricted Fund using the deferral method.

Operating revenue is recorded based on the accrual method of accounting and are recognized when they are earned, specifically when:

- Services are provided or products are delivered to customers.
- There is a clear proof that an arrangement exists.
- Amounts are fixed or can be determined.
- Our ability to collect is reasonably assured.

(c) Fund accounting

The Board has been applying the fund accounting method, which involves organizing financial resources into distinct funds according to their nature and purpose. Restrictions on the use of these funds may be imposed externally by contributors or internally by the Board of Directors.

The Unrestricted Net Assets Fund is used for general operations of the Board.

The Forest Management Fund is used to support forest management activities such as reforestation, stand improvement, wood bonuses, and silviculture activities.

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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.

(e) 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:

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

(f) Government assistance

The Board records government grants related to current expenditures in the statement of operations as grant revenue. When a government grant received relates to expenditures of a future period, the Office defers the grant and recognizes it in the statement of operations as the related expenses are incurred. When the government grant relates to the acquisition of capital assets, the Office deducts the grant from the cost of the related capital assets, and amortization is calculated on a net basis.

(g) 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 wheter 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, accounts receivable and government remittances receivable.

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

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

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 that 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.

3. SHORT TERM INVESTMENT

	2025	2024
GIC, bearing interest at 4.10% per annum, maturing in April 2025	$ 248,605	$ -
GIC, bearing interest at 2.25% per annum, maturing in April 2025	41,429	-
GIC, bearing interest at 2.25% per annum, maturing in May 2025	52,710	-
GIC, bearing interest at 2.25% per annum, maturing in June 2025	105,827	-
GIC, bearing interest at 2.25% per annum, maturing in June 2025	105,827	-
GIC, bearing interest at 2.25% per annum, maturing in June 2025	105,827	-
GIC, bearing interest at 4.10% per annum, maturing in April 2025	25,941	-
GIC, bearing interest at 4.10% per annum, maturing in April 2025	25,941	-
GIC, bearing interest at 4.10% per annum, maturing in April 2025	25,941	-
GIC, bearing interest at 4.10% per annum, maturing in April 2025	25,941	-
GIC, bearing interest at 2.85% per annum, maturing in November 2025	202,170	-
GIC, bearing interest at 3.25% per annum, matured in April 2024	-	238,866
GIC, bearing interest at 3.30% per annum, matured in April 2024	-	140,884
GIC, bearing interest at 3.30% per annum, matured in May 2024	-	51,501
GIC, bearing interest at 4% per annum, matured in June 2024	-	103,126
GIC, bearing interest at 4% per annum, matured in June 2024	-	103,126
GIC, bearing interest at 4% per annum, matured in June 2024	-	103,126
	$ 966,159	$ 740,629

4. RESTRICTED CASH

The restricted cash is held in a variable interest savings account. At the year end, the interest rate is 2%. The third-party payroll service requires this deposit to be maintained to secure weekly payroll payments.

5. PROPERTY AND EQUIPMENT

	2025			2024
	Cost	**Accumulated amortization**	**Net**	**Net**
Buildings	$ **153,948**	$ **112,878**	$ **41,070**	$ 43,232
Equipment	**361,721**	**338,397**	**23,324**	20,755
Land	**47,180**	**-**	**47,180**	125,462
Paving	**1,595**	**1,407**	**188**	202
Signs	**1,945**	**825**	**1,120**	1,400
	$ **566,389**	$ **453,507**	$ **112,882**	$ 191,051

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	**2024**
Accounts payable and accrued liabilities	$ **182,924**	$ 131,753
Payable to companies owned by board members	**-**	11,354
	$ **182,924**	$ 143,107

7. SILVICULTURE PROGRAM

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.

The program's operations for the year are presented in Schedule 1.

8. FOREST MANAGEMENT FUND

The primary objective of the Forest Management Fund is to support forest management activities such as reforestation, stand improvement, wood bonuses, and silviculture activities.

The Fund's operations for the year are presented in Schedule 2.

Balance of the Forest Management Fund :

	2025	**2024**
Forest Management Fund, opening balance	$ **153,838**	$ -
Forest Management Fund revenue	**184,285**	154,286
Forest Management Fund expenses	**-**	(448)
Contribution to the Silviculture program	**(155,033)**	-
Forest Management Fund, ending balance	$ **183,090**	$ 153,838

8. FOREST MANAGEMENT FUND (continued)

A transfer of $155,033 was made to the Silviculture program during the year to cover a portion of the program's expense as well as woodlot owners contributions.

9. CHECK-OFF FEES

	2025	2024
Check off fees indirect - Administration	$ 105,817	$ 58,152
Check off fees direct - Administration	165,655	155,281
Check off fees indirect - Biomass	605	1,238
Check off fees direct - Biomass	1,817	1,053
Other	911	135
	$ 274,805	$ 215,859

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 $165,655 for the year (2024 - $155,281).

10. 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 $672 (2024 - $79,591).

11. 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

Other risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), wheter those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

11. 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.

12. 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.

13. CHANGE IN ACCOUNTING POLICY

A new accounting method, fund accounting, was applied during the fiscal year. As a result, it is not possible to determine the opening balance of the Forest Management Fund for the previous fiscal year. The opening balance of the Forest Management Fund for the current fiscal year corresponds to the net result of the previous fiscal year.

The application of this method allows the entity to present more reliable and relevent information, as it enables the seperation of resources into distinct funds based on restrictions and shows which amounts are available for specific purposes.

14. COMPARATIVE AMOUNTS

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

SCHEDULE OF SILVICULTURE PROGRAM

Schedule 1

	2025	2024
REVENUES		
Department of Natural Resources	$ 882,365	$ 765,724
Forest management levies	-	65,099
Contribution from the Forest Management Fund	66,874	-
	949,239	830,823
EXPENDITURES		
Administrative expenses	176,473	194,450
Alternative harvesting activities	102,754	123,055
Kingsclear trees cost	113,148	95,600
Management plans	6,864	27,224
Plantation cleaning	149,980	79,281
Planting	148,170	175,002
Pre-commercial thinning	138,780	135,753
Seedlings	-	19,736
Site prep	113,070	152,799
	949,239	1,002,900
EXCESS OF EXPENDITURES OVER REVENUES	$ -	$ (172,077)

The Department of Natural Resources and Energy Development subsidizes the administrative costs of the silviculture program up to a maximum of 20% of the program's annual funding. Administrative expenses include an interfund transfer in the amount of $88,159 to comply with this requirement.

SCHEDULE OF FOREST MANAGEMENT FUND

Schedule 2

	2025	2024
REVENUES		
Forest management levies	$ 152,167	$ 120,297
Woodlot owners' contribution - seedlings	32,118	33,989
	184,285	154,286
EXPENDITURES		
Contribution to the silviculture program	155,033	-
Forest management	-	448
	155,033	448
EXCESS OF REVENUES OVER EXPENDITURES	$ 29,252	$ 153,838