

Newfoundland Hardwoods Limited

Annual Report 2022-23

Message from the Chairperson

As Chairperson of the Board of Directors of Newfoundland Hardwoods Limited, I am pleased to present the Board's annual report for the fiscal year ending March 31, 2023. Newfoundland Hardwoods Limited is classified as a category three entity under the **Transparency and Accountability Act**. Therefore, the Board must prepare an annual report that clearly outlines the activities it has undertaken within its mandate for the preceding fiscal year. The report was prepared under the direction of the Board, which is accountable for the results reported herein.

Sincerely,



John Cowan

Chairperson

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Entity Overview

Newfoundland Hardwoods Limited (NHL) was established as a Crown corporation in 1950 for the purpose of manufacturing liquid asphalt and the sale of chemically treated poles and timber to supply the needs of provincial customers. In 1995, the Provincial Government privatized NHL with the sale of its asphalt operations to Irving Oil Limited and Newfoundland and Labrador Asphalt Limited, and its pole and timber division to Wood Preservation Industries Limited of Quebec.

A Board of Directors is in place to deal with any outstanding issues that may arise with NHL. All outstanding issues have been addressed except the decommissioning of one storage tank. This work began in 2011, and was advanced by the Board. In its present condition, the tank poses no known environmental threat; however, given its deteriorating condition and contents, monitoring and consideration of remediation has been ongoing under the direction of the Board.

At the time of preparation of this report, the Board of Directors consisted of provincial public service employees, appointed by virtue of their positions and are as follows:

- Deputy Minister of Industry, Energy and Technology (IET), Chair
- Assistant Deputy Minister, Business and Innovation, IET
- Director, Business Analysis, IET

NHL does not have dedicated staff; the Department of Industry, Energy and Technology provides administrative support.

Report on Performance

In consideration of its mandate, the Board's primary activity is an annual meeting to discuss any issues that may require the Board's attention as well as to consider and approve the annual audited financial statements. The Board reports on the objective and indicator below, through its activity reports, for each fiscal year of its 2020-23 activity plan.

2022-23 Objective

By March 31, 2023, the Board will meet to approve annual audited financial statements and discuss outstanding issues.

Indicator:

- Audited financial statements reviewed and approved and any outstanding issues discussed.

The Board met to review and approve the audited financial statements. It also approved NHL's activity report.

Financial Information

NEWFOUNDLAND HARDWOODS LIMITED

Financial Statements

Year Ended March 31, 2023

NEWFOUNDLAND HARDWOODS LIMITED

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Year Ended March 31, 2023

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Derrick R. Drodge, CPA, CA

Pedro Holdings Building
263 Memorial Drive, Suite 202
Clareville, NL A5A 1R5
Tel: (709) 466-1708
Fax: (709) 466-1712

Principal:
Todd Organ, CPA, CGA

Chartered Professional Accountant

INDEPENDENT AUDITOR'S REPORT

To the Directors of Newfoundland Hardwoods Limited

Opinion

I have audited the financial statements of Newfoundland Hardwoods Limited (the Organization), which comprise the balance sheet as at March 31, 2023, and the statements of loss, retained earnings and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Organization in accordance with ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 PSAS, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

(continues)

Independent Auditor's Report to the Directors of Newfoundland Hardwoods Limited (*continued*)

- 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's 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.

I 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 I identify during my audit.

Clarenville, Newfoundland and Labrador
September 15, 2023



Chartered Professional Accountant


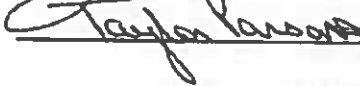
NEWFOUNDLAND HARDWOODS LIMITED

Balance Sheet

March 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 56,483	\$ 59,608
LIABILITIES AND DIRECTORS' EQUITY		
CURRENT		
Accounts payable	\$ 1,500	\$ 1,500
CONTINGENT LOSSES (Note 3)	-	-
COMMITMENTS (Note 4)	-	-
	<u>1,500</u>	<u>1,500</u>
DIRECTORS' EQUITY		
Share capital		
Authorized:		
An unlimited number of common shares at no par value		
Issued:		
253 common shares at stated value	<u>25,300</u>	<u>25,300</u>
	25,300	25,300
Retained earnings	<u>29,683</u>	<u>32,808</u>
	<u>54,983</u>	<u>58,108</u>
	<u>\$ 56,483</u>	<u>\$ 59,608</u>

ON BEHALF OF THE BOARD

 Director
 Director

See notes to the financial statements

NEWFOUNDLAND HARDWOODS LIMITED
Statement of Loss
Year Ended March 31, 2023

	2023	2022
REVENUES	\$ -	\$ -
ADMINISTRATIVE EXPENSES		
Bank charges	60	60
Licences and fees	440	-
Professional fees	2,625	2,100
	<u>3,125</u>	<u>2,160</u>
NET LOSS	\$ (3,125)	\$ (2,160)

See notes to the financial statements

NEWFOUNDLAND HARDWOODS LIMITED
Statement of Retained Earnings
Year Ended March 31, 2023

	<u>2023</u>	<u>2022</u>
RETAINED EARNINGS - BEGINNING OF YEAR	\$ 32,808	\$ 34,968
NET LOSS	<u>(3,125)</u>	<u>(2,160)</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 29,683</u>	<u>\$ 32,808</u>

See notes to the financial statements

NEWFOUNDLAND HARDWOODS LIMITED
Statement of Cash Flows
Year Ended March 31, 2023

	March 31 2023	March 31 2022
OPERATING ACTIVITIES		
Net loss	\$ (3,125)	\$ (2,160)
Change in non-cash working capital:		
Accounts payable	-	(2,444)
DECREASE IN CASH FLOW	(3,125)	(4,604)
Cash - beginning of year	59,608	64,212
CASH - END OF YEAR	\$ 56,483	\$ 59,608

See notes to the financial statements

NEWFOUNDLAND HARDWOODS LIMITED

Notes to Financial Statements

Year Ended March 31, 2023

1. NATURE OF OPERATIONS

NEWFOUNDLAND HARDWOODS LIMITED is a Crown Corporation established in 1950 under the Corporations Act. Initially the Corporation was established for the purpose of manufacturing liquid asphalt and the sale of chemically treated poles and timber. The Corporation sold its property, equipment and inventory in 1996 and ceased active operations at that date. Since 1996 the Corporation has been dealing with any and all matters that may arise subsequent to the sale.

NEWFOUNDLAND HARDWOODS LIMITED is classified as a category three entity under the Transparency and Accounting Act.

NEWFOUNDLAND HARDWOODS LIMITED is exempt from income taxes under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

These financial statements are prepared by Management in accordance with Canadian Public Sector Accounting Standards for provincial reporting entities established by the Canadian Public Sector Accounting Board.

3. CONTINGENT LOSSES

Environmental concerns:

The Government of Newfoundland and Labrador, through an environmental indemnity, has released the current owner of any and all present and future liabilities which may result from the presence, release, loss, discharge, leakage or spillage of hazardous material on, at or from the properties formerly owned and operated by NEWFOUNDLAND HARDWOODS LIMITED up to the date of the said agreements.

4. COMMITMENTS

The company had committed to the dismantling and removal of five surplus storage tanks from the present location. As of the balance sheet date, four of these tanks have been removed and the costs of such have been reflected in these financial statements.
