NORTH SHORE FOREST PRODUCTS MARKETING BOARD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
MARCH 31, 2026

NORTH SHORE FOREST PRODUCTS MARKETING BOARD

Index

To the Financial Statements

For the year ended March 31, 2026

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, 2026, 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, 2026, 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.

113, rue Roseberry St., Suite 300
Campbellton, NB
E3N 2G6
506-789-0820

625 av. St. Peter Ave.
Bathurst, NB
E2A 4Z6
506-546-1460

202, rue Pleasant St.
Miramichi, NB
E1V 1Y5
506-778-8065

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

Allen, Paquet & Arseneau LLP
Chartered Professional Accountants

June 16, 2026

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

		2026	2025
ASSETS			
CURRENT ASSETS			
Cash	$	**407,813**	$ 521,158
Short term investment (Note 3)		**842,676**	966,159
Accounts receivable		**357,363**	228,311
Prepaid expenses		**14,600**	14,461
Government remittances receivable		**-**	3,942
		1,622,452	1,734,031
RESTRICTED CASH (Note 4)		**26,085**	25,640
PROPERTY AND EQUIPMENT (Note 5)		**110,271**	112,882
	$	**1,758,808**	$ 1,872,553
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities (Note 6)	$	**91,464**	$ 182,924
Government remittances payable		**3,167**	-
		94,631	182,924
DEFERRED WOODLOT OWNERS' CONTRIBUTIONS		**8,980**	-
		103,611	182,924
FUND BALANCES			
FOREST MANAGEMENT FUND - Page 5		**183,090**	183,090
SILVICULTURE PROGRAM - Page 5		**-**	-
UNRESTRICTED - Page 5		**1,472,107**	1,506,539
		1,655,197	1,689,629
	$	**1,758,808**	$ 1,872,553

Approved by the Board

_________________ President

_________________ Board member

The accompanying notes are an integral part of these financial statements

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

	2026	2025
REVENUES		
Wood sales	$ 4,776,475	$ 6,053,212
Silviculture program - Schedule 1	1,038,959	882,365
Forest Management Fund - Schedule 2	147,157	184,285
Check-off fees (Note 8)	192,578	274,805
	6,155,169	7,394,667
COST OF GOODS SOLD		
Cost of wood purchased	4,776,476	6,053,212
Silviculture program - Schedule 1	1,156,902	995,987
	5,933,378	7,049,199
GROSS PROFIT	221,791	345,468
EXPENDITURES		
Advertising and promotion	4,958	4,097
Amortization	4,460	4,409
Donations	100	-
Insurance	8,228	8,100
Interest and bank charges	5,274	5,472
Office	3,556	3,755
Professional fees	32,747	22,009
Property taxes	11,215	11,055
Repairs and maintenance	8,513	9,514
Silviculture program - Schedule 1	29,214	41,411
Subscriptions, permits and licenses	314	334
Telephone	1,922	1,937
Travel	33,997	31,930
Utilities	8,643	10,611
Wages and benefits	133,399	117,334
	286,540	271,968
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES) BEFORE OTHER INCOME (EXPENSE)	(64,749)	73,500
OTHER INCOME (EXPENSE)		
Gain (loss) on sale of property and equipment	(377)	120,820
Interest	27,321	36,174
Other income	3,373	3,930
	30,317	160,924
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES) FOR THE YEAR - to Page 5	$ (34,432)	$ 234,424

NORTH SHORE FOREST PRODUCTS MARKETING BOARD
Statement of Change in Net Assets
For the year ended March 31, 2026

	Forest Management Fund	Silviculture program	Unrestricted	Total 2026	Total 2025
BALANCE, beginning of year	$ 183,090	$ -	$ 1,506,539	**$ 1,689,629**	$ 1,455,205
Excess of revenues over expenditures (expenditures over revenues) - Page 4	147,157	(147,157)	(34,432)	**(34,432)**	234,424
Contribution from the Forest Management Fund to Silviculture (Note 8)	(147,157)	147,157	-	-	-
BALANCE, end of year	**$ 183,090**	**$ -**	**$ 1,472,107**	**$ 1,655,197**	$ 1,689,629

A transfer of $147,157 was made to the Silviculture program during the year to cover a portion of the program's expense as well as woodlot owners contributions.

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

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	$ 6,030,056	$ 7,330,922
Cash receipts from interest	27,321	36,174
Cash receipts from other revenue	3,373	3,930
Cash paid to suppliers and employees	(6,300,953)	(7,274,997)
Deferred woodlot owners' contributions	8,980	-
	(231,223)	96,029
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in restricted cash	(445)	(602)
Decrease (increase) in investments	123,484	(225,530)
Purchase of property and equipment	(5,161)	(8,264)
Proceeds on disposal of property and equipment	-	200,000
	117,878	(34,396)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(113,345)	61,633
CASH AND CASH EQUIVALENTS, beginning of year	521,158	459,525
CASH AND CASH EQUIVALENTS, end of year	$ 407,813	$ 521,158

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.

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

(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 silviculture program consists of two components. The first is a $5 million allocation from Province of New Brunswick to support silviculture activities, including planting, thinning, management plan, etc. Any unspent funds at year-end must be returned to the province and are not eligible for carryforward.

The second component is a $5 million allocation funded through the Private Woodlot Sustainability Fund, which is financed by industry contributions based on the volume of wood harvested from Crown land. Funding levels vary depending on harvest volumes and market prices. Unused funds may be carried forward for use in future years.

Both funding streams are administered by the NB Federation of Woodlot Owners and distributed to the seven Marketing Boards according to a formula agreed upon by the Federation and the Boards.

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

(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 Board defers the grant and recognizes it in the statement of operations as the related expenses are incurred. When a government grant relates to the acquisition of capital assets, the Board recognizes it as deferred capital contributions and amortizes it on the same basis as the related capital assets.

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

(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.

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.

(h) Expense allocation

The Board presents many of its expenses by fund. Expenses directly related to the activities of a fund are charged directly to that particular fund.

The Board allocates wages and salaries and other expenses to the Silviculture program. Total expenses attributable to these funds are apportioned at the end of the year on a pro rata basis using the expenses incurred for payments to producers and stand improvements during the year in both funds. The percentage established for the current year is 19.6% for administrative salaries. In addition, 50% of the General Manager's salary and related benefits are allocated directly to the Silviculture program based on the management's assessment of duties and responsibilities associated with the program. Office supplies and postal expenses are allocated to the silviculture program based on management's estimate of usage, resulting in an allocation of 40% for the current year.

3. SHORT TERM INVESTMENT

	2026	2025
GIC, bearing interest at 2.00% per annum, maturing in March 2026	$ 53,772	$ -
GIC, bearing interest at 2.00% per annum, maturing in April 2026	26,503	-
GIC, bearing interest at 2.00% per annum, maturing in April 2026	26,503	-
GIC, bearing interest at 2.00% per annum, maturing in April 2026	26,503	-
GIC, bearing interest at 2.00% per annum, maturing in April 2026	26,503	-
GIC, bearing interest at 2.00% per annum, maturing in June 2026	108,001	-
GIC, bearing interest at 2.00% per annum, maturing in June 2026	108,001	-
GIC, bearing interest at 2.00% per annum, maturing in June 2026	108,001	-
GIC, bearing interest at 2.05% per annum, maturing in September 2026	50,545	-
GIC, bearing interest at 2.05% per annum, maturing in September 2026	50,545	-
GIC, bearing interest at 2.05% per annum, maturing in September 2026	50,545	-
GIC, bearing interest at 2.00% per annum, maturing in November 2026	207,254	-
GIC, bearing interest at 4.10% per annum, matured in April 2025	-	248,605
GIC, bearing interest at 2.25% per annum, matured in April 2025	-	41,429
GIC, bearing interest at 4.10% per annum, matured in April 2025	-	25,941
GIC, bearing interest at 4.10% per annum, matured in April 2025	-	25,941
GIC, bearing interest at 4.10% per annum, matured in April 2025	-	25,941
GIC, bearing interest at 4.10% per annum, matured in April 2025	-	25,941
GIC, bearing interest at 2.25% per annum, matured in May 2025	-	52,710
GIC, bearing interest at 2.25% per annum, matured in June 2025	-	105,827
GIC, bearing interest at 2.25% per annum, matured in June 2025	-	105,827
GIC, bearing interest at 2.25% per annum, matured in June 2025	-	105,827
GIC, bearing interest at 2.85% per annum, matured in November 2025	-	202,170
	$ 842,676	$ 966,159

4. RESTRICTED CASH

The restricted cash is held in a variable interest savings account. At the year end, the interest rate is 1.40%. The third-party payroll service requires this deposit to be maintained to secure weekly payroll payments.

5. PROPERTY AND EQUIPMENT

	2026			2025
	Cost	**Accumulated amortization**	**Net**	**Net**
Buildings	**$ 153,948**	**$ 114,931**	**$ 39,017**	$ 41,070
Equipment	**365,738**	**342,735**	**23,003**	23,324
Land	**47,180**	**-**	**47,180**	47,180
Paving	**1,595**	**1,420**	**175**	188
Signs	**1,945**	**1,049**	**896**	1,120
	$ 570,406	**$ 460,135**	**$ 110,271**	$ 112,882

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2026	2025
Accounts payable	$ 72,360	$ 173,745
Accrued salaries	1,604	979
Accruals	17,500	8,200
	$ 91,464	$ 182,924

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.

9. CHECK-OFF FEES

	2026	2025
Check off fees indirect - Administration	$ 83,253	$ 105,817
Check off fees direct - Administration	108,011	165,655
Check off fees indirect - Biomass	1,133	605
Check off fees direct - Biomass	166	1,817
Other	15	911
	$ 192,578	$ 274,805

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 in the statement of operations and were $108,011 for the year (2025 - $165,655).

10. 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.

10. FINANCIAL INSTRUMENTS (continued)

(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.

(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.

11. 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.

12. 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

	2026	2025
REVENUES		
Department of Natural Resources	$ 1,038,959	$ 882,365
Contribution from the Forest Management Fund	97,223	66,874
	1,136,182	949,239
DIRECT COSTS		
Administrative expenses	207,791	176,473
Alternative harvesting activities	117,604	102,754
Kingsclear trees cost	93,133	113,148
Management plans	14,336	6,864
Plantation cleaning	104,708	149,980
Planting	192,060	148,170
Pre-commercial thinning	177,052	138,780
Seedlings	64,653	-
Site prep	164,845	113,070
	1,136,182	949,239
EXCESS OF REVENUES OVER EXPENDITURES	$ -	$ -

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 $49,934 (2025: $88,159) to comply with this requirement.

SCHEDULE OF FOREST MANAGEMENT FUND — Schedule 2

	2026	2025
REVENUES		
Forest management levies	$ 106,982	$ 152,167
Woodlot owners' contribution - seedlings	40,175	32,118
	147,157	184,285
EXPENDITURES		
Contribution to the silviculture program	147,157	155,033
EXCESS OF REVENUES OVER EXPENDITURES	$ -	$ 29,252