Ontario

2022- 2023

Temagami Forest Management Corporation

Annual Report

Annual Report
2022-2023

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Submitted to the
LIEUTENANT GOVERNOR IN COUNCIL

Date: OCTOBER 19, 2023

Chair’s Message

As I reflect on the past year, I am pleased to report that we continue to make remarkable progress on the phase-in of Temagami Forest Management Corporation. Since its inception in December 2020 the Corporation has worked diligently in setting up a framework to meet Crown agency and Sustainable Forest Licence responsibilities and obligations. In September 2022 we welcomed our first full time employee, a permanent General Manager and in December 2022 an Office Administrator joined the team. We thank our Transition Manager, Gerald Kroes, for his dedication and commitment to our organization in the early days. We were happy to be able to put down some roots and secure a permanent office location in the Municipality of Temagami.

Board members and employees learned more about the Temagami area Indigenous history and culture. We discussed what reconciliation means to the Corporation and the Indigenous peoples whose traditional territory fall within the Temagami Forest: the Temagami First Nation (TFN), Teme-Augama Anishnabai (TAA) as well as the Matachewan and Timiskaming First Nations.

During the year the Board focused on strategic planning and developing the TFMC Enhancement Initiatives Policy which speaks directly to how economic opportunities will be made available to local communities and Indigenous communities on our land base. Both products are in final draft and are expected to be communicated this summer.

This report outlines concrete measures achieved by TFMC over the past year that demonstrate our commitment to our mandate of being a partner in sustainable local economic development and our support of the forest sector. I am thankful to my board for their continued engagement as a “working” board while we conclude the start-up of the Agency.

We look forward to continuing to work with forest industry, municipalities, and Indigenous communities to manage the forests of this unique land base in a balanced and environmentally responsible manner.

Our Board and employees value the trust bestowed upon us to manage public resources in a constructive and engaged manner.

Sincerely,

Faye Johnson,
Chair, Temagami Forest Management Corporation Board of Directors
June 30, 2023

1.0 Background

1.1 Establishment of TFMC

The establishment of Temagami Forest Management Corporation (TFMC) on December 15, 2020, as a Local Forest Management Corporations formed under the *Ontario Forest Tenure Modernization Act*, 2011 (OFTMA), was the result of the desire of the Ontario government to remove itself from forest related program delivery. On April 1, 2022, TFMC received the Sustainable Forest Licence (SFL) for the Temagami Forest and commenced forestry operations. Prior to the issuance, Temagami Management Unit was the last forest in Ontario to be under Crown management.

A Transition Manager had been engaged prior to April 1, 2022 and directed the transition of forestry operations from the previous forest manager, the Ministry of Natural Resources and Forestry (MNRF), to TFMC. Overlapping Licence Agreements established with the traditional Operators on the Temagami Forest and operations commenced without interruption or delay. Systems were established for reporting and revenue collection.

The permanent Board of Directors, appointed in the Fall of 2021, oversaw the transition and commencement of forestry operations, in addition to many other activities related to the start-up of the Crown agency. The TFMC 2022-25 Agency Business Plan had been submitted by the Board in early 2022 and provided guidance throughout the fiscal year.

To provide for the smooth transition of forestry operations and to minimize the Corporation's staffing requirements at start-up, the Board adopted a service provider staffing model and entered into a three-year agreement with First Resource Management Group. Later in the year, a General Manager and an Office Administrator were hired to fulfill the staffing requirements.

Operations proceeded according to plan, with specific goals of wood volume harvested and revenue surpassing budgeted targets. Costs were in-line with expectations, and no safety or environmental incidents occurred.

1.2 The Temagami Forest

The Temagami Forest is a transition forest, spanning the norther range of the Great Lakes – St. Lawrence Forest Region and the southern range of the Boreal Forest Region. As a result, it contains a mix of hardwood and softwood species, predominantly white, red and jack pine, spruce, balsam fir, poplar and white birch. A number of harvest operators and local mills had a long history of utilizing wood fibre from the Temagami Forest, but substantially less than the allowable harvest level. The forest industry has and continues to be an important and integral part of the local economy. 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 also includes some of the most spectacular recreational and protected lands in the Province. Lake Temagami and surrounding lakes are popular summer destinations for cottagers, canoeists, campers, and other recreationalists, as well as home to many year-round residents. Several parks and protected areas have been established to support land-use objectives other than resource management.

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 territory 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 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 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 while 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, and the First Nation community, Bear Island.

1.3 Agency Role and Mandate

Temagami Forest Management Corporation operates per the OFTMA and is a self-financing operational enterprise Ontario Crown Agency. Under the OFTMA, the Minister of Natural Resources and Forestry (Minister) 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 provided via the Minister’s mandate letter. Upon becoming the Minister, The Honourable Graydon Smith provided an updated mandate letter on September 26, 2022.

During 2022-23, the first year in which TFMC held the SFL, TFMC’s focus was on the orderly establishment and start-up of corporate governance, and the transition of forestry operations under the new form of tenure.

This report covers the period from April 1, 2022 to March 31, 2023.

1.4 Corporate Governance and Accountability

TFMC is accountable to the Minister 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 2022-2023, day-to-day operations and management were performed by a Transition Manager/Interim-President until a General Manager was hired on September 26, 2022.

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 approved by the TFMC Board and then 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 appointees to TFMC's Board are listed below along with the date/term of appointment and total remuneration paid during the 2022-23 fiscal year.

Faye Johnson, North Bay, Chair
(appointment October 21, 2021, for a two-year term)
Remuneration was $27,171.

John Kenrick, North Bay, Vice-Chair
(appointment October 21, 2021, for a three-year term)
Remuneration was $12,640.

Douglas Mckenzie, Temagami, Member
(appointment October 21, 2021, for a three-year term)
Remuneration was $3,325.

Robert Tomchick, Tobermory, Member
(appointment October 21, 2021, for a three-year term)
Remuneration was $7,035.

Peter Street, Callander, Member
(appointment October 21, 2021, for a three-year term)
Remuneration was $4,988.

Jessica Chevrier, Notre-Dame-Du-Nord, Member
(appointment October 21, 2021, for a three-year term)
Remuneration was $2,556.

Jeff Barton, North Bay, Member
(appointment October 21, 2021, for a three-year term)
Remuneration was $3,416.

Steven Scheers, Delhi, Member
(appointment March 10, 2022, for a three-year term)
Remuneration was $2,628.

The total remuneration paid to all Directors for this annual reporting period is $63,758.

2.2 Principal Officers

Principal Officers for TFMC during fiscal 2022-23 were:

Gerald Kroes – Interim-President (until September 26, 2022)
Mark Stevens – General Manager (commencing September 26, 2022)

Heather Barns – Secretary (until March 7, 2023)
Glen McDonald – Secretary (commencing March 7, 2023)

Andy Lemmetty – Chief Financial Officer

2.3 Board Committees

TFMC had previously established the following two Committees to assist with oversight and governance, and both continued to do so throughout the 2022-2023 fiscal year.

Finance and Audit Committee:

1. John Kenrick (Committee Chair, until January 18, 2023, Member thereafter)
2. Peter Street (Committee Chair commencing January 18, 2023)
3. Jessica Chevrier
4. Faye Johnson

Governance Committee:

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

2.4 Employees

TFMC hired its first employees during the 2022-23 fiscal year:

1. Mark Stevens, General Manager, hired on September 26, 2922
2. Glen McDonald, Office Administrator, hired on December 12, 2022.

3.0 Description of Activities

Shortly before the fiscal year began, and in preparation for the issuance of the SFL to TFMC, the TFMC Board adopted a Service Provider Model to meet its staffing requirements. This was intended to minimize the number of employees to be hired initially and to provide for a smooth start-up and transition of operations as the service provider would be knowledgeable and experienced in the duties to be performed. As a result, First Resource Management Group was hired for a three-year contract (April 1, 2022 to

March 31, 2025), with an option to extend for an additional year, to provide forestry-related services to TFMC.

Until staff were recruited, a Transition Manager had been engaged in the prior year to direct the operations of the corporation. Once hired, the General Manager assumed responsibility for TFMC's operations while the Transition Manager remained fully supportive during the final stage of transition.

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

The Board met eleven times (five Full Board Meetings in-person and six virtual meetings) in 2022-23.

The key activities of the Board included:

1. implementation of the SFL for the Temagami Forest
2. commencement of forest management operations with the Service Provider
3. commencement of harvesting operations and revenue collection
4. the search, selection, and establishment of office space
5. recruiting and hiring of the General Manager
6. development of governance and financial frameworks including key policies and procedures
7. initiate the development of a strategic plan and the establishment of Temagami Forest Enhancement Initiatives
8. establishment of financial strategies
9. development of relationships instrumental to the effective start-up of the corporation and the commencement of forestry operations
10. training of Board members in Governance, Ethics and Conflict-of-Interest
11. fulfillment of Crown Agency obligations, on-time.

While the previous fiscal year saw the start-up of the corporation, 2022-23 saw the start-up of business operations. Forest planning, renewal, harvesting and forest roads work began under TFMC with the transfer of the SFL on April 1, 2022.

The Board continued with the development of frameworks, particularly those that related to financial matters, human resources, and customer service. Strategic planning progressed, with focus on the planning for achievement of TFMC's mandated objects.

MNRF resources to support the Board, including funding for Transition Manager services and the provision of MNRF staff to act as Secretary and Chief Financial Officer (CFO) in transitional capacities, continued while TFMC staff were recruited and began their work. The CFO and Secretary worked collectively to establish effective financial processes and reporting procedures, procure services, support the Board and Committees, and ensure that the all-round functioning of the business proceeded smoothly. By year’s end, the reliance on these support services had greatly diminished.

The General Manager engaged with the Chair and Board members to align with their direction, supported Board activities, provided direction and oversight to forestry operations, recruited the Office Administrator, led the budgeting and Agency Business Plan development, built relationships with many stakeholders, and contributed to the strategic planning and enhancement initiatives processes.

4.0 Analysis of Operational Performance

The 2022-23 fiscal year was the first year of operational performance by TFMC as the new holder of the SFL. It was also the first year of new relationships and processes for the forest harvesters who had performed their work directly under the guidance of MNRF in all previous years. Despite the risk of new processes and relationships creating unforeseen issues, operational performance met or surpassed expectations.

The 2022-25 Agency Business Plan provided the near-term (annual) targets against which performance was measured, and the longer-term outcomes that were set in motion.

Key achievements related to targets and outcome-based performance measures stated in the Business Plan include:

1. TFMC initiated operations under the newly issued SFL on April 1, 2022, with a seamless transition of all obligations (forest management planning, harvesting, roads and forest renewal) with no disruptions or delay to operations. Specifically:
    - 105,682 m3 volume harvested vs Budget of 84,150 m3.
    - Full utilization (100%) of the available $527,342 Roads Funding for road construction, maintenance, and water crossings.
    - Implementation of planned forest renewal activities, including the planting of 576,600 trees, site preparation of 488 hectares and Free-to-Grow assessments of 989 hectares.
    - Zero reportable injuries.
    - one non-compliance under the Forest Operations Inspections Program was documented with a warning letter.
2. Established key priority policies/procedures, systems, and processes to track and administer operations, including revenue collection from operations.

3. Established communications pathways and built relationships with local indigenous communities and municipalities, MNRF and key interest groups within and around the Temagami Forest, with three of the planned four formal meetings held to introduce TFMC to local and First Nation communities.

In addition, other targets that were identified in the Business Plan without specific performance measures, and were achieved, included:

4. The General Manager and Office Administrator were hired for the two full-time, permanent positions, enabling the Transition Manager position to be discontinued and the workloads of other transitional support personnel to greatly diminish. Together, all contributed to the cost-effective business model that was profitable in its first year of operation and improved the utilization of available wood supply.
5. Investment in the forest renewal program, including the increase of renewal rates to continue such investment, and identification of information gaps, particularly forest resource inventory, with exploration with MNRF and the forest sector to overcome such gaps.
6. Initiated the development of a 5-year strategic plan and associated programs/initiatives to move forward on key LFMC mandates to support local and Indigenous economic opportunities and ensure the sustainable management of the Temagami Forest.

The successful year and achievement of all critical milestones reflects the strong working relationships established amongst all involved, including: MNRF District, Regional and Provincial staff; TFMC Board members; Transition Manager and staff; the service provider; forest sector operators; and all who have had some stake in the development of TFMC.

5.0 Analysis of Financial Performance

Start-up funding for TFMC was provided in the previous year as well as in 2022-23, with the final disbursement of start-up funding expected in 2023-24. During this fiscal year, $903,906 was received in LFMC Conversion Funding.

Also in 2022-23, $500,000 was set aside as a restricted operating reserve to support ongoing operations in the event of a major downturn in operating revenues.

With the first full year of forest operations surpassing initial harvesting targets, revenues also exceeded budgeted values, by $230,000. Net operational revenue was primarily derived from stumpage and management fees, while revenue from the roads program mostly flowed through to the Operators who were building and maintaining the roads.

Forest renewal revenues flowed directly to the service providers who implemented the silviculture program and had their costs reimbursed from the Forest Renewal Trust (FRT). TFMC did undertake the tree marking work that was required in 2022-23 and was reimbursed for that work by FRT.

Expenses were less than budget due to the late hiring of staff and other start-up delays that caused some expenses to be deferred, resulting in a favourable excess of revenues of $1,494,000 vs the budget of $1,027,000. While this is a positive result in its first year of operations, the Board is cognizant that the cyclical nature of harvesting on the Temagami Forest is likely to result in declining harvest levels in each of the next five years. Thus, TFMC maintains a long-term outlook on its expected financial performance and is prepared for some challenging years ahead until the harvesting pattern can be stabilized.

As of March 31, 2023, TFMC's Net Assets were $2,610,936, including the restricted operating reserve. TFMC's available cash on March 31, 2023 was $1,447,989, not including the restricted operating reserve or other investments. 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 2022-23 Agency Business Plan provided a summary of key risks and mitigation plans for that fiscal year. TFMC regularly monitors risks and reports risk quarterly. During 2022-2023, no significant risks were identified. The two highest risks that had been identified (Moderate), Available Wood Supply Risk and Customer Concentration Risk, presented no obstacles to operations during the year.

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, 2023. The audit period covers the fiscal year from April 1, 2022 to March 31, 2023.

The audit report for the period ending March 31, 2023 was presented and approved by the Board on June 13, 2023. 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

TFMC's mandate is subject to the Minister's direction which is provided via the Minister's mandate letter. Initially, the Honourable Greg Rickford provided a mandate letter to TFMC on November 10, 2021. Upon becoming the Minister, The Honourable Graydon Smith provided an updated mandate letter on September 26, 2022. TFMC is well on its way to fulfilling the expectations that were identified in the mandate letters.

In its first year of forestry operations as the holder of the SFL, TFMC achieved a seamless transition of operations and surpassed the budgeted harvest level. Financial systems were established, revenues collected, and net income was positive demonstrating competitiveness, sustainability, and appropriate expenditure management.

The TFMC Board developed key financial and human resources policies, establishing transparency and accountability with those guiding documents.

Fortunately, no significant risks arose during the year, but proactive planning was in place in the event that mitigating measures were required.

TFMC recruited and filled its two staff positions, in concert with the engagement of a contracted service provider. This business model minimized disruption, provided efficiency, and ensured capabilities were available to manage all tasks.

Policies and procedures were initiated to address the requirements for diversity and inclusion, data collection and digital delivery and customer service. These will continue to be focused on in the coming year.

Specifically in 2022-2023, TFMC undertook the responsibilities of being the SFL holder and implemented the appropriate activities for the long-term sustainability of the forest, increasing the participation of local indigenous communities and local municipalities. Although early, TFMC is showing its business model to be cost effective, sustainable, and focused on improved utilization of the available Crown timber.

Moving forward, TFMC will continue to take action to achieve its mandates and fulfill its obligations as a Crown agency.

Appendix I: Audited Financial Statements

Temagami Forest Management Corporation

Financial Statements

For the year ended March 31, 2023

Temagami Forest Management Corporation
Financial Statements
For the year ended March 31, 2023

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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 judgments.

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.

The financial statements have been examined by BDO Canada LLP. BDO Canada LLP's responsibility is to express an opinion on whether the financial statements are presented in accordance with Canadian public sector accounting standards. The independent Auditor's Report outlines the scope of the Auditor's examination and opinion.

Mark Stevens

Andy Lemmetty
Andy Lemmetty (Jul 10, 2023 21:24 CDT)

June 29, 2023

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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, 2023, the statements of operations, changes in 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, 2023, 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.

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
June 29, 2023

Temagami Forest Management Corporation
Statement of Financial Position

March 31	2023	2022
Assets		
Current		
Cash and cash equivalents	**$ 1,447,989**	$ 1,095,622
Investments (Note 3)	**512,125**	-
Accounts receivable (Note 2)	**199,862**	26,644
	2,159,976	1,122,266
Restricted Investments (Note 3)	**500,000**	-
Capital assets (Note 4)	**2,994**	-
	$ 2,662,970	$ 1,122,266

Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 5)	**$ 52,034**	$ 5,429
Net Assets		
Internally restricted (Note 9)	**500,000**	-
Unrestricted	**2,110,936**	1,116,837
	2,610,936	1,116,837
	$ 2,662,970	$ 1,122,266

On behalf of the Board:

John R E Kenrick
John R E Kenrick (Jul 9, 2023 20:09 EDT) Director

faye johnson (Jul 9, 2023 07:09 EDT) Director

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

Temagami Forest Management Corporation
Statement of Operations

For the year ended March 31	2023	2022
(with comparatives for the 471 day period ended March 31, 2022)		
Revenues		
Forestry Futures Trust	$ 903,906	$ 1,015,000
Stumpage	621,219	-
Roads Program	527,342	-
Forest management fees	483,684	-
Forest Renewal Trust	52,281	-
Interest and other	17,704	-
MNRF - one time	-	252,095
	2,606,136	1,267,095
Expenses		
Direct program costs	559,064	-
Purchased services	215,628	102,043
Board of Directors	122,794	40,810
Salaries and benefits	109,145	-
Professional fees	38,018	6,001
Insurance	19,818	-
Vehicle and travel	17,512	1,125
Office supplies, postage and other	8,962	30
Promotion	5,845	-
Occupancy	5,264	-
Training and initiatives	4,495	-
Business fees and licenses	3,828	-
Bank charges	915	249
Amortization	749	-
	1,112,037	150,258
Excess of revenues over expenses for the year	$ 1,494,099	$ 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 year ended March 31			2023	2022
	Internally Restricted	**Unrestricted**	**Total**	**Total**
(with comparatives for the 471 day period ended March 31, 2022)				
Balance, beginning of year	-	1,116,837	**1,116,837**	-
(Deficiency) excess of revenue over expenses	-	1,494,099	**1,494,099**	1,116,837
Transfers in year	500,000	(500,000)	**-**	-
Balance, end of year	500,000	2,110,936	**2,610,936**	1,116,837

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

Temagami Forest Management Corporation
Statement of Cash Flows

For the year ended March 31 (with comparatives for the 471 day period ended March 31, 2022)	2023	2022
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	**$ 1,494,099**	$ 1,116,837
Amortization of capital assets	**749**	
	1,494,848	1,116,837
Changes in non-cash working capital balances:		
Accounts Receivable	**(173,218)**	(26,644)
Accounts payable and accrued liabilities	**46,605**	5,429
	1,368,235	1,095,622
Capital activities		
Acquisition of capital assets	**(3,743)**	-
Investing activities		
Increase in Investments	**(1,012,125)**	
Increase in cash and cash equivalents during the year	**352,367**	1,095,622
Cash and cash equivalents, beginning of year	**1,095,622**	-
Cash and cash equivalents, end of year	**$ 1,447,989**	$ 1,095,622

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

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 Forest Tenure Modernization Act of 2011. The Corporation was established to operate within the defined Temagami Forest, 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 Natural Resources and Forestry ("MNRF") 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.

1. **Significant Accounting Policies** (continued)

Capital Assets

Capital assets are stated at cost. Amortization is provided on the straight-line basis, using the following annual rates:

Asset	Rate
Computer Equipment	5 years

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 , MNRF 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.

2. Accounts Receivable

		2023	2022
Stumpage fees	$	**209,108** $	-
Forest renewal trust receivable		**14,703**	12,492
Sales tax (payable) receivable		**(23,949)**	14,152
		199,862	26,644

3. Investments

		2023	2022
Guaranteed investment certificate, bearing interest at 4.70%, maturing January 29, 2024. (i)	$	**505,875** $	-
Guaranteed investment certificate, bearing interest at 5.00%, maturing December 30, 2024.		**506,250**	-
		1,012,125	-

(i) Included in the above balance is $500,000 (2022 - $Nil) that has been internally restricted.

4. Capital assets

	2023			2022		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Computer Equipment	**$ 3,743**	**$ 749**	**$ 2,994**	$ -	$ -	$ -

March 31, 2023

5. Accounts Payable and Accrued Liabilities

		2023	2022
Trade	$	52,034 $	5,250
Payroll source deductions		-	179
	$	52,034 $	5,429

6. Remuneration

Total remuneration of the Board members of the Corporation was approximately $63,884 (2022 - $32,773) during the fiscal year.

7. Lease Commitments

During the year the Corporation entered into a lease agreement for office space, with base rent of $ 1,500 payable per month, with the lease expiring on March 31, 2025.

8. 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.

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

9. Internally Restricted - Operating Reserve

The Board has established an operating reserve for the purpose of funding future possible operating deficits of the Corporation. These internally restricted amounts must be approved by the representatives of the Board of Directors.

During the year, the Board approved a transfer to the internally restricted reserve fund in the amount of $500,000.