Algonquin Forestry Authority
Financial Statements
For the year ended March 31, 2026

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Contents

Management's Responsibility for Financial Information

Management of Algonquin Forestry Authority is responsible for the integrity, consistency, objectivity and reliability of the financial statements. These financial statements were prepared in accordance with Canadian public sector accounting standards, and management has exercised its judgement and made best estimates where appropriate, particularly when the transactions affecting the current accounting period cannot be finalized with certainty until future periods. Estimates and assumptions are based on historical experience, current conditions and various other assumptions believed to be reasonable in the circumstances.

Management is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the financial records are relevant, reliable and accurate, and that assets are properly accounted for and safeguarded. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

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 Authority and at least annually to review the financial statements and the external auditors' report thereon and recommends them to the Minister of Natural Resources for approval.

The Office of the Auditor General of Ontario, appointed by our legislation, has audited the financial statements in accordance with Canadian generally accepted auditing standards, as stated in their Independent Auditor’s Report. The Office of the Auditor General has full and unrestricted access to the Board to discuss their audit and related findings.

T. Bradley

July, 10, 2026

Tracey Bradley
General Manager

Date

J Condon

July 10, 2026

Jess Condon
Treasurer

Date

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INDEPENDENT AUDITOR'S REPORT

To the Algonquin Forestry Authority and to the Minister of Natural Resources

Opinion

I have audited the financial statements of the Algonquin Forestry Authority (the Authority), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2026, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 Authority'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 the Authority either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Authority'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 Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority 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.

I 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 I identify during my audit.

Toronto, Ontario
July 10, 2026

Jeremy Blair, CPA, CA, LPA
Assistant Auditor General

Algonquin Forestry Authority
Statement of Financial Position

As at March 31, 2026	General Fund	Forest Renewal Fund (Note 1)	2026	2025
Assets				
Current assets				
Cash	$ 2,548,584	$ 1,597,859	**$ 4,146,443**	$ 2,839,438
Accounts receivable (Note 3)	5,035,602	1,146,602	**6,182,204**	5,765,901
Inventories	686,422	-	**686,422**	543,851
Prepaid expenses	121,582	-	**121,582**	121,346
Total current assets	8,392,190	2,744,461	**11,136,651**	9,270,536
Capital assets (Note 4)	442,922	-	**442,922**	398,962
Total assets	$ 8,835,112	$ 2,744,461	**$ 11,579,573**	$ 9,669,498
Liabilities and Fund Balances				
Current liabilities				
Accounts payable and accrued liabilities	$ 1,736,580	$ 65,487	**$ 1,802,067**	$ 1,671,627
Due to Province of Ontario (Note 2)	479,396	-	**479,396**	361,854
Deferred contributions (Note 5)	461,738	-	**461,738**	151,765
Total current liabilities	2,677,714	65,487	**2,743,201**	2,185,246
Obligation for employee future benefits (Note 6)	51,726	-	**51,726**	79,909
Total liabilities	$ 2,729,440	$ 65,487	**$ 2,794,927**	$ 2,265,155
Fund balances				
Externally restricted (Note 1)	-	2,678,974	**2,678,974**	2,416,637
Unrestricted	6,105,672	-	**6,105,672**	4,987,706
Total fund balances	6,105,672	2,678,974	**8,784,646**	7,404,343
Total liabilities and fund balances	$ 8,835,112	$ 2,744,461	**$ 11,579,573**	$ 9,669,498

The accompanying notes are an integral part of these financial statements

Damion Ketchum
Director

C Clark
Director

Algonquin Forestry Authority
Statement of Operations

For the year ended March 31, 2026	General Fund	Forest Renewal Fund	**Total 2026**	Total 2025
Revenues				
Product sales	$ 19,872,028	$ -	**$ 19,872,028**	$ 19,651,781
Roads (Note 2 & 5)	2,574,845	-	**2,574,845**	1,767,130
Other revenues (Note 7)	1,732,012	483,900	**2,215,912**	904,219
Forest renewal fees	-	2,076,545	**2,076,545**	1,943,193
Standing timber sales	691,651	-	**691,651**	469,289
Total revenues	**24,870,536**	**2,560,445**	**27,430,981**	**24,735,612**
Program expenses (Note 11)				
Direct program costs	19,413,433	1,894,553	**21,307,986**	21,857,180
Crown timber stumpage charges (Note 2)	1,309,779	-	**1,309,779**	1,294,116
Public access road maintenance	654,312	-	**654,312**	292,840
Operations planning	290,808	-	**290,808**	351,474
Wood measurement	99,352	-	**99,352**	67,541
Total program expenses	**21,767,684**	**1,894,553**	**23,662,237**	**23,863,151**
Excess of revenues over program expenses	**3,102,852**	**665,892**	**3,768,744**	**872,461**
General and administrative expenses				
Salaries and benefits (Note 6 & 12)	1,457,434	319,462	**1,776,896**	1,632,036
Office supplies and other	117,045	202	**117,247**	159,857
Amortization of capital assets	102,804	50,661	**153,465**	103,244
Bad debts	102,485	-	**102,485**	72,652
Office rent (Note 10)	68,599	25,258	**93,857**	87,195
Insurance	49,816	-	**49,816**	54,233
Directors' allowances (Note 2)	44,700	-	**44,700**	45,085
Consulting legal and miscellaneous	19,868	-	**19,868**	69,341
Staff travel and training	12,666	7,849	**20,515**	20,125
Public relations	6,450	-	**6,450**	10,790
Interest and bank charges	3,019	123	**3,142**	2,585
Total general and administration expenses	**1,984,886**	**403,555**	**2,388,441**	**2,257,143**
Excess (deficiency) of revenue over expenses	**$ 1,117,966**	**$ 262,337**	**$ 1,380,303**	**$ (1,384,682)**

The accompanying notes are an integral part of these financial statements

Algonquin Forestry Authority
Statement of Changes in Fund Balances

For the year ended March 31, 2026

		Forest Renewal Fund		General Fund		Total
Balance, beginning of year	$	2,416,637	$	4,987,706	$	**7,404,343**
Excess of revenue over expenses		262,337		1,117,966		**1,380,303**
Balance, end of year	**$**	**2,678,974**	**$**	**6,105,672**	**$**	**8,784,646**

For the year ended March 31, 2025

		Forest Renewal Fund		General Fund		Total
Balance, beginning of year	$	2,797,635	$	5,991,390	**$**	**8,789,025**
(Deficiency) of revenue over expenses		(380,998)		(1,003,684)		**(1,384,682)**
Balance, end of year	**$**	**2,416,637**	**$**	**4,987,706**	**$**	**7,404,343**

The accompanying notes are an integral part of these financial statements

Algonquin Forestry Authority
Statement of Cash Flows

For the year ended March 31	2026	2025
Cash flow from operating activities		
Excess (deficiency) of revenues over expenses	$ **1,380,303**	$ (1,384,682)
Adjustments for non-cash items:		
Amortization of capital assets	**153,465**	103,244
Gain on sale of capital assets	**(116,759)**	(74,790)
Decrease in obligation for employee future benefits	**(28,183)**	-
	1,388,826	(1,356,228)
Changes in working capital balances:		
(Increase) decrease in accounts receivable	**(416,303)**	1,757,106
(Increase) decrease in inventories	**(142,571)**	43,096
(Increase) in prepaid expenses	**(236)**	(47,277)
Increase (decrease) in accounts payable and accrued liabilities	**130,440**	(140,669)
Increase (decrease) in due to Province of Ontario	**117,542**	(134,313)
Increase in deferred contributions	**309,973**	82,160
Net cash flows provided by operating activities	**1,387,671**	203,875
Cash flows from capital activities		
Acquisition of capital assets	**(197,425)**	(93,819)
Proceeds from disposal of capital assets	**116,759**	74,790
Net cash flows (used in) capital activities	**(80,666)**	(19,029)
Increase in cash, during the year	**1,307,005**	184,846
Cash, beginning of year	**2,839,438**	2,654,592
Cash, end of year	**4,146,443**	2,839,438

The accompanying notes are an integral part of these financial statements

For the year ended March 31, 2026

Nature of operations	Algonquin Forestry Authority (the "Authority") is a Crown Agency which was established by the Ontario Government on January 4, 1975, under the *Algonquin Forestry Authority Act, 1974*. The Authority is responsible for forest management in Algonquin Provincial Park and operates on a not-for-profit basis. The Authority is exempt from income taxes under the *Income Tax Act*.

1. Significant accounting policies

Basis of accounting

The Authority'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.

Fund accounting

The General Fund accounts for the Authority's revenue generating and administrative activities.

The Forest Renewal Fund accounts for the forest management activities, including silvicultural work (Note 7). The fund is externally restricted by the Ministry of Natural Resources.

Effective January 11, 2023, the Authority renewed its agreement with the Ministry to perform forest renewal activities, key examples of which are artificial regeneration and tending. Funding, on a cost recovery basis, for these activities is derived from Forest Renewal Fees under the Crown Forest Sustainability Act and grants from the Forestry Futures Trust. The renewed agreement will expire on March 31, 2042.

The agreement requires the Authority to maintain a minimum balance of $1,500,000 in the Forest Renewal Fund. At year end, the fund balance is $2,678,974 (2025 - $2,416,637).

Under the agreement, forest renewal fees shall only be used to carry out eligible silvicultural work.

1. **Significant accounting policies** (continued)

Measurement uncertainty

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. Significant items subject to such estimates and assumptions include determination of the allowance for doubtful accounts receivable. Actual results could differ from those estimates. Accounts receivable (see Note 3) are subject to measurement uncertainty due to the Authority's exposure to credit risk from individual customers. These estimates are reviewed periodically and as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

Revenue recognition

Revenue from product sales, standing timber sales, and forest renewal fees 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 Authority accounts for contributions, which include government grants, under the deferral method of accounting.

Operating grants and other grants relate to road construction and maintenance costs on eligible primary and branch forest access roads where access to those roads is not limited to the forest industry.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the period are accrued. Grants related to future periods are deferred and recognized in the subsequent period when the related activity occurs. Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis and at rates corresponding to those of the related capital assets.

Other income is recognized when earned.

1. **Significant accounting policies** (continued)

Cash and cash Equivalents

Cash and cash equivalents consist of cash on hand and short-term highly liquid investments with maturities of three months or less.

Inventories

Inventories include inventory held for sale, and inventory held for consumption.

Inventories held for sale, which consist of harvested wood not yet delivered to customers, are measured at the lower of cost and net realizable value with cost being determined on the first-in, first-out basis. Cost includes all acquisition costs incurred in bringing inventory to its present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Inventory held for consumption, which consist of gravel, culverts, and tree marking paint are recorded at the lower of cost and replacement costs, with costs being determined on the first-in, first-out basis. Cost includes all acquisition costs incurred in bringing the inventory to its present location and condition.

Financial instruments

All financial instruments are assigned to one of the two measurement categories at initial recognition: fair value, or cost/amortized cost. The Authority's financial assets and financial liabilities are accounted for as follows:

Cash and cash equivalents are measured at amortized cost.

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, and due to Province of Ontario are recorded at amortized cost.

For the year ended March 31, 2026

1. **Significant accounting policies** (continued)

Capital assets

Capital assets are recorded at cost less accumulated amortization. The historical cost of tangible capital assets includes the cost directly related to the acquisition, design, construction, development, improvement or betterment, as well as the estimated cost to settle liabilities for asset retirement obligations. Amortization begins when capital assets are available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management).

Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Automotive equipment	4 years
Trailers	10 years
Portable steel structures	5 years
Data processing equipment	5 years
Technical equipment	10 years
Furniture and fixtures	10 years
Leasehold improvements	10 years

The cost of bridges and access roads is amortized over the estimated number of operating seasons for which the bridges and roads are to be used, with a maximum amortization period of 10 years. Forest renewal assets (comprised of furniture and fixtures, technical and data processing equipment, automotive equipment and trailers) are amortized on the same basis and at the same rates as the assets listed above.

Amortization in the year of acquisition is calculated on a prorated monthly basis, reflecting the portion of the year during which the asset was held.

Capital assets are written down when conditions indicate that they no longer contribute the Authority's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The write-downs are accounted for as expenses in the statement of operations.

Allocation of expenses

Salaries and wages are allocated to expenditure categories when such costs are directly attributable or when a reasonable and consistent basis of allocation can be established. Salaries and wages that can be specifically attributed to a program, are allocated based on the time and the employee's hourly wage. When an employee's time is shared among various programs, costs are allocated based on management's best estimate.

1. **Significant accounting policies** (continued)

Employee future benefits	The Authority provides termination benefits to qualifying employees for services rendered prior to January 1, 2016. The costs of severance entitlements under the *Public Service of Ontario Act, 2006* and unused vacation entitlements earned by employees during the year are accrued for in the financial statements. The costs of any legislated severance are recognized when earned by eligible employees. The Authority is a participating employer in the Public Service Pension Plan, which is a multi-employer defined benefit plan that is solely sponsored by the Province of Ontario. When benefits are provided to employees through a multi-employer defined benefit plan, each entity participating in the plan, other than the sponsoring entity, is required to follow the standards for defined contribution plans. As a result, the Authority recognizes an expense equal to the amount of required contributions provided for employees' services rendered during the period. Any outstanding contributions are recognized as a liability in the statement of financial position.

2. Related party transactions

The Authority, under the provisions of the Algonquin Forestry Authority Act, is subject to the direction and control of the Ministry of Natural Resources ("the Ministry"). During the normal course of operations, the Authority entered into the following related party transactions during the year:

i. The Authority received $1,920,533 (2025 - $1,474,290) from the Ministry of Natural Resources for the reimbursement of road construction and maintenance costs on eligible primary and branch forest access roads where access to those roads is not limited to the forest industry (see Note 5);

ii. The Authority remitted Crown timber stumpage charges to the Ministry;

iii. The Authority received $654,312 (2025 - $292,840) from the Ministry of Environment Conservation and Parks for the road construction and maintenance costs on eligible public access roads.

iv. The Authority received $1,164,999 from the Ministry of Environment Conservation and Parks for storm damage cleanup and restoration in Samuel De Champlain Provincial Park

v. The Province of Ontario is responsible for the cost of non-pension post-retirement benefits (see Note 6c) earned by Authority employees;

vi. The Authority obtained an unsecured revolving line of credit with the Ontario Financing Authority.

All related party balances have been recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

2. Related party transactions (continued)

The balance due to Province of Ontario at year-end of $479,396 (2025 – $361,854) is non-interest bearing with no specific terms of repayment and is the result of Crown timber stumpage charges. Crown timber stumpage charges are incurred during the normal course of operations and are paid to the Ministry. Any amounts owing by the Authority at year end are recorded as due to Province of Ontario on the statement of financial position. Year end balances are normally settled in full in the first quarter of the following year.

The total expense for crown stumpage in the year was $1,309,779 (2025 - $1,294,116).

Total remuneration of the Board members of the Authority was approximately $44,700 (2025 – $45,085) during the fiscal year.

3. Accounts receivable

		2026		2025
Trade receivables	**$**	**4,801,775**	$	4,098,079
Billable stumpage and other		**1,527,226**		1,740,474
Gross receivables		**6,329,001**		5,838,553
Less: allowance for doubtful accounts		**(146,797)**		(72,652)
Total accounts receivable	**$**	**6,182,204**	$	5,765,901

Included in the total accounts receivable is an amount of $1,146,602 (2025 - $963,513) which relates to the Forest Renewal Fund. This represents amounts due from clients for forest renewal stumpage charges arising from wood sales.

4. Capital assets

	2026			2025		
	Cost	**Accumulated amortization**	**Net book value**	Cost	Accumulated amortization	Net book value
Bridges and access roads	**$5,346,799**	**$ 5,346,799**	**$ -**	$5,346,799	$ 5,346,799	$ -
Portable steel structures	**963,000**	**923,526**	**39,474**	963,000	907,819	55,181
Forest renewal assets	**468,823**	**287,024**	**181,799**	359,213	277,810	81,403
Automotive equipment	**234,776**	**180,268**	**54,508**	266,941	173,957	92,984
Technical equipment	**193,565**	**159,724**	**33,841**	193,565	151,848	41,717
Data processing equipment	**259,739**	**162,851**	**96,888**	238,323	128,486	109,837
Furniture and fixtures	**44,578**	**35,711**	**8,867**	44,578	34,471	10,107
Leasehold improvements	**56,750**	**29,205**	**27,545**	52,822	45,653	7,229
Trailers	**12,550**	**12,550**	**-**	12,550	12,046	504
Total capital assets	**$7,580,580**	**$ 7,137,658**	**$442,922**	$7,477,851	$ 7,078,889	$398,962

5. Deferred contributions

Deferred contributions represent unspent externally restricted funds that have been received and relate to expenses of future years.

Changes in the contributions deferred to future years are as follows:

	Road construction and maintenance (Note 2)	Public access road maintenance (Note 2)	**2026 Total**	2025 Total
Balance, beginning of year	$ -	$ 151,765	**$ 151,765**	$ 69,605
Amounts received during the year	1,920,533	964,285	**2,884,818**	1,849,290
Amounts recognized as revenue during the year	(1,920,533)	(654,312)	**(2,574,845)**	(1,767,130)
Balance, end of year	$ -	$ 461,738	**$ 461,738**	$ 151,765

6. Employee future benefits

(a) Multi-employer pension plan

The Authority provides pension benefits for all of its employees through its participation in the Public Service Pension Plan ("PSPP"), which is a multi-employer defined benefit pension plan that is solely sponsored by the Province of Ontario. The pension benefit formula is based on a member's best five-year average salary and length of service. Pension benefits are indexed to changes in the Consumer Price Index to provide protection against inflation. Plan benefits are funded by contributions from participating employers, employees, the Province, as well as investment earnings. Plan members normally contribute 8 to 12 per cent of their salaries to the plan and participating employers match these contributions. There were no significant changes to the plan during the period.

The Authority's payments for the year of $163,188 (2025 - $171,537) are included in salaries and benefits in the statement of operations.

For the year ended March 31, 2026

6. **Employee future benefits** (continued)

(b) Termination benefits

The Authority provides termination benefits to qualifying employees. All full-time employees hired before April 1, 2014 qualify for a severance payment equal to one week of salary for each year of continuous service with the Authority provided before January 1, 2016, to a maximum of one-half of the employees' annual salary. The total obligation for vested severance payments is $51,726 (2025 - $79,909).

(c) Non-pension post-retirement benefits

The cost of other non-pension post-retirement benefits is the responsibility of the Province of Ontario, a related party, and accordingly is not accrued or included in these financial statements.

7. **Other revenues**

	General Fund	Forest Renewal Fund	**Total 2026**	Total 2025
Samuel De Champlain restoration (i)	$ 1,164,999	$ -	**$ 1,164,999**	$ -
Interest income	449,962	51,402	**501,365**	266,206
Forestry Futures Trust (ii)	-	389,805	**389,805**	537,754
Gain on sale of assets	74,066	42,693	**116,759**	74,790
Other	42,985	-	**42,984**	25,469
	$ 1,732,012	$ 483,900	**$ 2,215,912**	$ 904,219

(i) Pursuant to an agreement with the Ministry of Environment, Conservation, and Parks, the Authority received $1,164,999 to assist with restoration of Samuel De Champlain Provincial Park after a weather event in June 2025 caused significant damage.

(ii) The Authority received $389,805 (2025 - $537,754) from the Forestry Futures Trust (the "Trust") for reimbursement of eligible silviculture expenses. The Trust was established in 1995 under the Crown Forest Sustainability Act for the purpose of managing the funding of silviculture expenses in Crown forests where forest resources have been killed or damaged by fire or natural causes.

8. Financial instrument risks

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 Authority's credit risk arises from its financial assets including cash and accounts receivable. All cash deposits are held with financial institutions. The Authority's accounts receivable is due from various customers and from government agencies.

The Authority manages its credit risk by including contractual terms and conditions which attempt to protect the Authority's interest to the extent possible and monitoring the risks on a continuous basis.

The collectability of the accounts is assessed annually by the Authority and an allowance for doubtful accounts is recorded where appropriate. The amounts outstanding at year end are as follows:

	2026				
	Total	**Current**	**31-60 days**	**61-90 days**	**Over 91 days**
Customer receivables	**$ 5,942,658**	$ 3,924,327	$ 1,036,193	$ 321,594	$ 660,544
Recoverable expenses	**386,343**	386,343	-	-	-
Gross receivables	**6,329,001**	4,310,671	1,036,193	321,594	660,544
Less: allowance for doubtful accounts	**(146,797)**	(5,208)	-	-	(141,589)
Net receivables	**$ 6,182,204**	**$ 4,305,462**	**$1,036,193**	**$ 321,594**	**$ 518,955**

	2025				
	Total	**Current**	**31-60 days**	**61-90 days**	**Over 91 days**
Customer receivables	**$ 5,306,249**	$ 2,975,326	$ 1,394,657	$ 199,501	$ 736,765
Recoverable expenses	**532,304**	532,304	-	-	-
Gross receivables	**5,838,553**	3,507,630	1,394,657	199,501	736,765
Less: allowance for doubtful accounts	**(72,652)**	(2,743)	(1,344)	-	(68,565)
Net receivables	**$ 5,765,901**	**$ 3,504,887**	**$ 1,393,313**	**$ 199,501**	**$ 668,200**

8. Financial instrument risks (continued)

There have been no significant changes from the previous year in the exposure to credit risk or to the policies, procedures and methods used to measure this risk.

At year end 84% of the customer receivable balance is due from five customers (2025 – 88%), all within the forest industry.

Liquidity risk

Liquidity risk is the risk that a government will encounter difficulty in meeting obligations associated with financial liabilities. The Authority is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, and amounts due to the Province of Ontario. The Authority mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining adequate cash balances in the near-term if unexpected cash outflows arise.

All accounts payable and accrued liabilities and due to province are due within 6 months (2025 – 6 months).

There have been no significant changes from the previous year in the exposure to liquidity risk or to the policies, procedures and methods used to measure this risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. Financial assets and financial liabilities with variable interest rates expose the Authority to cash flow interest rate risk. The Authority is exposed to this risk through its credit facility.

9. Credit Facility

During the year, the Authority obtained an unsecured revolving line of credit (the “facility”) with the Ontario Financing Authority (“OFA”), a related party subject to common control of the Province of Ontario, to supply short-term operating cash flow needs.

The facility has a maximum borrowing limit of $3,000,000. As of March 31, 2026, the Authority has not drawn on the facility.

Borrowings under the facility bear interest at a floating rate plus the cost recovery fee of 0.38% and a proxy commercial spread of 0.6%, compounded quarterly. The floating rate is the Ontario rate on the date of each facility advance and is determined by the OFA and reflects Ontario’s three-month treasury bill rate. All amounts advanced including principal and interest must be paid annually on the repayment date, which is September 1 of each year of the loan term.

The facility advance period is three years from the effective date of December 4, 2025.

The Authority is required to comply with certain non-financial covenants established by the OFA. The Authority was in compliance with all requirements as of March 31, 2026.

For the year ended March 31, 2026

10. Commitments

During 2025, the Authority entered into a renewed lease agreement for its premises in Huntsville. The two-year lease commenced on April 1, 2025, and expires March 31, 2027.

During 2026, the Authority entered into a renewed lease agreement for its premises in Pembroke. The one-year lease agreement commenced on January 1, 2026, and expires December 31, 2026.

Total lease payments during the year amount to $93,857(2025 - $98,447). Of this amount, $61,069 was for the premises in Huntsville, and $32,165 was for the premises in Pembroke.

	Lease Commitments
2027	**$87,844**

11. Expenditures by object

	General Fund	Forest Renewal Fund	**Total 2026**	Total 2025
Logging contractors	$16,124,580	-	**$ 16,124,580**	$16,197,344
Road maintenance	3,079,579	-	**3,079,579**	2,647,711
Crown stumpage	1,309,779	-	**1,309,779**	1,294,116
Silviculture contractors	-	863,191	**863,191**	1,388,934
Seasonal wages and benefits	156,694	387,858	**544,552**	606,131
Permanent wages and benefits	415,803	-	**415,803**	515,728
Equipment rentals	368,309	-	**368,309**	92,474
Supplies and materials	74,713	262,809	**337,522**	463,937
Vehicles	214,810	117,213	**332,023**	326,603
Tree-marking subcontractors	-	262,732	**262,732**	286,085
Consultants	17,799	-	**17,799**	18,586
Memberships and subscriptions	4,890	-	**4,890**	4,914
Miscellaneous	14	750	**764**	10,924
Staff travel and training	714	-	**714**	-
	$ 21,767,684	$ 1,894,553	**$ 23,662,237**	$ 23,863,151

For the year ended March 31, 2026

12. Allocation of administrative expenses

Salaries and wages allocated to program expenses for the period amounted to $2,192,700 (2025 - $2,139,951) as follows:

		2026		2025
Direct program costs	$	**97,944**	$	124,601
Operations planning		**197,808**		302,803
Public access road maintenance		**109,052**		75,000
Wood measurement		**10,999**		5,511
Administrative and other	$	**1,776,896**	$	1,632,036
	$	**2,192,699**	$	2,139,951

13. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year. These reclassifications include:

i) The “Invested in capital assets” component of “Fund balances” has been combined with “Unrestricted” to align with the current year’s presentation of “Fund balances” on the Statement of Financial Position and on the Statement of Changes in Fund Balances.

ii) The ”Roads” component previously included with “Other income” has been separately presented on the Statement of Operations under Revenues.