

**NEWFOUNDLAND HARDWOODS LIMITED**

Auditor's Report

Financial Statements

Year ended March 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

**To the Directors of Newfoundland Hardwoods Limited:**

### **Opinion**

I have audited the accompanying financial statements of Newfoundland Hardwoods Limited which comprise the statement of financial position as at March 31, 2019 and the statement of operations and accumulated surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Newfoundland Hardwoods Limited as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### **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 Newfoundland Hardwoods Limited in accordance with the 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 Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Newfoundland Hardwoods Limited 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 Newfoundland Hardwoods Limited 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 misstatements, 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 my audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 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 Newfoundland Hardwoods Limited 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 Newfoundland Hardwoods Limited 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 Newfoundland Hardwoods Limited 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.



**CHARTERED PROFESSIONAL ACCOUNTANT**

Clareville, Newfoundland  
June 10, 2019

**NEWFOUNDLAND HARDWOODS LIMITED**

Statement of Financial Position

March 31, 2019

	<u>2019</u>	<u>2018</u>
<b><u>Assets</u></b>		
Financial assets:		
Cash	\$ 66,049	67,506
Receivable - Harmonized sales tax	<u>    --</u>	<u>    4,476</u>
Total assets	<u>\$ 66,049</u>	<u>71,982</u>
<b><u>Liabilities and Shareholders' Equity</u></b>		
Liabilities:		
Payables and accruals	\$ <u>1,500</u>	<u>1,500</u>
Total current liabilities	1,500	1,500
Contingent losses (Note 3)	--	--
Commitments (Note 4)	<u>    --</u>	<u>    --</u>
Total liabilities	<u>1,500</u>	<u>1,500</u>
Shareholders' equity:		
Common shares of no par value:		
Authorized an unlimited number; issued and		
fully paid at stated value, 253 shares	25,300	25,300
Accumulated surplus, per accompanying statement	<u>39,249</u>	<u>45,182</u>
Total shareholders' equity	<u>64,549</u>	<u>70,482</u>
	<u>\$ 66,049</u>	<u>71,982</u>

Approved:                     Liane Puce                     Director

                    Judith Dean                     Director

The accompanying notes are an integral part of these financial statements.

**NEWFOUNDLAND HARDWOODS LIMITED**  
Statement of Operations and Accumulated Surplus  
Year ended March 31, 2019

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	<u>2019</u>	<u>2018</u>
Revenue	\$ --	--
Administrative expenses:		
Bank charges	35	48
Professional and consulting fees	2,475	1,775
Licences and fees	110	195
Remediation costs	<u>3,313</u>	<u>29,844</u>
	<u>5,933</u>	<u>31,862</u>
Net loss	(5,933)	(31,862)
Accumulated surplus, beginning of year	<u>45,182</u>	<u>77,044</u>
Accumulated surplus, end of year	<u>\$ 39,249</u>	<u>45,182</u>

The accompanying notes are an integral part of these financial statements.

**NEWFOUNDLAND HARDWOODS LIMITED**

Statement of Cash Flows  
Year ended March 31, 2019

	<u>2019</u>	<u>2018</u>
Cash provided by operating activities:		
Net loss	<u>\$ (5,933)</u>	<u>(31,862)</u>
Changes in non-cash working capital balances:		
Harmonized sales tax receivable	<u>4,476</u>	<u>(4,476)</u>
Decrease in cash	(1,457)	(36,338)
Cash, beginning of year	<u>67,506</u>	<u>103,844</u>
Cash, end of year	<u>\$ 66,049</u>	<u>67,506</u>

The accompanying notes are an integral part of these financial statements.

## NEWFOUNDLAND HARDWOODS LIMITED

### Notes to the Financial Statements

March 31, 2019

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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.

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.