

NEWFOUNDLAND HARDWOODS LIMITED

Auditor's Report

Financial Statements

Year ended March 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Directors of Newfoundland Hardwoods Limited:

I have audited the accompanying financial statements of Newfoundland Hardwoods Limited, which comprise the statement of financial position as at March 31, 2018 and the statement of operations and accumulated surplus and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

Auditor's Responsibility

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit.

Conclusion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Newfoundland Hardwoods Limited as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



CHARTERED PROFESSIONAL ACCOUNTANT

Clarenville, Newfoundland
June 15, 2018

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Financial Position

March 31, 2018

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Financial assets:		
Cash	\$ 67,506	103,844
Receivable - Harmonized sales tax	<u>4,476</u>	<u>—</u>
Total assets	<u>\$ 71,982</u>	<u>103,844</u>
<u>Liabilities and Shareholders' Equity</u>		
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>45,182</u>	<u>77,044</u>
Total shareholders' equity	<u>70,482</u>	<u>104,344</u>
	<u>\$ 71,982</u>	<u>103,844</u>

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

Approved: Lois Poiré Director

Judith Hean Director

NEWFOUNDLAND HARDWOODS LIMITED
Statement of Operations and Accumulated Surplus
Year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
Revenue	\$ <u>—</u>	<u>—</u>
Administrative expenses:		
Bank charges	48	48
Professional and consulting fees	1,775	1,775
Licences and fees	195	75
Remediation costs	<u>29,844</u>	<u>—</u>
	<u>31,862</u>	<u>1,898</u>
Net loss	(31,862)	(1,898)
Accumulated surplus, beginning of year	<u>77,044</u>	<u>78,942</u>
Accumulated surplus, end of year	<u>\$ 45,182</u>	<u>77,044</u>

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

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Cash Flows
Year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
Cash provided by operating activities:		
Net loss	<u>\$ (31,862)</u>	<u>(1,898)</u>
Changes in non-cash working capital balances:		
Harmonized sales tax receivable	<u>(4,476)</u>	<u>—</u>
Decrease in cash	<u>(36,338)</u>	<u>(1,898)</u>
Cash, beginning of year	<u>103,844</u>	<u>105,742</u>
Cash, end of year	<u>\$ 67,506</u>	<u>103,844</u>

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

NEWFOUNDLAND HARDWOODS LIMITED

Notes to the Financial Statements

March 31, 2018

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.