Ontario

2021- 2022

Temagami Forest Management Corporation

Annual Report

Annual Report
2021-2022

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Submitted to the
LIEUTENANT GOVERNOR IN COUNCIL

Date: JANUARY 19, 2023

Chair’s Message

As I review 2021–2022, I look back on it proudly. It was truly a year of ‘firsts’ for the Temagami Forest Management Corporation (TFMC). Building on the strong foundation put in place by the interim Board of Directors (Board) we completed our first full fiscal year as an Ontario Crown Agency; in the fall of 2021 we transitioned from an interim Board to a Board with representation from local communities, First Nations and forest industry. We successfully completed the first business plan and transition process in support of the Temagami Forest Sustainable Forest Licence (SFL) which was issued to TFMC on April 1st, 2022. That in itself is historical as it was the last continuously-managed Crown Forest in Ontario to become an SFL.

Together with the Transition Manager and support staff, the Board went right to work putting in place a framework to meet the obligations bestowed upon us: we hired a forest management service provider to support our SFL responsibilities; we established necessary policies, procedures and guiding documents to facilitate a seamless transition of operations; we developed a compensation framework; and put our minds to building a vision and supporting strategies. The future of the TFMC looks very promising.

As we move forward, the TFMC is committed to making a positive contribution to the communities in which we live, work, and support. We will act as a responsible corporate citizen and value the trust bestowed upon us to manage public resources in a constructive and consultative manner.

We will do this while recognizing the importance of the cultural history of this unique area. The Temagami Forest falls within the traditional territory and is the homeland of Temagami First Nation (TFN) and Teme-Augama Anishnabai (TAA). It also lies partially within the traditional area of the Matachewan and Timiskaming First Nations. The First Nations and local communities have a long tradition of working with and supporting the local forestry sector. Many of our people have multi-generational roots in various aspects of forestry. Their values are reflected in the membership of the Board and we are committed to ensuring the sustainability and economic competitiveness of the Temagami Forest.

In closing, the TFMC is steadfastly committed to our mandate to be a partner in sustainable local economic development and support the forestry sector. We will be innovative and a leader in implementing positive change that will create local wealth and help build a stronger Ontario.

Sincerely,

Faye Johnson,
Chair, Temagami Forest Management Corporation Board of Directors
July 29, 2022

1.0 Background

1.1 Establishment of the TFMC

The establishment of Temagami Forest Management Corporation (TFMC) on December 15, 2020 was the result of decades of discussions and negotiations which culminated into seven years of efforts by the Temagami Forest Modernization Advisory Team (Temagami Advisory Team).

The Temagami Advisory Team, comprised of 12 members who equally represented forest industry, First Nations and local municipalities was formed in October 2013 to build consensus and recommend a long-term forest tenure model for the Temagami Forest to the Ministry of Natural Resources and Forestry (MNRF) (Note: during the 2021-22 fiscal year MNRF was known as Ministry of Northern Development, Mines, Natural Resources and Forestry or NDMNRF). Temagami Forest was the last continuously managed Crown forest to transition to a Sustainable Forest Licence in the province.

The Temagami Advisory Team submitted its proposed framework document for the TFMC to MNRF in September of 2018. MNRF worked with the Temagami Advisory Team to gain final consensus on the business details and start-up related requests. This proposal was approved by government and TFMC was established as an Ontario Local Forest Management Corporation (LFMC) under the *Ontario Forest Tenure Modernization Act*, 2011 (OFTMA) through O reg 750/20 amending O reg 111/12 found below as Figure 1.

Français

Ontario Forest Tenure Modernization Act, 2011

ONTARIO REGULATION 111/12

ONTARIO LOCAL FOREST MANAGEMENT CORPORATIONS

Consolidation Period: From December 15, 2020 to the e-Laws currency date.

Last amendment:750/20.

Legislative History: 750/20, CTR 30 DE 20 - 1.

This is the English version of a bilingual regulation.

Nawiinginokiima Forest Management Corporation established

1. An Ontario local forest management corporation to be known in English as the Nawiinginokiima Forest Management Corporation and in French as Société de gestion forestière Nawiinginokiima is established as a corporation without share capital. O. Reg. 111/12, s. 1.

Temagami Forest Management Corporation established

1.1 An Ontario local forest management corporation to be known in English as the Temagami Forest Management Corporation and in French as Société de gestion forestière Temagami is established as a corporation without share capital. O. Reg. 750/20, s. 1.

2. OMITTED (PROVIDES FOR COMING INTO FORCE OF PROVISIONS OF THIS REGULATION). O. Reg. 111/12, s. 2.

1.2 The Temagami Forest

Prior to the establishment of TFMC and the issuance of the SFL, the Temagami Forest had been a Crown Management Unit managed by the MNRF. A number of harvesters and mills have a long history of utilizing wood fibre from the Temagami Forest. The forest industry has and continues to be an important and integral part of the local economy. The Temagami Forest also includes some of the most spectacular recreational and protected lands in the Province. Supporting increased sustainable forest product use from the Temagami Forest was seen as a major opportunity to help grow economic benefits for local communities and First Nations.

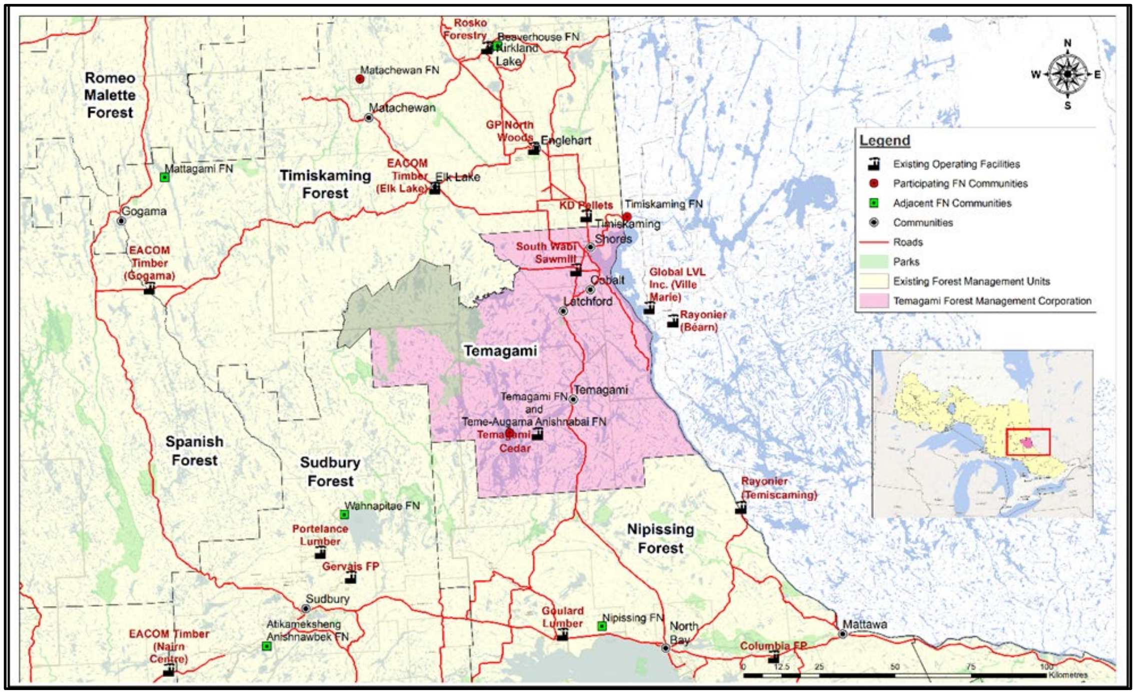
The Temagami Forest falls within the traditional territory and is the homeland of Temagami First Nation (TFN) and Teme-Augama Anishnabai (TAA). It also lies partially within the traditional area of the Matachewan and Timiskaming First Nations. The Temagami Forest is within the boundaries of the Robinson-Huron Treaty. There are also Métis citizens who hold Section 35 Constitutionally protected rights and have asserted harvesting territories that overlap with the boundaries of the Temagami Forest.

The Temagami Forest is located entirely within the North Bay District, in the Northeast Region of MNRF. The Temagami Forest is the combined area of the former Latchford (Management Unit (MU) #691) and Temagami (MU #896) Crown Management Units, which were amalgamated on April 1, 1996. The Temagami Forest covers a total area of 5,845 square kilometers. Of this total, 4,509 square kilometers is considered Crown productive land.

The Municipality of Temagami sits approximately in the centre of the Temagami Forest and is approximately 100 kilometres north of the city of North Bay. To the north lies the Timiskaming Forest and the Sudbury and Nipissing Forests are located to the west and south respectively. Lake Temiskaming and the province of Quebec form the eastern border of the Temagami Forest. Municipalities located within the Temagami Forest include Temagami, Temiskaming Shores, Latchford, and Cobalt, as well as Harris, Hudson and Coleman Townships. First Nations communities include TFN and TAA.

Refer to Figure 2 for a map showing the location of the Temagami Forest and its local Indigenous communities and municipalities.

Figure 2. Map of the Temagami Forest



1.3 Agency Role and Mandate

Temagami Forest Management Corporation operates per the OFTMA and is a self-financing operational enterprise Ontario Crown Agency. The Minister of MNRF is responsible for the administration of the OFTMA and provides oversight and accountability functions for TFMC. This legislation sets out the objects for TFMC as follows:

- To hold forest resources licences and manage Crown forests in accordance with the *Crown Forest Sustainability Act, 1994* and to promote the sustainability of Crown forests,
- To provide for economic development opportunities for Indigenous peoples,
- To manage its affairs to become a self-sustaining business entity that optimizes value from Crown forest resources while recognizing the importance of local economic development,
- To market, sell and enable access to a predictable and competitively priced supply of Crown forest resources,
- To carry out such other objects as may be prescribed by regulation.

TFMC's mandate is subject to Minister's direction which is typically provided via the Minister's mandate letter. However, because TFMC was newly established in December of 2020 a mandate letter for the 2021-22 fiscal year was not provided. Instead, the Minister's expectations and direction for TFMC were focused on orderly start-up and transition arrangements necessary for obtaining the SFL and managing the Temagami Forest under this licence by April 1, 2022.

The report covers the period from establishment (December 15, 2020) to fiscal year end (March 31,2022).

1.4 Corporate Governance and Accountability

TFMC is accountable to the Minister of MNRF for fulfilling its mandate and carrying out the roles and responsibilities of an LFMC. TFMC is governed by a Board of Directors appointed by the Lieutenant Governor in Council through Ontario's public appointments process.

A General Manager is responsible for the day-to-day operations and management and is accountable to the Board of Directors, comprised of a Chair, Vice-Chair and Board members. In 2021-2022, day-to-day operations and management were the responsibility of the Transition Manager/Interim-President and will continue until a General Manager is hired.

TFMC is required to meet all obligations for a Crown agency and has entered into a Memorandum of Understanding (MOU) with MNRF that outlines the accountability relationship of the Agency and MNRF. Specific responsibilities of the Minister, Deputy Minister, Chair of the Board, Board Members, and the General Manager are described in the MOU. The MOU between TFMC and MNRF was adopted and agreed to in principle by TFMC in March 2021, approved by the post-interim Board on December 1, 2021 and approved by the Minister on March 7th, 2022. TFMC's MOU is available at https://www.temagamiforest.com.

2.0 Board Appointees, Officers, Committees & Employees

2.1 Board Appointees

The eight post-interim and three interim appointees to TFMC's Board are outlined below along with the date/term of appointment and total annual remuneration paid during the fiscal year.

Post-interim Board
Faye Johnson, North Bay, Chair
(appointment October 21, 2021 for a two-year term)
Remuneration was $12,600

John Kenrick, North Bay, Vice-Chair
(appointment October 21, 2021 for a three-year term)
Remuneration was $5,600

Douglas Mckenzie, Temagami, Member
(appointment October 21, 2021 for a three-year term)
Remuneration was $1,925

Robert Tomchick, Tobermory, Member
(appointment October 21, 2021 for a three-year term)
Remuneration was $4,128

Peter Street, Callander, Member
(appointment October 21, 2021 for a three-year term)
Remuneration was $3,865

Jessica Chevrier, Notre-Dame-Du-Nord, Member
(appointment October 21, 2021 for a three-year term)
Remuneration was $2,372

Jeff Barton, North Bay, Member
(appointment October 21, 2021 for a three-year term)
Remuneration was $2,284

Steven Scheers, Delhi, Member
(appointment March 10, 2022 for a three-year term)
Remuneration was $0

Interim Board
Paul Bernier, Chapleau, Chair (interim)
(appointment January 28, 2021 for a one-year term; resigned October 21, 2021)
Remuneration was $0

Barry Galloway, Selwyn, Vice-Chair (interim)
(appointment January 28, 2021 for a one-year term; resigned October 21, 2021)
Remuneration was $0

Tracy McMurray, Toronto, Member (interim)
(appointment January 28, 2021 for a one-year term; resigned October 21, 2021)
Remuneration was $0

The total remuneration paid to all Directors for this annual reporting period is $32,773.

2.2 Principal Officers

Principal officers for TFMC during fiscal 2021-2022 were:

Gerald Kroes – Interim-President
Heather Barns – Secretary
Andy Lemmetty – Chief Financial Officer

2.3 Board Committees

TFMC established the following two committees to assist with oversight and governance for the 2021-2022 fiscal year.

Finance and Audit Committee:
1. John Kenrick (Committee Chair)
2. Jessica Chevrier
3. Peter Street
4. Faye Johnson

Governance Committee:
1. Faye Johnson (Committee Chair)
2. Robert Tomchick
3. Douglas Mckenzie
4. Jeff Barton

2.4 Employees

TFMC did not have any employees for the 2021-2022 fiscal year. Recruitment for the General Manager is to begin in 2022-2023.

3.0 Description of Activities

Following the establishment of TFMC an interim Board of Directors consisting of three Ontario Public Service employees was appointed. The "interim" Board worked closely with the Temagami Advisory Team to address the immediate operational business requirements of TFMC while nominations for the "post-interim" Board were finalized through the public appointment process.

The interim Board met 12 times (7 Full Board Meetings and 5 Special Meetings) between February 22, 2021 and October 19, 2021. The key activities of the interim Board included:

1. the development of the initial by-law which relates generally to the conduct and affairs of the corporation,
2. the hiring of a Transition Manager in July of 2021,
3. the appointment of officers to support day-to-day operations,
4. the finalization of arrangements with the Province for start-up funding,
5. the establishment of commercial banking and insurance arrangements,

6. the initiation of the procurement process for forest management services,
7. the facilitation of nominations/recommendations of potential post-interim Board candidates,
8. and the initial drafting of the business plan required by MNRF as part of the process for the issuance of the SFL for the Temagami Forest.

The resignation of the interim Board was concurrent with the appointment of the post-interim Board in October of 2021 through the public appointments process. Then an eighth member was appointed in March 2022.

The post-interim Board consists of two representatives each of local First Nations communities, municipalities, and forest industry respectively plus the Chair and a member-at-large. Collectively, the post-interim Board provides expertise in areas of business, finance, Indigenous and local issues and forest management planning and operations.

The post-interim Board was orientated through three webinars in November 2021. The first Board meeting was held in Temagami on December 1st and 2nd, 2021. Subsequent meetings in January, February and March of 2022 resulted in:

1. the development and approval by the Board of the compensation strategy/framework required under the OFTMA,
2. the completion of the business planning processes for the issuance of the Temagami Forest SFL,
3. the hiring of a forest management services provider,
4. the finalization of arrangements for the transition of operations from MNRF to TFMC,
5. the development of by-laws for borrowing and investing,
6. the creation of polices and procedures to guide operations, and
7. the completion of TFMC's first three-year Agency Business Plan for the period 2022-2025.

During 2021-2022, MNRF provided start-up funding to TFMC and other resources to support the Board including funding for Transition Manager services and the provision of staff to act as Secretary and Chief Financial Officer until TFMC can finalize their employee recruitment efforts.

The Transition Manager is fulfilling the role of Interim President until a General Manager can be hired. The Transition Manager has been responsible for the development of essential documents such as the SFL and Agency Business Plans; drafting of financial and operational policies and procedures; undertaking procurements for forest management and other services necessary to support TFMC's operations; and negotiating and facilitating the transition of operations from MNRF to TFMC.

In the spring of 2022, TFMC will be initiating a strategic planning exercise to establish the Agency's priorities for the next five years. This strategic plan will guide its direction and build on the strong vision set forth for TFMC by the Temagami Advisory Team.

4.0 Analysis of Operational Performance

The 2021-2022 fiscal year was a period of start-up and transition for TFMC. The achievement of the preliminary milestones, performance measures and targets for the start-up period are reported below. Near-term outcome and output-based performance objectives are provided in TFMC's 2022-2025 Agency Business Plan and focus on immediate outcome-based measures realizable in 2022-2023. Longer-term outcome and output-based performance measures and direction will be established by the Board in 2022-2023 as part of TFMC's strategic planning exercise and implemented per the annual Agency Business Plan.

<u>Key Achievements</u> (from TFMC's preliminary Agency Business Plan)

i. Interim Board appointed – **January 28, 2021.**
ii. Community nomination process finalized, implemented and nominations submitted to MNRF – **May 10, 2021**.
iii. First Board meeting, establishment of initial by-law and appointment of interim officers – **February 22, 2021.**
iv. Establishment of other necessary business structures (insurance, banking, Canada Revenue Agency registration, accounting, payroll, etc.) – **April - October, 2021**.
v. Public appointments process/post-interim Board appointed – **October 21, 2021.**
vi. Executive compensation framework for General Manager finalized and submitted to MNRF – **December 15, 2021.**
vii. Execution of the MOU between the Chair and the Minister within 3 months of the post-interim Board being in place – **March 7, 2022.**
viii. Selection process for permanent General Manager established, recruitment undertaken, and General Manager hired – **Ongoing in 2022-23**.
ix. Development of the operational plan which includes associated business, office requirements, data and information technology requirements, schedule for hiring of staff, etc. – **December 30, 2021**.
x. Development, negotiation, and submission of SFL business plan – **December 6, 2021**.
xi. Development of human resources and compensation plans, performance measures and appropriate management systems for approval by Minister prior to TFMC becoming operational under the proposed SFL – **December 1, 2021 to March 23, 2022**.
xii. Development of strategic and administrative policies, procedures and by-laws; update as appropriate prior to TFMC becoming operational – **September 8, 2021 to March 23, 2022; Ongoing in 2022-23**.
xiii. Core staff/service providers hired by General Manager – **hiring staff –**

Ongoing/hiring of service provider- March 8, 2022.

xiv. Development and submission of the Agency business plan - **December 30, 2021**.

xv. Negotiate/transition agreements and contracts with existing harvesters and service providers – **Ongoing in fiscal 2022-23.**

xvi. SFL issued to TFMC – target April 2022, or when administratively feasible; **March 14, 2022 (effective April 1, 2022).**

TFMC has worked closely with staff in MNRF, Treasury Board Secretariat and the Ministry of Government and Consumer Services to address requirements associated with items such as banking, office location, procurement, public appointments and compensation matters to ensure the agency is following appropriate processes, rules and directives and is compliant with Ontario's accountability framework for Crown agencies. Start-up milestones, performance measures and targets identified above as "ongoing" are well underway and will be completed by TFMC in 2022-2023.

5.0 Analysis of Financial Performance

Preliminary financial performance measures for the Corporation for the period ending March 31, 2022 are outlined below.

i. Start-up funding secured through Forestry Futures Trust application and workplan – **June 14, 2021**.

ii. Financial arrangements including, banking – **August 25, 2021**.

iii. Develop a proposal and schedule for establishing and maintaining an operating reserve as part of the initial Agency Business Plan – **December 1, 2021.**

iv. Complete and submit Annual Report to Minister by end of July 2022 (covering 2021-2022 and including time in 2020-2021 from date of establishment) **July 29, 2022**.

As of March 31, 2022, TFMC's Net Assets were $1,116,837 based on revenues of $1,267,095 and expenditures of $150,258. Revenues were derived from two sources, the Forestry Futures Trust LFMC Conversion Program which provided $1,015,000 and one-time, start-up funding support of $252,095 from MNRF. Expenditures for the period were primarily associated with purchased services for the Transition Manager, per diems, expenses and other costs incurred by the Board of Director's and fees for other professional services. TFMC's available cash at March 31, 2022 was $1,095,622. See Section 7.0 and Appendix I for further details.

6.0 Description of Risk Events Impacting Results

TFMC follows the risk assessment and risk management process outlined in the Treasury Board Secretariat's "Guide to the Risk-Based Approach and Risk Reporting Under the Agencies and Appointments Directive".

TFMC's preliminary Agency Business Plan provided a summary of key risks and mitigation plans for 2021-2022. TFMC regularly monitors risk and will report risk quarterly. During 2021-2022, no significant risks were identified. Going forward, TFMC will continue to work with the Ministry to monitor and report on its risks and mitigation plans.

7.0 Audited Financial Statements

TFMC appointed an independent auditor, BDO Canada LLP to review the accounts and financial transactions of the Agency for the fiscal year ending March 31, 2022. The audit period covers from the date of agency establishment until the end of fiscal 2021-2022.

The audit report for the period ending March 31, 2022 was presented and approved by the Board on June 15, 2022. There were no material issues identified by the auditor who provided an opinion that the financial statements presented fairly the financial position and results of operations and cash flows of the Agency. See Appendix I for a copy of the audit report and financials statements for TFMC.

8.0 Achievements Fulfilling Expectations in the Agency Mandate Letter

As described in Section 1.3 above, TFMC was not provided an Agency Mandate letter for 2021-2022 fiscal year. Expectations and direction for TFMC were instead provided as part of the business case establishing TFMC and achievements are reported in Section 4 Operational Performance and Section 5 Financial Performance above.

An Agency Mandate letter for 2022-2023 has been received by TFMC and the Agency is confident that its next Annual Report will demonstrate strong achievements and results in fulfilling its mandate.

Appendix I: Audited Financial Statements

Temagami Forest Management Corporation
Financial Statements
For the 471 day period ended March 31, 2022

Temagami Forest Management Corporation
Financial Statements
For the 471 day period ended March 31, 2022

Contents

Management's Responsibility for Financial Information

Management and the Board of Directors of Temagami Forest Management Corporation (the "Corporation") are responsible for the financial statements. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and, where appropriate, include amounts based on Management's best estimates and judgements.

The Corporation is dedicated to the highest standards of integrity in its business. To safeguard the Corporation's assets, the Corporation has a set of internal financial controls and procedures that balance benefits and costs. Management has developed and maintains financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information.

The Board of Directors ensures that Management fulfills its responsibilities for financial information and internal control. The Board of Directors meets regularly to oversee the financial activities of the Corporation and at least annually to review the audited financial statements and the external auditors' report thereon.

Gerald Kroes

Andy Lemmetty
Andy Lemmetty (Jul 19, 2022 09:33 EDT)

July 19, 2022

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Independent Auditor's Report

To the Board of Directors of Temagami Forest Management Corporation

Opinion

We have audited the financial statements of Temagami Forest Management Corporation "the Corporation", which comprise the statement of financial position as at March 31, 2022, the statements of operations, changes in net assets and cash flows for the 471 day period 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, 2022, and its results of operations and its cash flows for the 471 day period 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.

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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
North Bay, Ontario
July 19, 2022

Temagami Forest Management Corporation
Statement of Financial Position

March 31	2022
Assets	
Current	
Cash	$ 1,095,622
Accounts receivable (Note 2)	26,644
	$ 1,122,266
Liabilities and Net Assets	
Current	
Accounts payable and accrued liabilities (Note 3)	$ 5,429
Net Assets	
Unrestricted	1,116,837
	$ 1,122,266

Uncertainty Due to COVID-19 (Note 6)

On behalf of the Board:

______________________ Director

______________________ Director

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

Temagami Forest Management Corporation
Statement of Operations

For the 471 day period ended March 31	2022
Revenues	
Forest Futures Trust	$ 1,015,000
NDMNRF - one time	252,095
	1,267,095
Expenses	
Purchased services	102,043
Board of Directors activities (Note 4)	40,810
Professional fees	6,001
Travel and vehicle	1,125
Interest and bank charges	249
Office supplies and other	30
	150,258
Excess of revenue over expenses for the period	$ 1,116,837

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

Temagami Forest Management Corporation
Statement of Changes in Net Assets

For the 471 day period ended March 31	2022
Balance, beginning of period	-
Excess of revenue over expenses for the period	1,116,837
Balance, end of year	1,116,837

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

Temagami Forest Management Corporation
Statement of Cash Flows

For the 471 day period ended March 31	2022
Cash provided by (used in)	
Operating activities	
Excess of revenues over expenses for the period	$ 1,116,837
Changes in non-cash working capital balances:	
Accounts receivable	(26,644)
Accounts payable and accrued liabilities	5,429
	1,095,622
Increase in cash and cash equivalents during the year	1,095,622
Cash and cash equivalents, end of year	$ 1,095,622

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

March 31, 2022

Nature and Purpose of the Corporation

Temagami Forest Management Corporation (the "Corporation") is a Crown Agency which was established by the Ontario Government on December 15, 2020 under the Ontario Modernization Act of 2011. The Corporation was established to operate within the defined Temagami Forest Management Unit, situated in Northeastern Ontario in North Bay District. The Corporation operates on a not-for-profit basis and is exempt from taxes under the Income Tax Act. The Corporation mandate is to manage Crown forests, market and sell Crown timber, provide economic benefits to local communities, provide for opportunities and a greater role for local and Aboriginal communities in the management of Crown forests, promote forest sector investment, operate as a self financing business, reinvest in the forest to improve the Crown forest asset, advise the Minister of Northern Development, Mines, Natural Resources and Forestry (NDMNRF) on matters in the forest sector and to collect, maintain and provide Crown timber sales and pricing information.

1. Significant Accounting Policies

Basis of Accounting

The Corporation's financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards, including the 4200 series of standards for government not-for-profit organizations. A statement of remeasurement gains and losses has not been presented as there is nothing to report therein.

Financial Instruments

The Corporation's financial assets and financial liabilities are accounted for as follows:

Cash is subject to an insignificant risk of change in value, as such, carrying value approximates fair value.

Accounts receivable are recorded at amortized cost less any amount for valuation allowances. Valuation allowances are made to reflect accounts receivable at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exists. Changes in valuation allowances are recognized in the Statement of Operations.

Accounts payable and accrued liabilities are recorded at amortized cost.

March 31, 2022

1. Significant Accounting Policies (continued)

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.

The Corporation follows the deferral method of accounting for contributions.

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 , NDMNRF and the Forestry Futures Trust Committee.

Use of Estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

March 31, 2022

2. Accounts Receivable

		2022
NDMNRF receivable	$	12,491
Sales tax receivable		14,153
		26,644

3. Accounts Payable and Accrued Liabilities

		2022
Trade	$	5,250
Payroll source deductions		179
	$	5,429

4. Remuneration

Total remuneration of the Board members of the Corporation was approximately $32,773 during the fiscal year.

March 31, 2022

5. Financial Instrument 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.

The Corporation is not exposed to significant interest rate or foreign currency risk.

Liquidity risk

Liquidity risk is the risk that the Corporation encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Corporation 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.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. The Corporation's credit risk arises from its financial assets including its cash and accounts receivable. At year end, the Corporation's accounts receivable are all current and due from government sources.

The Corporation is exposed to credit risk as cash balances held with one financial institution exceeds the federally insured limit.

6. Uncertainty Due to COVID-19

The global pandemic has disrupted economic actives and supply chains worldwide. Although the disruption from the pandemic is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption to operations and related financial impact cannot be reasonably estimated at this time. As the impacts of COVID-19 continue to evolve, there could be further impacts to the Corporation.