



**Nova Scotia Primary Forest Products Marketing Board  
Financial Statements (unaudited)  
For the Year Ended March 31, 2019**

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**Nova Scotia Primary Forest Products Marketing Board**  
**Statement of Financial Position (unaudited)**

March 31	2019	2018
<b>Assets</b>		
<b>Current</b>		
Due from processors (Note 2)	\$ -	\$ 17,043
Due from Province of Nova Scotia (Note 3)	192,771	122,831
	\$ 192,771	\$ 139,874
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ -	\$ 5,000
Due to bargaining agents (Note 5)	17,782	17,782
	\$ 17,782	\$ 22,782
<b>Net Assets</b>		
Unrestricted Fund	174,989	117,092
	\$ 192,771	\$ 139,874

**Nova Scotia Primary Forest Products Marketing Board  
Statement of Operations (unaudited)**

For the year ended March 31	2019	2018
<b>Revenue</b>		
Processing levies	\$ 52,935	\$ 71,190
Interest on fund balance	5,262	3,074
	<u>\$ 58,197</u>	<u>\$ 74,264</u>
<b>Expenses</b>		
Board member per diems	\$ -	\$ 8,050
Insurance	-	-
Professional fees	300	5,270
Rental	-	35,039
Salaries and benefits	-	247
Supplies and services	-	251
Travel and automotive	-	4,950
	<u>\$ 300</u>	<u>\$ 53,807</u>
Excess of revenues over expenses	\$ 57,897	\$ 20,457
FUND BALANCES - beginning of year	117,092	96,635
FUND BALANCES - end of year	<u>\$ 174,989</u>	<u>\$ 117,092</u>

**Nova Scotia Primary Forest Products Marketing Board**  
**Statement of Operations (unaudited)**

For the year ended March 31	2019	2018
Cash flows from operating activities		
Excess of revenues over expenses	\$ 57,897	\$ 20,457
Items not affecting cash:		
Changes in non-cash working capital:		
Due from processors	17,043	(7,805)
Accounts payable and accrued liabilities	(5,000)	500
Due from Province of Nova Scotia	(69,940)	(13,152)
	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	-	-
Cash, beginning of the year	<u>-</u>	<u>-</u>
Cash, end of the year	\$ -	\$ -

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**Nova Scotia Primary Forest Products Marketing Board**  
**Notes to Financial Statements (unaudited)**

March 31, 2019

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**1. Significant Accounting Policies**

<b>Nature and Purpose of Organization</b>	<p>The Nova Scotia Primary Forest Products Marketing Board "Board" was established in 1972 by the Primary Forest Products Marketing Act.</p> <p>The objectives of the Board are to:</p> <ul style="list-style-type: none"><li>i) to provide for the organization, funding and registration of bargaining agents;</li><li>ii) to provide for the resolution of bargaining disputes;</li><li>iii) to facilitate and support the continued development of the forest resources held by private woodlot owners; and</li><li>iv) to enable private woodlot owners to have a fair share of the available market and receive a reasonable return for the sale of primary forest products.</li></ul>
<b>Basis of Accounting</b>	<p>The financial statements have been prepared using Canadian public sector accounting standards.</p>
<b>Revenue Recognition</b>	<p>The Board follows the deferral method of accounting for contributions.</p> <p>Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.</p> <p>Unrestricted net investment income is recognized as revenue when earned. Restricted net investment income is recognized as revenue in the year in which the related expenses are incurred.</p>
<b>Income Taxes</b>	<p>Income taxes are not recorded in the financial statements as the Board is a non-profit organization for income tax purposes and therefore its' operations are not taxable.</p>
<b>Financial Instruments</b>	<p>Financial Instruments are recorded at fair value at initial recognition.</p> <p>In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable.</p> <p>Financial assets are tested for impairment when indicators of impairment exist.</p> <p>Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p>

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**Nova Scotia Primary Forest Products Marketing Board**  
**Notes to Financial Statements (unaudited)**

March 31, 2019

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**2. Due from processors**

	2019	2018
Louisiana-Pacific Canada	\$ -	\$ 348
Northern Fibre	-	704
Northern Pulp	-	15,991
Port Hawkesbury Paper LP	-	-
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	\$ -	\$ 17,043

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**3. Due from Province of Nova Scotia**

The Nova Scotia Primary Forest Products Marketing Board is related to other departments, agencies, commissions and boards of the Province of Nova Scotia, and all expenditures are made out of the same account. Funds held by the Province on behalf of the Nova Scotia Primary Forest Products Marketing Board are presented as a receivable in the statement of financial position. Interest of 4.03% (2018/19 - 3.07%) is recorded on this fund annually. Rates are set by the Province.

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**4. Economic Dependence**

The Nova Scotia Primary Forest Products Marketing Board is economically dependent on levies from Northern Pulp Nova Scotia Corporation, which constitutes 64% of annual processing levies received by the Board in 2019.

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**5. Due to Bargaining Agents**

In 2011 the Nova Scotia Primary Forest Products Marketing Board received funds totalling \$17,782 on behalf of the NS Landowners and Forest Fibre Producers Association. As a result of the failure of the NS Landowners and Forest Fibre Producers Association to comply with the requirement to provide annual audited financial statements to the Board these funds are being held back.

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**Nova Scotia Primary Forest Products Marketing Board**  
**Notes to Financial Statements (unaudited)**

March 31, 2019

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## **6. Financial Instruments**

### **General Objectives, policies, and processes**

The Board of Directors has the overall responsibility for the determination of the Board's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for maintaining operating processes to representatives of the Province of Nova Scotia. The Board has been inactive, with no Board appointees, since February 26, 2018.

The Board's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, and liquidity risk.

Operating processes continue to be maintained by representatives of the Province of Nova Scotia. Consequently, there have been no significant changes from the previous year in the exposure to risk, policies or procedures used to manage financial instrument risks.

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Board is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Board's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts and contributions receivable from processors. The Board has a limited number of processors.

There have not been any changes in the risk from the prior year.

### **Liquidity Risk**

Liquidity risk is the risk that the Board will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Board will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Board is exposed to this risk mainly in respect of its accounts payable.

Due to its inactive status, the Board does not currently conduct a planning and budgeting process to help determine the funds required to support the Board's normal operating requirements on an ongoing basis. The Board's inactive status has resulted in very low operating costs. Financial obligations are paid from the Due from Province of Nova Scotia account.

Liquidity risk has changed from high in prior year to low in current year as the Board experienced a surplus of revenue over expenditures in the past 3 years. The Board's inactive status has resulted in fixed costs being reduced to almost nil. The balance in the unrestricted fund is adequate to address any liquidity issues over the medium term.

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