

# Nawiinginokiima Forest Management Corporation

2024-25 Annual Report



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Nawiinginokiima Forest  
Management Corporation

## Chair's Message

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The NFMC Board is pleased with the efforts and outcomes over the past fiscal year. The temporary closure of the Terrace Bay mill late last fiscal year, created uncertain times for the management area, as we faced a lack of demand in not only hardwood, but also pulpwood and sawmill residual chips; something that never occurred before during NFMC's tenure.

Our industry stakeholders were resilient during this time and found solutions that allowed them to move forward in both the short and mid-term, while keeping their businesses viable and efficient. NFMC worked hard at keeping costs low and competitive as well, without compromising our responsibilities as an SFL holder. A long-term solution is still something we all need to explore and find. The Board envisions strong efforts will be made by the Agency at searching and trying to attract new investment in the area that will provide long-term answers, should the pulp mill not re-start. Our Strategic Plan is our guiding document, and it was written with a focus on current and future potential of the industry, we will continue to follow this direction in the years ahead.

This fiscal year will also mark the last for the NFMC Board as currently formed. While three of our members will seek re-appointment, there will be a change in the Chair and Vice-Chair positions, as well as two of our Board members deciding to not seek re-appointment. This change will create opportunities for innovative discussions and views amongst the Board, and I look forward to working with everyone as we progress into the new fiscal year.

In conclusion, it is important to recognize the efforts made by Julie and Tina as Board members. Tina has been a Board member of NFMC for the past 11 years as a representative of the Town of White River, while Julie was the representative of the Township of Hornepayne and has been an NFMC Board member for over 8 years. I want to personally thank them and commend them for their dedication and effort during their tenure, which has helped NFMC become the strong and viable Crown Agency it is today. I wish them the best in their future endeavours.

Respectfully,



Laird Van Damme, on behalf of the Board of Directors  
Nawiinginiima Forest Management Corporation



## General Manager's Message

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Coming into the fiscal year, we were hopeful that the Terrace Bay mill would re-open and thus assist our forest industry rebound from a tough few months, but while that did not materialize and the mill continues to remain idle, NFMC and its industry stakeholders were able to navigate the economic conditions and come through with renewed optimism for the future.

Our harvest levels decreased significantly as the pulp mill remained closed for the whole fiscal year but the demand from our sawmills stabilized in early 2025. Coming into the year, we curtailed our operations to reflect the potential of not having a pulp demand in the forests, this enabled us to closely match our budget operating expenditures. We provided the forest management services expected from us while keeping the management fee on the forests competitive when compared to neighbouring SFLs.

From a financial perspective, NFMC had an unexpected profit (almost \$1.8M), this was in large part the result of a recovered bad debt from prior year, as well as underspent Strategic Initiatives Program budget. The remaining revenue and expenditures were in-line with budgeted expectations.

Our Silviculture program was smaller when compared to historical trends, as we planted 3.4 million trees. This is due to the lower harvest levels both the Pic and White River Forests have been experiencing for the past number of years, which is a direct correlation to the size of our renewal program. While our expenditures in our Scholarships and Sponsorship Programs matched the levels from prior years, we underspent in the Strategic Initiatives Program mainly due to the lack of applications. This is something we are actively putting additional effort into as investing in our Industry and Communities through this program, is currently the main tool NFMC has to provide local economical development opportunities and meet its strategic goals.

In conclusion, our staff's commitment to NFMC's Strategic Plan remains unchanged. We realize that the challenges we face provide great opportunities for our Industry stakeholders and Community partners. We remain financially in a strong position and will make great efforts at attracting and finding new opportunities for our management area, while ensuring we continue to meet the expectations and responsibilities of the Crown Agency.

Sincerely,



Carmelo Notarbartolo, General Manager  
Nawiinginiima Forest Management Corporation



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## Background

### Company Overview

NFMC is the first Ontario local forest management corporation (LFMC) established under the *Ontario Forest Tenure Modernization Act, 2011* (OFTMA). NFMC was established through the passage of Regulation 111/12 under the *OFTMA, 2011* on May 29, 2012.

NFMC's management area in 2023-24 remained static and is comprised of two forest management units (FMUs): Pic Forest and White River Forest (see Figure 1). While the original concept of the NFMC included the Nagagami forest, the Board has decided to not pursue the license for that forest and therefore changes to our management responsibilities are not expected for the near future.

NFMC, a classified operational enterprise Crown Agency, is self-financing with the mandate to sustainably manage the forests within its mandated area, and to harvest, market, and sell the associated available wood supply. Forestry activities on the Pic and White River Forests are carried out under the authority of approved Forest Management Plans (FMPs). These activities are subject to an Independent Forest Audit (IFA) and the audit results are available to the public for review.

### Letter of Direction

As outlined within its 2024-29 Strategic Plan, NFMC will strive to be recognized as a leader in sustainable forest management by implementing its vision to “be recognized as a leading steward of our forests, fostering a sustainable and harmonious coexistence between people and nature.”

In October 2023 NFMC received a Letter of Direction from the provincial government that outlined the requirements for the Crown Agency in 2024-25. Requirements are outlined in Figure 2 below.



Figure 1. Map of NFMC management area as of March 31, 2024

1. Competitiveness, sustainability, and expenditure management.
2. Transparency and accountability.
3. Risk management.
4. Workforce management.
5. Diversity and inclusion.
6. Data collection, Share and Use.
7. Digital delivery and customer service.
8. Sustainably managing the Pic and White River Forests, including the development and implementation of Forest Management Plans.
9. Marketing and selling wood through negotiated and open-market sales to generate sufficient revenue to cover the agency's activities, maintain its operating reserve, and provide Crown timber sales and pricing information.
10. Maintaining a functioning board of directors and engage the committees outlined in the corporation's bylaw #1 (e.g., Advisory, Governance, Finance, etc.) and additional board subcommittees, as required.
11. Continuing to implement the outcome of the 2022-2023 mandate review.
12. Continuing to implement strategic initiatives that focus on local and Indigenous community economic development and continuing to create public awareness of NFMC's achievements, forest stewardship, and economic development opportunities with respect to forestry in NFMC's management area.
13. Promoting a strong working relationship with the Ministry of Natural Resources and Forestry, other federal and provincial government departments, Indigenous and local communities.
14. Beginning to implement NFMC's 2023-2028 Strategic Plan.
15. Continuing to provide training opportunities to the board and orientation to new board appointees, so that its members are informed of their roles, responsibilities, and powers, as well as their role in the relationship with the ministry, including when there is a potential conflict of interest.

Figure 2. Letter of Direction for NFMC

In addition to government-wide priorities, NFMC is expected to work towards tasks that mirror the objects of the LFMC detailed in the OFTMA (see Figure 3). NFMC's progress at addressing the Letter of Direction as well as the LFMC's objects are highlighted throughout the remainder of this Annual Report.

### **Mission Statement**

NFMC's mission statement as outlined in its 2024-29 Strategic Plan, mirrors the objects of the LFMC per Figure 3.

1. To hold forest resources licences in accordance with legislation and to promote the sustainability of our forests.
2. To provide for economic development opportunities for Indigenous peoples.
3. To become a self-sustaining business entity and to optimize the value from forest resources while recognizing the importance of local economic development.
4. To market, sell and enable access to a predictable and competitively priced supply of Crown forest resources.

Figure 3. LFMC objects per the OFTMA

### **Environmental Policy**

NFMC recognizes environmental protection as one of the Agency’s primary drivers, as well as a key component of sound business performance. The Agency has an established Environmental Policy (Figure 4) with an ongoing commitment made to providing quality forest products and related services in a manner that minimizes the potential impact on the environment. In addition, NFMC will continue to operate in compliance with all relevant federal, provincial, and municipal environmental legislation and strives to use pollution prevention and environmental best practices. The Environmental Policy states that NFMC will:

1. Integrate the consideration of environmental concerns and impacts into all Agency decision making and activities.
2. Promote environmental awareness among our employees and encourage them to work in an environmentally responsible manner.
3. Train, educate, and inform our employees about environmental issues.
4. Where required by legislation or where significant health, safety or environmental hazards exist, develop and maintain appropriate emergency and spill Standard Operations Procedures.
5. Regularly communicate our Environmental Program to clients, customers, and the public, and encourage them to support it.
6. Commit to the advancement of sustainable forest management practices and continuing third-party certification on NFMC management area.
7. Strive to continually improve the Agency’s environmental performance by periodically reviewing the NFMC Environmental Policy considering our current and planned future forestry activities.

Figure 4. Environmental Policy Tenets

### **Strategic Direction**

The Board has in place an approved strategic plan titled “Working Together – Strategic Plan 2024-2029.” The Strategic Plan established NFMC’s priorities for the 2024-2029 period. At a high level, the Strategic

Plan’s areas of focus include forests, indigenous communities, governance, economic development, and research and development. This plan is reviewed and discussed annually, and changes are considered and may be made based on the current economic conditions surrounding NFMC as well as the current government priorities.

## Agency Governance & Staffing

### Corporate Governance

NFMC has a Memorandum of Understanding (MOU) with the Ministry of Natural Resources (MNR). Updated in February of 2025, the MOU outlines the responsibilities of the Minister, Deputy Minister, Chair of the Board, Board members, and the General Manager (GM).

The GM is accountable to the Board, via the Chair, for the management of the Agency’s operations and staff, while ensuring compliance with all applicable Acts, regulations, and directives. The Board, in turn, is accountable to the Minister of the MNR, again via the Chair, for: the oversight and governance of the Agency, setting goals, objectives, and the strategic direction for the Agency all while ensuring compliance with all applicable Acts, regulations and directives.

### Board of Directors

NFMC’s current Board (Figure 5) includes representatives from Manitouwadge, Marathon, White River, Biigtigong Nishnaabeg First Nation, Hornepayne, Netmizaaggamig Nishnaabeg First Nation, and a member-at-large (who broadens the Board’s functional knowledge base). NFMC is attentive to individuals that could contribute to the Agency and serve as a potential Board member either representing their home community or as a member at large.

NAME	POSITION	TENURE	COMMUNITY	2024-25 REMUNERATION
Laird Van Damme	Chair	20/08/23 – 19/08/25	At large	\$ 6,450
Adam Brown	Vice-Chair	02/07/23– 01/07/25	At large	\$ 1,700
Tina Forsyth	Director	28/06/23 – 27/06/25	White River	\$ 787.50
Jesse Gaudette	Director	06/08/23 – 05/08/26	Netmizaaggamig Nishnaabeg First Nation	\$ 0
Grant Goodwin	Director	30/07/23 – 29/07/25	Manitouwadge	\$ 787.50
JoAnne Michano	Director	06/08/23 – 05/08/26	Biigtigong Nishnaabeg First Nation	\$ 0
Julie Roy-Ward	Director	02/05/22 – 01/05/25	Hornepayne	\$ 262.50

Figure 5. NFMC Board membership as of March 31, 2025

In accordance with the OFTMA, the NFMC Board of Directors have established four standing committees. The purpose of each committee is outlined below in Figure 6.

<p><b>Audit and Finance Committee</b></p> <p><b>Purpose:</b> The Audit and Finance Committee is responsible for ensuring that appropriate controls and accountability exists within the Agency with respect to audit, finance, and areas of material risk.</p> <p><b>Chair:</b> Laird Van Damme <b>Members:</b> All Board members <b>Non-Voting Member:</b> Jory Caruso</p>
<p><b>Governance Committee</b></p> <p><b>Purpose:</b> The Governance Committee provides advice and recommendations on governance matters, including Board Vacancies</p> <p><b>Chair:</b> Laird Van Damme <b>Members:</b> All Board members <b>Non-Voting Member:</b> Carmelo Notarbartolo</p>
<p><b>Indigenous Relations Committee</b></p> <p><b>Purpose:</b> The IRC was created to build, maintain, and strengthen NFMC’s relationships with our local Indigenous communities and organizations.</p> <p><b>Chair:</b> Laird Van Damme <b>Members:</b> Jesse Gaudette and JoAnne Michano <b>Non-Voting Member:</b> Carmelo Notarbartolo</p>
<p><b>Performance Management &amp; Human Resources Committee</b></p> <p><b>Purpose:</b> The Performance Management &amp; Human Resources Committee provides advice and recommendations on matters relating to performance management and human resources.</p> <p><b>Chair:</b> Adam Brown <b>Members:</b> Laird Van Damme, Jesse Gaudette, and JoAnne Michano</p>

### **Advisory Committees**

**Purpose:** Also, in accordance with NFMC’s By-law #1, the Board may establish a Stakeholder Advisory Committee whose membership will consist of individuals other than the current members of the Board. The Stakeholder Advisory Committee is intended to provide advice and recommendations to the Board on matters related to the Agency.

**Chair:** To be determined

**Members:** To be determined

Figure 6. NFMC Board committees

Biographies of Board members can be found on the NFMC webpage: <https://nfmforestry.ca/staff/>.

### **Agency Location**

NFMC’s primary office is located in Marathon, Ontario. The contact information for NFMC is:

#### **Mailing Address**

PO Box 1479  
14 Hemlo Drive  
Marathon, ON P0T 2E0

#### **Contact Information**

Phone: 807-229-8118  
Website: [www.nfmforestry.ca](http://www.nfmforestry.ca)  
General inquiries: [contact@nfmforestry.ca](mailto:contact@nfmforestry.ca)

NFMC also maintains a satellite office in White River, Ontario to support operations on the White River Forest.

### **Agency’s General Manager**

The GM, who also acts as the Chief Executive Officer, reports to the Board of Directors. The GM is responsible for the day-to-day management of NFMC including: the financial, analytical, and administrative affairs of the Agency in accordance with the Agency Letter of Direction, the Minister’s Directives, applicable government directives, accepted business and financial practices, and the MOU with the Minister.

NFMC has established its own human resource related policies such as the Compensation Strategy and Executive Compensation Framework. The Agency is directly responsible for the terms and conditions of employment and health and safety in accordance with its human resource and health and safety policies and applicable provincial and federal legislation and subject to approval by the Board. NFMC is subject to all applicable Government of Ontario directives.

### **Agency Staff**

The organizational structure for NFMC (Figure 7) has been designed to be scalable and flexible to accommodate the needs of the Agency. NFMC maintained staffing levels in 2024-25 and does not expect significant changes in 2025-26. This flexibility of staffing levels is an important tool for the GM to manage costs and operational risks associated with the current business climate in NFMC’s management area.

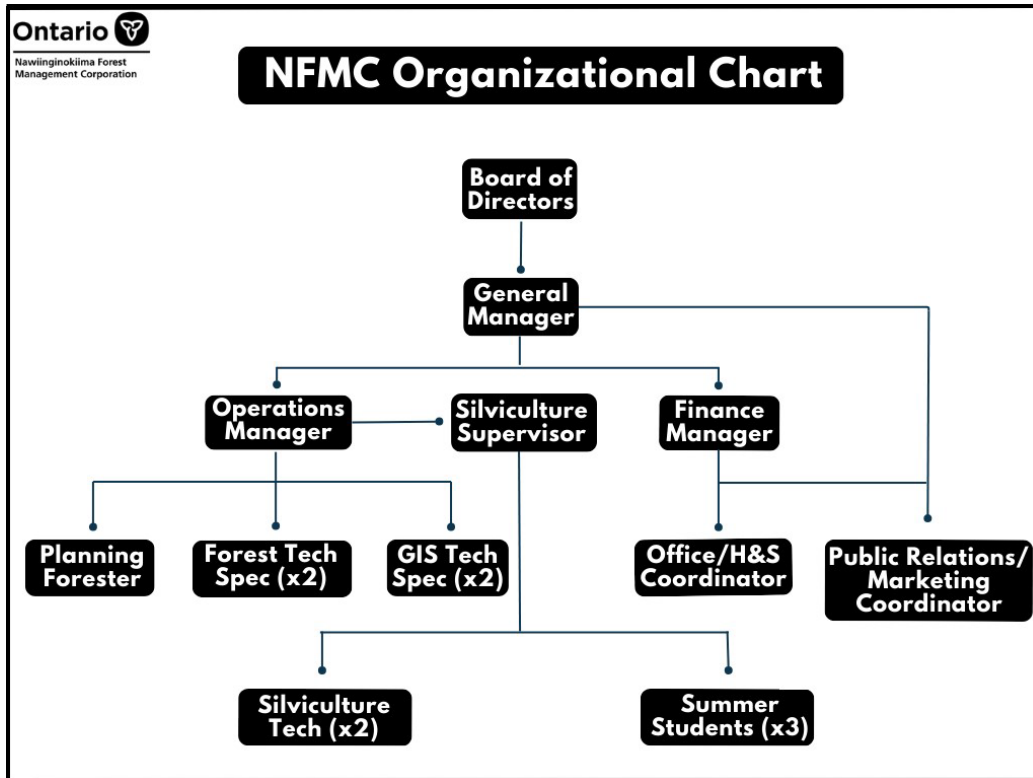


Figure 7. NFMC organizational chart as of March 31, 2025

NFMC’s management team strives to make the Agency’s work culture respectful, progressive, and inclusive.

NFMC has recognized that there is a large pool of knowledge available from consultants/service providers/subject matter experts from which it can draw. NFMC will continue to use consultants for specialized tasks where NFMC’s staff may not possess adequate experience/knowledge or have the resources to complete.

The management team includes the Operations Manager and the Finance Manager. The Operations Manager, with the assistance of the Planning Forester, Forest Technicians, and GIS Technical Specialists, is responsible for the oversight and implementation of the Agency’s forestry operations. These responsibilities include adherence to FMPs and all associated legislation and regulations, ensuring required annual reporting is completed within proper timelines, and ensuring health and safety protocols are in place by contractors on the FMUs.

The Finance manager, who also acts as the Chief Financial Officer of the Agency, is responsible for the oversight and implementation of all the financial responsibilities, including the planning and preparation of the Annual Business Plan (ABP) and adhering to all directives applicable to the Agency.

The Silviculture Supervisor, who reports to the Operations Manager, ensures (with the assistance of Silviculture Technicians) that the NFMC forests meet the forest renewal and sustainability requirements set out by the MNR, as well as third-party certification programs such as Forest Stewardship Council (FSC®), through the planning and oversight of the renewal activities on the FMUs.

### **Training & Professional Development**

NFMC is committed to supporting training initiatives to improve health and safety or environmental performance for its employees and stakeholders. NFMC has been working at facilitating training opportunities to assist local contractors.

### **Agency Health & Safety**

NFMC's management and its Board of Directors are committed to the health and safety of its employees and all who are involved in forestry and silviculture operations on its management area. As such, health and safety is NFMC's primary operational priority. NFMC continuously strives to create awareness of safety risks found specifically in forestry operations, especially the risks of driving on forest access roads.

NFMC is also committed to having an accident-free workplace through its endorsement and effective administration of its Workplace Safety North (WSN) certified Health and Safety Program (H&SP). NFMC's H&SP was re-certified by WSN during the year. The comprehensive H&SP is tailored to adhere to provincial safety legislation and the Occupational Health and Safety Act (2024). NFMC considers its H&SP an evergreen document and it is continually updated to ensure continued employee and contractor safety.

To further encourage safe work practices in forestry, NFMC has established a partnership with WSN to provide complementary health and safety training courses to the various stakeholders/contractors operating within its management area.

### **Agency Program Activities**

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The program activities of NFMC are guided by the conditions of the SFLs it holds, consistent with the requirements of the CFSA and the OFTMA. NFMC has four forestry program areas:

- i. Forest management planning.
- ii. Forest operations (including harvesting, renewal programs, roads, and compliance).
- iii. Economic development initiatives.
- iv. Timber sales and marketing.

In 2024-25, 382,000 m<sup>3</sup> of wood was delivered from the Pic and White River Forests to receiving mills- summarized in Figure 8. This is a decrease from the previous year when NFMC delivered 536,000 m<sup>3</sup>. This decrease can be attributed to the Terrace Bay pulp mill announcement in January 2024 that they are "temporary idling".

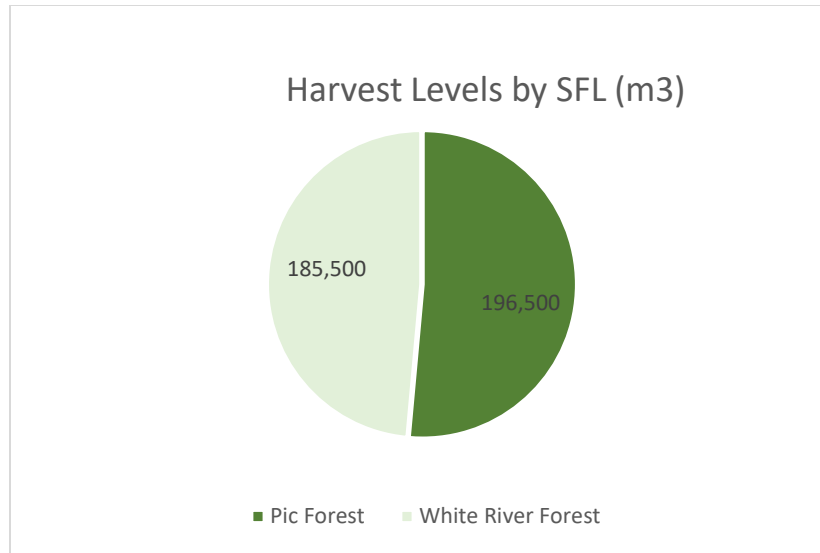


Figure 8. NFMC harvest levels by SFL in 2024-25 (in m<sup>3</sup>)

NFMC’s primary customers have not changed from prior years. Customers consist of: AV Terrace Bay Inc. (currently idled), Lecours Lumber Co., Levesque Plywood Limited, White River Forest Products, and Hornepayne Lumber LP.

While each of NFMC’s customers are responsible for securing contractors to harvest wood, NFMC continues to explore strategic initiatives to increase contractor and mill capacity.

MILL	LOCATION	PRODUCT
AV Terrace Bay	Terrace Bay	Pulp/biomass
Hornepayne Lumber LP	Hornepayne	SPF lumber
Lecours Lumber Co. Ltd.	Calstock	SPF lumber
Levesque Plywood Ltd.	Hearst	Poplar veneer
White River Forest Products Ltd.	White River	SPF lumber

Figure 9. NFMC primary customers (locations and products)

### Forest Certification

NFMC maintained its FSC® certification on the White River Forest in 2024-25. NFMC continues to explore options and determine how to proceed on the Pic Forest since it has not been third party certified for the past two years. Part of its review, NFMC is also considering other certification options.

NFMC’s voluntary third-party certification of the forests under its management has always been considered a major accomplishment that demonstrates its commitment to manage its forests sustainably, support its industry partners, and help facilitate local community and First Nation economic development. NFMC staff work hard to ensure the annual surveillance audits are successfully completed. This includes work by operations staff to safeguard the Agency’s renewal and harvesting activities, comply with its commitments, as well as planning and support staff for the audit teams.

## **Forest Product Markets**

NFMC supplies four main forest products: lumber, panel, pulp and paper, and forest biomass. Pulp and lumber prices have fallen substantially from levels seen in recent years; this has put pressure on NFMC's softwood customers.

During the 2023/24 fiscal year, Ontario saw two pulp mills go idle, one which is a large customer of NFMC's. This has created a supply shortage into 2024/25 which has resulted in an increase in pulp prices.

Initially, the pulp mill idling in Ontario had a negative effect on sawmills as a major purchaser of residual wood chips had closed. However, during 2024/25 local sawmills were able to find solutions to help take pressure off them financially. At this time, these appear to be short to mid-term solutions and therefore efforts must be made to look for long-term solutions, including new investments, customers and emerging markets.

The upcoming year's projections may vary greatly due to the issues discussed as well as on going tariffs imposed by the United States of America which is a large consumer of the Canadian softwood lumber. NFMC must prepare for another uncertain year, with little historical precedence in these circumstances.

## **Community Engagement & Supporting Local Communities**

NFMC has continued to increase its community outreach and face-to-face meetings with stakeholders. The efforts have resulted in a continued increase in uptake for our available Programs. NFMC was able to donate over \$29K toward local community events and sponsorships, award \$42K in scholarships to college and university students from the local management area.

NFMC's Board approved strategic initiatives in the amount of \$260k in 2024/25 assisting local businesses in the forestry sector (including First Nation owned businesses).. NFMC also incurred \$125k in internal strategic initiative costs.

We will continue to leverage our Programs to assist with challenges our Industry is facing and improve the quality of life our communities offer. 2025/26 looks like a year where NFMC makes strides in it's strategic initiative program with several larger proposals for the Board to review and approve.

NFMC's social media presence is mainly used as a means for the Agency to reach out to the communities and residents within its management area. Our accounts include X, Facebook, Instagram and our NFMC webpage. These are being leveraged to create awareness of NFMC activities, positive impacts of forestry within the management area, and advertising staffing vacancies within the Agency.

## **Contributions to the Local Economy**

NFMC's mandate includes providing economic development opportunities for local communities and First Nations. NFMC developed a Procurement Policy with this in mind. NFMC sought, where possible, to source supplies and services from First Nations, local, and regional vendors. During the current fiscal year, NFMC directly contributed over \$2.85 million to the local and regional economy.

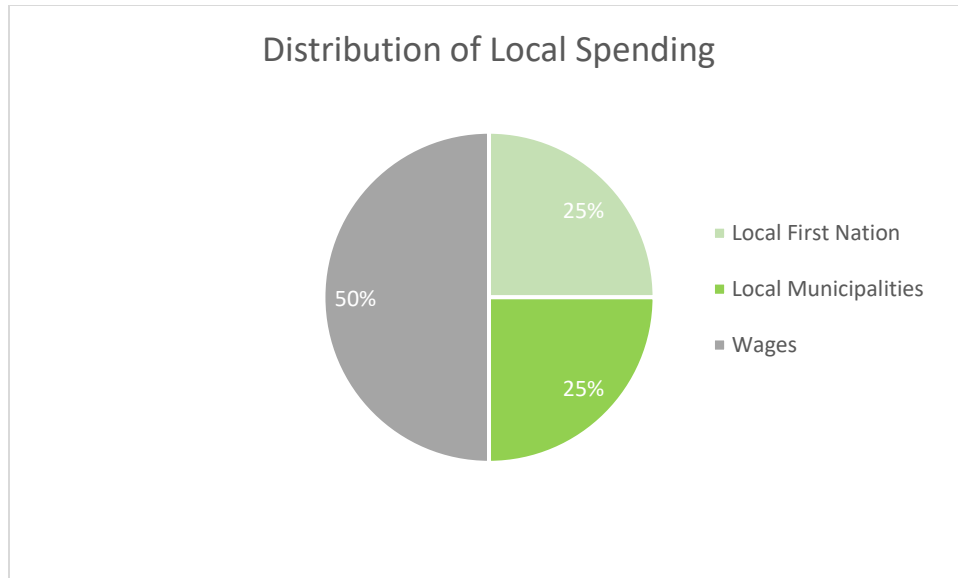


Figure 10. Breakdown of local spending in 2024-25

NFMC purchased goods and services from local First Nations valued over \$650k including its support through strategic initiatives. NFMC purchased another \$0.7 million from vendors within or surrounding its management area located in Municipalities. In addition to purchases listed, NFMC paid almost \$1.5 million in wages and salaries that were spent in local communities (Figure 10).

## **Analysis of Operational Performance**

### **Performance Measures**

NFMC will continue to develop operational performance measures and targets to ensure the achievement of its goals and objectives as well as the achievement of the objectives for the Agency (as described in the OFTMA). NFMC's performance measures and achievements are outlined below and are consistent with ones outlined in the Agency's ABP.

- i. World class forest management company
  - Maintained third-party FSC® Certification on the White River Forest.
  - Completed renewal programs on both forests consistent with the expectations of the Forest Management Plans and Annual Work Schedules.
  - Continue our partnership with a Canadian company on the testing of semi-autonomous solutions for potential future forestry uptake; the uptake will be dependant on the success of the pilot project and future legislative changes.
  - Began work on silviculture trial area to review the effects of climate changes on new seedlings and consider southern species for future tree plant programs if successful.
- ii. Financially Self-Sufficient
  - Cash on hand (including reserves and investments) on March 31, 2025, is over \$31 million.

- NFMC's operating reserve is set at almost \$12 million as of March 31, 2025, consisting of funds that are segregated.
  - NFMC has pursued investment opportunities which align with the Ontario Forest Tenure Modernization Act, 2011 to help sustain purchasing power and boost capital.
- iii. Extending scope of usage
- Commitment volumes made available but not fully utilized due to operational factors and conditions facing NFMC customers.
- iv. Meeting governance requirements
- Timely submission for all Agency requirements to MNR throughout the fiscal year.
  - Posted required reports to its website, including travel, meal and hospitality expenses, MOU with Minister, and other reports for public disclosure.
  - Governance training provided to Board members when required or requested.
- v. Building new local forest related industry
- Provided Strategic Initiatives Program assistance to First Nation businesses working in the harvesting, road building and maintenance sectors. This will assist with the long-term goal of increasing capacity within the industry and maximizing the value of Crown resources.
  - Awarded Strategic Initiatives Program applicants with financial support just under \$700k in the fields of harvesting, road building and road construction, creating new employment, and expanding local services.
  - Making progress on a tool to identify the unused resources on the management area to provide a potential future investor, the initial information required to determine the ideal location for infrastructure and potential costs to bring product from forest to manufacturing plant.
- vi. Establishing a new baseline for First Nation engagement
- Moved forward on strategic initiatives related to road maintenance with a local First Nation.
  - NFMC Board maintains representatives of both Netmizaaggamig Nishnaabeg First Nation and Biigtigong Nishnaabeg First Nation.
  - Submitted an economic development agreement to the Crown.
  - Maintained an Indigenous Relations Committee.
- vii. Engaging the community in forestry
- Board included representatives from Marathon, Manitouwadge, Hornepayne, and White River as well as at large members.
  - Staff attended community educational events and tradeshow across the region including Marathon, Manitouwadge, Terrace Bay, Longlac, Wawa and Thunder Bay.

- NFMC awarded 16 scholarships, for a total value of \$42K to local students under its Scholarship Program. The Program is open to students from NFMC communities studying relevant fields.
- NFMC maintains active social media accounts as well as its website and uses these tools as our means of regular communication with local residents including information related to NFMC’s operations, raising awareness of the positive impacts of forestry in our region, and employment opportunities within the Agency.
- NFMC is a member of the Ontario Forest Industry Association, which serves to provide a unified voice to the government and other industrial and business sectors.

### Operational Performance

NFMC’s core business and primary performance measures consist of harvest volume, renewal programs and financial results. During the 2024-25 fiscal year, the merchantable volume harvested on the NFMC management area was 382,000 m<sup>3</sup>. This volume was below the budget of 642,000 m<sup>3</sup>, which included 320,000 m<sup>3</sup> in volumes to the since idled Terrace Bay pulp mill.

Global demand remained strong and prices for lumber and NBSK have stabilized and ticked up to an extent. However, with the inflation Canada has experienced over the last few years and the current United States of America trade policies, mills are dealing with challenges to remain profitable.

In addition, shortages in human resource capacity throughout the supply chain (at the mills, in the harvesting sector as well as the trucking power), created a tough and unpredictable local economic climate.

Most of NFMC’s delivered volume is softwood, which accounted for almost 95 percent of deliveries (Figure 11). Softwood demand has remained strong over the past few years and is projected to continue as mills require fibre from NFMC’s FMUs to remain operational at ideal production levels. Identifying markets for biomass and merchantable hardwood remains a challenge within our management area and there is hope recent interest shown by new investors may spark changes on this front in future years.

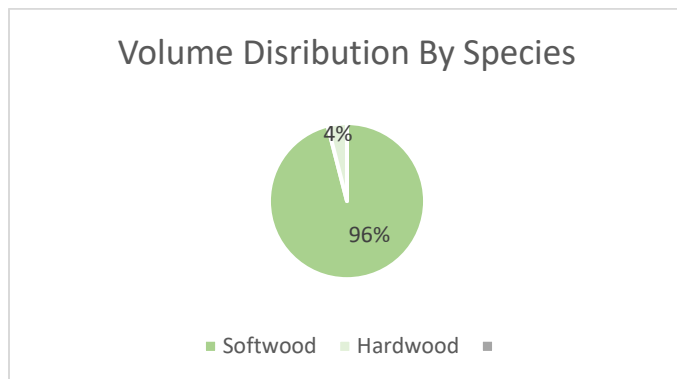


Figure 11. Volume distribution by species type 2024-25

NFMC provides fibre to mills from Terrace Bay to White River to Hearst. There are four softwood sawmills, one softwood pulp mill, one hardwood veneer facility and two plants that use biomass in or adjacent to its management area (see Figure 9 on page 12).

NFMC's primary customers White River Forest Products Ltd. And Lecours Lumber, which together accounted for more than 60 percent of delivered volume from NFMC's management area (Figure 12).

NFMC's objective to grow forest operations activities to better achieve its mandate requires implementation of key operational strategies including the development of new/additional forest access roads and supporting/attracting logging contractors. These strategies represent significant investment of human and financial capital and are at various stages of development.

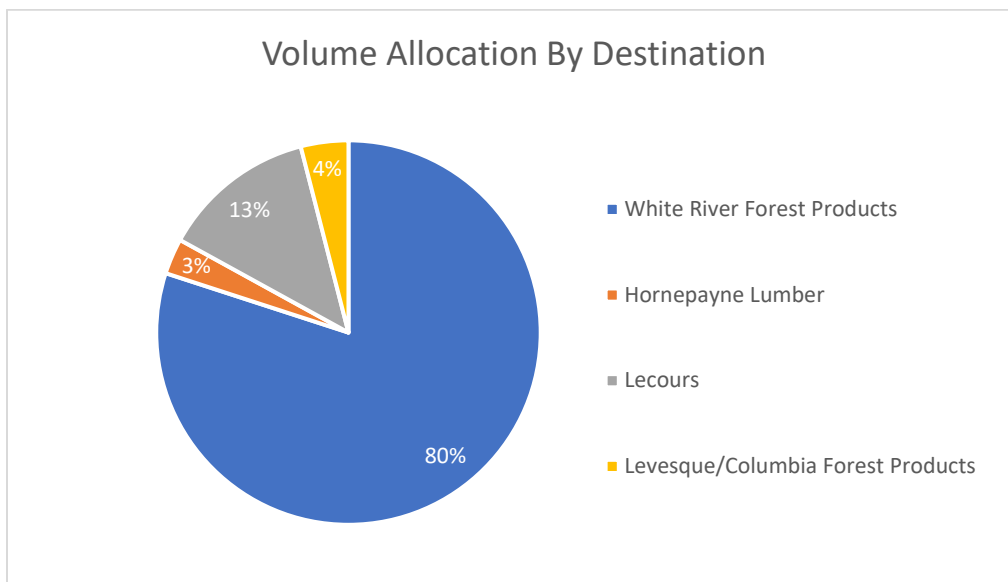


Figure 12. Volume distribution by destination 2024-25

NFMC has continued to maintain the Caramat-Manitouwadge "Industrial Road" for the Ministry of Transport Ontario (MTO). NFMC utilizes a local First Nation contractor to maintain the Road thus providing an economic opportunity to the First Nation's community. The NFMC's webpage regularly posts updates on the condition of the Industrial Road to advise the public of travel conditions. The updates also identify areas of the Road that may require maintenance.

Forest management activities were carried out with support from qualified service providers to facilitate ongoing forest operations including any required amendments to FMPs and revisions to AWSs.

NFMC's Silviculture Program spending from the Forest Renewal Trust (FRT) for 2024-25 was almost \$2.5 million. The Pic Forest's expenditures were \$1.8 million, and the White River Forest's expenditures were

\$0.7 million. NFMC continues to manage its Silviculture Program with the objective of achieving improved results and cost control through the timely treatment of harvest blocks, Free to Grow surveys, etc.

Due to issues with NFMC’s customers business and harvest operations, both the Pic Forest and White River Forest renewal balances are currently below minimum balance. NFMC has been in discussions with the MNR on how to address this. Renewal rates on softwood were set at \$7.50/m3 on the Pic Forest and \$7.50/m3 on the White River Forest. The NFMC’s 2024-25 Silviculture Program included the activities shown in Figure 13.

<b>PROGRAM</b>	<b>QUANTITY</b>
Planting	3,365,000 trees
Stock Production	2,100,000 trees
Mechanical Site Preparation	76 hectares
Slash Management	23.5 km
Chemical Site Preparation	93 hectares
Tending	1,390 hectares

Figure 13. 2024-25 Silviculture Program Activities

## **Analysis of Financial Performance**

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The Agency appointed an independent auditor to review the accounts and financial transactions of the Agency for 2024-25. NFMC is a Crown Agency and operates on a cost recovery basis and is exempt from income taxes under the federal *Income Tax Act*.

Market conditions were relatively strong in 2024-25; however, local issues resulted in NFMC’s timber sale revenue to fall short of budget and 2023-24’s figure.

While local challenges existed, NFMC was still able to record a net profit of \$1.77 million in 2024-25 (2023-24 net income \$0.3 million) due to limited strategic initiative opportunities, recovery of bad debt and increased interest revenue.

### **Balance Sheet**

NFMC increased its cash and investments position by \$1.9 million to \$31.3 million during the 2024-25 fiscal year. The balance of accounts receivable at the end of the audit period was \$2.2 million, of which \$350k is presented as long-term.

During the year, NFMC made some minor additions to its property, plant, and equipment. The Agency purchased computers and laptops with a value of \$6k. Property, plant, and equipment are recorded at cost less accumulated amortization.

Liabilities at year-end were \$1.1 million and are primarily related to Crown dues and wages and benefits.

Since NFMC was issued the SFL for the Pic Forest in 2017-18, the Agency has increased its operating reserve to almost \$12 million. The operating reserve provides NFMC's management with funds to cover approximately five years of regular operations.

## **Revenues**

Revenues from management fees and forest renewal charges are recognized when wood is delivered. Revenues from the FRFP were recognized when the invoice was submitted for reimbursement.

Revenue in 2024-25 totaled \$6.8 million, which was slightly lower than the previous year. While volumes were lower in 2024-25 year vs 2023-24, NFMC collected more Roads, FRT and Interest income in the fiscal year.

The largest contributors to revenue in 2024-25 were Timber Sales Charges of \$1.6 million, forest access roads recovery of \$2.9 million, \$0.75 million on administrative revenue and \$0.9 million in interest income. NFMC also recorded over \$0.4 million in revenues to maintain the Industrial Road, which is included in forest access roads recovery. The Industrial Road is an important throughfare for the industry to move wood from one side of the FMU to the other and it is also used by local residents for travel and recreation purposes.

## **Expenditures**

NFMC has seen inflationary pressures on certain line items. However, management has been able to manage these pressures to keep costs at or under the Board's imposed budget and less than the previous fiscal year.

Wages and benefit costs incurred during the audit period totalled over \$1.4 million, higher than 23-24 due to salary adjustments. NFMC incurred just over \$205k in staff vehicle, mileage, and travel expenses during the year.

The largest expenditures during the period were for road construction and maintenance costs totalling over \$2.9 million, costs which were recovered during the year from the FRFP or the MTO Industrial Road Agreement. NFMC also began to examine and plan for future capital expenditures to improve access to new harvest areas for existing and potential new customers and replace some of the aging infrastructure on the FMUs.

## **Risk Events & Mitigation Strategies**

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As a Crown Agency, there is a need to regularly identify, assess, and manage any risks that may impact NFMC, the MNR and/or government objectives. To do this, NFMC follows the risk assessment and risk management process outlined in the Guide to the Risk-Based Approach. Annually, NFMC completes its Risk Assessment Report and Risk Management Plan which are then submitted to the MNR's Corporate Management Information Division.

NFMC discloses its risks on a quarterly basis. During 2024-25, one risk was identified as medium-high, related to the temporary closure of the Terrace Bay mill, and the financial affects it could have for the Agency.

NFMC has an established Strategic Initiatives Program with the intent of assisting new start-ups or increasing capacity of current businesses within the management area. The goal of the Program is to promote local investment, provide employment and economic development opportunities for local First Nations and municipalities while strengthening the industry and in turn, NFMC's financial outlook.

The mandate of NFMC requires operating as a self-sustaining business, which included establishing an operating reserve to ensure continued sustainability in response to variations in economic cycles. NFMC has maximized its operating reserve to equal approximately five years of operating costs. In addition, NFMC sets aside money in its budget to address unforeseen events as part of its Unforeseen Events Policy.

NFMC's unique mandate requires specialized administrative functions including a forest products business-focused financial department and systems support. NFMC's workforce is highly skilled and mobile in today's economy. NFMC experiences high rates of employee turnover as skilled employees leave for positions which may offer better pay and benefits, to live in bigger city centers, or for family related reasons. Skilled and experienced employees are critical to NFMC business continuity and the delivery of required programs and support functions. The risk that NFMC faces is not being able to attract, and retain qualified and motivated employees, leading to performance issues, business, and service continuity risks.

NFMC continues to procure insurance appropriate for a prudent business in similar circumstances, including comprehensive general liability insurance and Directors and Officer's obligation insurance.

The biggest risk currently facing NFMC are the consequences of an economic shutdown. The forest sector in northern Ontario is highly dependent upon the U.S. housing market as the primary driver of demand. The U.S. housing market has seen a recent decline and the increase in interest rates and inflation is a cause for concern, in addition to the ongoing tariff threat from the US government. We remain cautiously optimistic that a recession will be avoided but this remains a risk to monitor.

## **The Path Ahead**

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The Board of Directors continue to provide direction based on its approved Strategic Plan. The Plan provides the commitment required to help the local forest industry strengthen and diversify. It includes the necessary vision, direction and financial tools needed to give NFMC the best opportunity at achieving great success.

As has always been stated in previous Annual Reports, NFMC maintains that its staff are the Agency's greatest asset. NFMC recognizes the difficulties of attracting staff to Marathon and other small communities in NFMC's management area, especially given the changing nature of our industry and the expectations of today's workforce. The Agency continues to create an environment that promotes each staff member to achieve their full potential by encouraging professional development and growth.

With the continued uncertainty surrounding the Terrace Bay pulp mill, NFMC remains cautious with its fiscal responsibilities as a Crown Agency, while continuing to meet its goals and objectives. The Agency has worked hard over the years to build healthy reserves to meet these challenges and with that in mind, will plan to implement the following strategies:

1. Budget under the assumption that the pulp mill will remain closed for the next 12 months.

2. Management has taken a cautious approach with its expenditures during this time of uncertainty.
3. NFMCC will look to broaden the market for its products by working with new entrants, creating a document to attract new investment and explore markets outside of the traditional geographical area.
4. Explore additional markets for under-utilized species such as poplar and birch.
5. Be open to working with customers to identify new market opportunities.
6. Pursue the sale of open market wood.
7. Leveraging our Strategic Initiatives Program, NFMCC will encourage new entrants to the forest industry and support initiatives that make sense for the communities, mills, forest sustainability, and the environment.

**Audited Financial Statements**

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**Nawiinginokiima Forest  
Management Corporation**  
**Financial Statements**  
For the year ended March 31, 2025

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**Independent Auditor's Report**

**Financial Statements**

Statement of Financial Position	1
Statement of Operations and Accumulated Net Assets	2
Statement of Cash Flows	3
Notes to the Financial Statements	4

To the Board of Directors of Nawiinginiima Forest Management Corporation:

## Opinion

We have audited the financial statements of Nawiinginiima Forest Management Corporation (the "Corporation"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations and accumulated net assets and cash flows 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 Corporation as at March 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation 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.

## Other Matter

The financial statements for the year ended March 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on June 26, 2024.

## 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 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

## Auditor's 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 auditor's 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 Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Corporation 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.

Thunder Bay, Ontario

June 26, 2025

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

## Nawiinginokiima Forest Management Corporation Statement of Financial Position

March 31 2025 2024

### Assets

#### Current

Cash (Note 3)	\$ 9,423,759	\$ 12,307,965
Accounts receivable (Note 4)	2,163,674	3,386,994
Short term investments (Note 5)	19,111,202	17,024,868
Prepaid expenses	107,722	168,722
	30,806,357	32,888,549
Long term receivables (Note 4)	350,323	423,000
Long term investment (Note 5)	2,742,300	-
Property, plant and equipment (Note 6)	77,524	92,908

**\$ 33,976,504**    **\$ 33,404,457**

### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities (Note 8)	\$ 1,084,445	\$ 2,277,408
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#### Net assets

Unrestricted	20,925,460	19,160,450
Operating reserve (Note 9)	11,966,599	11,966,599
	32,892,059	31,127,049

**\$ 33,976,504**    **\$ 33,404,457**

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Nawiinginokiima Forest Management Corporation Statement of Operations and Accumulated Net Assets

For the year ended March 31	2025	2024
<b>Revenue</b>		
Management fees	\$ 754,190	\$ 709,748
Forestry futures trust	39,806	-
Forest renewal activity	445,220	387,409
Interest income	937,701	765,546
Union dues recovery	33,307	25,292
Forest access roads	2,944,736	2,730,310
Timber sales charges	1,594,994	2,209,715
Other	18,516	1,008
	<b>6,768,470</b>	<b>6,829,028</b>
<b>Expenses</b>		
Amortization	22,205	19,920
Bank and service fees	15,415	15,559
Bad debt (recovery)	(547,656)	583,800
Board of Directors activities	15,428	23,290
Strategic initiatives	261,570	1,102,683
Contract services	24,726	55,539
Forest certification	30,501	49,766
Forest management services	215,149	121,776
Human resources development	10,957	10,126
Insurance	12,650	12,479
Miscellaneous	3,373	-
Office	94,114	134,522
Professional fees	35,187	35,194
Public access road maintenance	2,965,496	2,740,751
Public relations	82,776	144,930
Rent and lease	75,678	75,728
Travel and automotive	205,510	206,203
Union dues	33,338	25,292
Wages and benefits	1,447,043	1,146,571
	<b>5,003,460</b>	<b>6,504,129</b>
<b>Excess of revenue over expenses</b>	<b>1,765,010</b>	<b>324,899</b>
<b>Net assets - unrestricted, beginning of the year</b>	<b>19,160,450</b>	<b>19,302,150</b>
Transfer to operating reserve (Note 9)	-	(466,599)
<b>Net assets - unrestricted, end of the year</b>	<b>\$ 20,925,460</b>	<b>\$ 19,160,450</b>
<b>Net assets - internally restricted, beginning of the year</b>	<b>\$ 11,966,599</b>	<b>\$ 11,500,000</b>
Transfer to operating reserve (Note 9)	-	466,599
<b>Net assets - internally restricted, end of the year</b>	<b>\$ 11,966,599</b>	<b>\$ 11,966,599</b>

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

## Nawiinginokiima Forest Management Corporation Statement of Cash Flows

For the year ended March 31	2025	2024
<b>Cash flows from operating activities</b>		
Excess of revenue over expenses for the year	\$ 1,765,010	\$ 324,899
Items not involving cash:		
Amortization	22,205	19,920
Accrued Interest	(241,550)	(291,626)
	<b>1,545,665</b>	<b>53,193</b>
Change in non-cash working capital items:		
Accounts receivable	1,223,320	287,377
Prepaid expenses	61,000	7,572
Accounts payable and accrued liabilities	(1,192,963)	(4,148)
	<b>1,637,022</b>	<b>343,994</b>
<b>Cash used in investing activities</b>		
Long term receivable payments (advances)	72,677	(313,000)
Purchase of investments	(4,587,084)	(5,855,831)
Decrease in roadside inventory	-	120,420
	<b>(4,514,407)</b>	<b>(6,048,411)</b>
<b>Cash used in capital activities</b>		
Purchase of property, plant and equipment	(6,821)	(5,871)
<b>Decrease in cash during the year</b>	<b>(2,884,206)</b>	<b>(5,710,288)</b>
Cash, beginning of year	12,307,965	18,018,253
<b>Cash, end of year</b>	<b>\$ 9,423,759</b>	<b>\$ 12,307,965</b>

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

## Nawiinginokiima Forest Management Corporation Notes to Financial Statements

March 31, 2025

### 1. Significant Accounting Policies

<b>Basis of Accounting</b>	These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.								
<b>Financial instruments</b>	<p>The Corporation's financial assets and financial liabilities are accounted for as follows:</p> <p>Cash is measured at fair value. Accounts receivable are recorded at amortized cost less any valuation allowance. Valuation allowances are made to reflect accounts receivable at the lower of amortized cost and net recoverable value, when collectability and risk of loss exists. Changes in valuation allowances are recognized in the statement of operations.</p> <p>Investments are recorded at amortized cost less any valuation allowances. Interest and dividends attributable to financial instruments are reported in the statement of operations.</p> <p>Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.</p> <p>Accounts payable and accrued liabilities are recorded at cost.</p>								
<b>Property, Plant and Equipment</b>	<p>Property, plant and equipment are recorded at cost less accumulated amortization.</p> <p>Road costs are expensed when incurred.</p> <p>Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development that are directly attributable to the acquisition or construction of the asset.</p> <p>Amortization is provided for on a straight-line basis as follows:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Computer equipment</td> <td style="text-align: right;">- 3 years</td> </tr> <tr> <td>Furniture and fixtures</td> <td style="text-align: right;">- 5 years</td> </tr> <tr> <td>Leasehold Improvements</td> <td style="text-align: right;">- 10 years</td> </tr> <tr> <td>Computer software</td> <td style="text-align: right;">- 3 years</td> </tr> </table>	Computer equipment	- 3 years	Furniture and fixtures	- 5 years	Leasehold Improvements	- 10 years	Computer software	- 3 years
Computer equipment	- 3 years								
Furniture and fixtures	- 5 years								
Leasehold Improvements	- 10 years								
Computer software	- 3 years								

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## Nawiinginokiima Forest Management Corporation Notes to Financial Statements

March 31, 2025

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### 1. Significant Accounting Policies (cont'd)

#### Revenue Recognition

Revenue from management fees and timber sales charges are recognized when the wood is delivered, and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed and determinable.

Revenue from forest renewable activity and forest access roads is recognized when earned and collection is reasonably assured.

The Corporation accounts for Forestry Futures Trust Funding when an agreement is signed by the Corporation, MNR and the Forestry Futures Trust Committee.

Interest and union dues recoveries are recorded on an accrual basis of accounting, in the period earned.

#### Use of Estimates

The preparation of financial statements in accordance with Canadian public sector for not-for-profit organizations accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. The principal estimates used in the preparation of these financial statements are the allowance for doubtful accounts, useful lives of property, plant and equipment, and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### Contributed Materials and Services

Contributed materials and services which are used in the normal course of the Corporation's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

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## Nawiinginokiima Forest Management Corporation Notes to Financial Statements

March 31, 2025

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### 2. Nature of Business

The Nawiinginokiima Forest Management Corporation (NFMC) is a Crown Agency which was established by the Ontario Government on May 29, 2012 under the Ontario Modernization Act of 2011. Operations commenced in February 2013. NFMC was established to operate within the defined management area that includes the communities of the Ojibways of the Pic River First Nation, Pic Mobert First Nation, Hornpayne Aboriginal community, Marathon, Hornpayne, Manitowadge and White River. NFMC operates on a not-for-profit basis and is exempt from income taxes under the Income Tax Act.

The mandate for Nawiinginokiima Forest Management Corporation is as follows:

- Manage Crown forests sustainability in accordance with the *Crown Forest Sustainability Act, 1994* including the development and implementation of Forest Management Plans.
- Market and sell available Crown timber.
- Provide economic benefits to communities.
- Provide for opportunities and greater role for local and Aboriginal communities in the management of Crown forests.
- Promote and attract forest sector investment in the local management area.
- Operate as a self financing business, which includes establishing an operating reserve which will ensure continued sustainable forest management in response to variations in economic cycles.
- Reinvest in the forest to improve the Crown forest asset.
- Advise the Minister of Natural Resources on matters related to the forest industry and forest sector.
- Collect, maintain and provide Crown timber sales and pricing information.

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### 3. Cash

The Corporation holds three interest bearing bank accounts with a year end balance of \$8,652,162 (2024 - \$9,771,202), as at March 31, 2025, the accounts beared interest of 2.55% to 3.00%.

## Nawiinginokiima Forest Management Corporation Notes to Financial Statements

**March 31, 2025**

### 4. Accounts Receivables

	2025	2024
Forest Renewal Trust	\$ 105,051	\$ 110,771
Roads program	735,721	1,366,361
Stumpage fees	1,415,154	2,512,297
Trade	20,479	94,449
Union dues recovery	172,220	206,336
Road side inventory	65,372	103,580
	2,513,997	4,393,794
Less: long term portion	(350,323)	(423,000)
Less: allowance for doubtful accounts	-	(583,800)
	\$ 2,163,674	\$ 3,386,994

### 5. Investments

	2025	2024
Short term investments	\$ 19,111,202	\$ 17,024,868
Long term investment	2,742,300	-
	\$ 21,853,502	\$ 17,024,868

The investments are comprised of guaranteed investment certificates with fixed interest rates varying between 3.23% and 3.87% with maturity dates between April 2025 and December 2026.

## Nawiinginokiima Forest Management Corporation Notes to Financial Statements

March 31, 2025

### 6. Property, Plant and Equipment

	2025		2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture and fixtures	\$ 67,167	\$ 67,167	\$ 67,167	\$ 67,167
Leasehold improvements	154,064	83,922	154,064	68,516
Computer software	36,330	36,330	36,330	36,330
Computer equipment	51,554	44,172	53,485	46,125
	<b>\$ 309,115</b>	<b>\$ 231,591</b>	<b>\$ 311,046</b>	<b>\$ 218,138</b>
Net book value		<b>\$ 77,524</b>		<b>\$ 92,908</b>

### 7. Credit Facility

The corporation has a maximum available business visa facility of \$50,000 with TD Canada Trust

### 8. Accounts Payable and Accrued Liabilities

	2025	2024
Trade	\$ 120,032	\$ 360,339
HST payable	120,088	16,595
Roads	83,868	1,177,583
Stumpage fees	540,549	622,392
Wages	219,908	100,499
	<b>\$ 1,084,445</b>	<b>\$ 2,277,408</b>

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## Nawiinginokiima Forest Management Corporation Notes to Financial Statements

March 31, 2025

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### 9. Operating Reserve

The Board has established an operating reserve for the purpose of funding future possible operating deficits of Nawiinginokiima Forest Management Corporation. The release of these internally restricted amounts must be approved by representatives of the Board.

	2025	2024
Balance, beginning of year	\$ 11,966,599	\$ 11,500,000
Transfer from unrestricted net assets	-	466,599
	\$ 11,966,599	\$ 11,966,599

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### 10. Remuneration

Total remuneration of the Board members of the Corporation was \$9,988 (\$14,525 - 2024) during the year.

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### 11. Commitments

During the 2020 fiscal year, NFMC entered into 10 year office lease agreement, with a 10 year renewal option, at an annual cost of approximately \$45,000. Monthly lease payments are adjusted annually on September 1st, based on the building operating costs incurred by the lessor in the previous year.

NFMC is legally committed to make wood available, through crown commitments and direct business arrangements, to mills within and surrounding the management area. NFMC has an agreement in place with the mills to ensure that management operations are revenue neutral, where an annual reconciliation is completed to recover any deficit or return a surplus.

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### 12. Subsequent Events

Subsequent to the year end, NFMC has committed up to a maximum of \$2,160,000 under their strategic initiatives program.

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### 13. Financial Risks and Concentration of Credit Risk

#### General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Corporation's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Corporation's General

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## Nawiinginokiima Forest Management Corporation Notes to Financial Statements

March 31, 2025

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### 13. Financial Risks and Concentration of Credit Risk (Cont'd)

Manager. The Board of Directors receives monthly reports from the Corporation's General Manager through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. NFMC is exposed to this risk through its investments and interest bearing bank accounts where an interest rate change could impact interest income. There is no significant change in interest rate risk from prior year.

#### Liquidity risk

Liquidity risk is the risk that NFMC encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, NFMC 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. Liquidity risk arises from accounts payable and accrued liabilities and commitments. Management is of the opinion that the Corporation is not exposed to significant liquidity risk. There is no significant change in liquidity risk from prior year.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for another party by failing to discharge an obligation. NFMC is exposed to credit risk from its accounts receivable. NFMC mitigates its potential credit risk through proactive credit management policies that include approval and monitoring processes. Certain receivables are from government sources and the Corporation operates to ensure it meets all eligibility criteria in order to qualify to receive credits. Furthermore, it evaluates the collectibility of accounts receivable and records an impairment allowance for doubtful accounts, which reduces the receivables to the amount management believes will be collected. At year end, NFMC's accounts receivable are as follows: current \$1,421,862 (\$1,136,847 - 2024), 31 to 60 days \$505,016 (\$881,105 - 2024), 61 to 90 days \$nil (\$258,019 - 2024), and over 90 days \$587,119 (\$888,586 - 2024).

Approximately 34% (45% - 2024) of NFMC's total revenues for the year and 63% (60% - 2024) of year end trade receivables was derived from five mills operating in Northwestern Ontario.

NFMC is exposed to a credit risk as cash balances held with one institution exceeds the federally insured limit.

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### 14. Comparative Figures

The comparative figures presented in these financial statements have been restated to conform to the current year's presentation.