

# **Newfoundland Hardwoods Limited**

Annual Report 2024-25



# Message from the Chairperson

As Chairperson of the Board of Directors of Newfoundland Hardwoods Limited, I am pleased to present the annual report for the fiscal year ending March 31, 2025, in accordance with the requirements of a category three entity under the **Transparency and Accountability Act**. The report was prepared under the direction of the Board, which is accountable for the results reported herein.

Sincerely,

Heather Tizzard  
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, located in Clarenville. 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.

As of March 31, 2025, the Board of Directors consisted of the following provincial public service officials, appointed by virtue of their positions:

- John Cowan, Deputy Minister of Industry, Energy and Technology (IET), Chairperson
- Julian Ludmer, Assistant Deputy Minister, Business and Innovation, IET
- Taylor Parsons, Director, Business Analysis, IET

NHL does not have dedicated staff; IET provides administrative support.

## **Mandate**

NHL exists solely to manage any outstanding issues that may arise subsequent to the sale of its assets in 1995.

## **Primary Clients**

The Corporation's primary responsibility is to the Provincial Government by managing issues related to NHL assets.

## **Vision**

The Corporation has adopted IET's vision, as follows: A prosperous Newfoundland and Labrador with a clean, innovative, and diversified economy capitalizing on the Province's resources and strategic advantages and supported by private sector investment and business growth across all regions of the province.

## **Highlights and Partnerships**

Under the authority of the Minister of Industry, Energy and Technology, \$1.0 million was transferred to NHL from the Newfoundland and Labrador Immigrant Investor Fund Limited (NLIIFL) to support the decommissioning of a large NHL storage tank in Clarenville and the removal of contaminated materials that it contains. These funds were received by NHL on April 8, 2024. In July 2024, Strum Consulting were hired to prepare a tender package for the demolition and removal of the tank and its contents. Strum will also provide soil sampling services once the tank is removed as a final assessment for the presence of contaminated materials. In March 2025, Talon Energy Services Incorporated were contracted to undertake the tank removal process.

## **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, such as the ongoing work to decommission the storage tank, 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 2023-26 activity plan.

## **2024-25 Objective**

By March 31, 2025, the Board will meet to approve annual audited financial statements and discuss any 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.

## **Opportunities and Challenges**

The decommissioning of the storage tank and remediation of the site in Clarenville will discharge the Corporation's lone outstanding liability. As all other operations of the Corporation have concluded, the Board will move to dissolve the Corporation once the work in Clarenville is complete.

## Financial Information

**NEWFOUNDLAND HARDWOODS LIMITED**

**Financial Statements**

**Year Ended March 31, 2025**

**NEWFOUNDLAND HARDWOODS LIMITED**  
**Index to Financial Statements**  
**Year Ended March 31, 2025**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2025, and the statements of loss and 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, 2025, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises (ASPE).

### *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 ASPE, 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.

Clareville, Newfoundland and Labrador  
September 22, 2025



CHARTERED PROFESSIONAL ACCOUNTANT

**NEWFOUNDLAND HARDWOODS LIMITED**

**Balance Sheet  
March 31, 2025**

	2025	2024
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 1,009,436	\$ 31,695
Contribution receivable from Newfoundland and Labrador Immigrant Investor Fund Limited	-	1,000,000
Harmonized sales tax recoverable	<u>3,299</u>	<u>3,212</u>
	<b>\$ 1,012,735</b>	<b>\$ 1,034,907</b>
<b>LIABILITIES AND DIRECTORS' EQUITY</b>		
<b>CURRENT</b>		
Accounts payable and accruals	\$ 2,500	\$ 2,499
CONTINGENT LOSSES (Note 3)	-	-
COMMITMENTS (Note 4)	<u>981,660</u>	<u>1,000,000</u>
	<b>984,160</b>	<b>1,002,499</b>
<b>DIRECTORS' EQUITY</b>		
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>
	<b>25,300</b>	<b>25,300</b>
Retained earnings	<u>3,275</u>	<u>7,108</u>
	<b>28,575</b>	<b>32,408</b>
	<b>\$ 1,012,735</b>	<b>\$ 1,034,907</b>

**ON BEHALF OF THE BOARD**

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**NEWFOUNDLAND HARDWOODS LIMITED**  
**Statement of Loss and Retained Earnings**  
**Year Ended March 31, 2025**

	2025	2024
<b>REVENUES</b>		
Contribution from Newfoundland and Labrador Immigrant Investor Fund Limited	\$ -	\$ 1,000,000
<b>EXPENSES</b>		
Bank charges	83	60
Licences and fees	100	100
Professional fees	3,650	3,975
Provision for site remediation costs	-	1,018,440
	<u>3,833</u>	<u>1,022,575</u>
<b>NET LOSS</b>	<b>(3,833)</b>	<b>(22,575)</b>
RETAINED EARNINGS - BEGINNING OF YEAR	<u>7,108</u>	<u>29,683</u>
<b>RETAINED EARNINGS - END OF YEAR</b>	<b>\$ 3,275</b>	<b>\$ 7,108</b>

**NEWFOUNDLAND HARDWOODS LIMITED**  
**Statement of Cash Flows**  
**Year Ended March 31, 2025**

	2025	2024
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (3,833)	\$ (22,575)
Changes in non-cash working capital:		
Contribution receivable	1,000,000	(1,000,000)
Accounts payable	1	999
Harmonized sales tax payable	(87)	(3,212)
Provision for site remediation	(18,340)	1,000,000
	<u>981,574</u>	<u>(2,213)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>977,741</b>	<b>(24,788)</b>
Cash - beginning of year	<u>31,695</u>	<u>56,483</u>
<b>CASH - END OF YEAR</b>	<b><u>\$ 1,009,436</u></b>	<b><u>\$ 31,695</u></b>

# NEWFOUNDLAND HARDWOODS LIMITED

## Notes to Financial Statements

Year Ended March 31, 2025

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### 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.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

#### Basis of presentation

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.

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### 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.

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### 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.

The company intends to dismantle and remove the final tank subsequent to balance sheet date and during fiscal year to end March 31, 2026. The company had accrued a provision of \$1,000,000 in the year ended March 31, 2024 for this purpose of which \$981,660 remains.

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Newfoundland  
&  
Labrador