

Forestry Innovation Investment Ltd.

**FINANCIAL INFORMATION ACT  
STATEMENT AND SCHEDULES**

Year ended March 31, 2024

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**Forestry Innovation Investment Ltd.**

**Statement of Financial Information Approval**

FIR, Schedule 1, section 9

The undersigned represents the Board of Directors of Forestry Innovation Investment Ltd.  
and approves all the statements and schedules included in this Statement of Financial Information,  
produced under the Financial Information Act.



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Rick Manwaring  
Board Chair  
Date: October 17, 2024

## Statement of Management Responsibility

### *Scope of Responsibility*

Management has supervised preparation of the accompanying consolidated financial statements and related note disclosures and is responsible for their integrity and objectivity. The consolidated financial statements of Forestry Innovation Investment Ltd. (FII) have been prepared by management in accordance with the financial reporting provisions prescribed by the Province of British Columbia pursuant to Section 23.1 of the Budget Transparency and Accountability Act (see Note 2(a)).

We believe that these consolidated financial statements present fairly FII's financial position as at March 31, 2024 and the consolidated statement of operations, change in net assets, and cash flow for the year ending March 31, 2024 and that the other information contained in the Company's annual report is consistent with the consolidated financial statements as presented.

### *Internal Controls*

Management is responsible for the integrity of the financial statements and has established systems of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to facilitate the preparation of the financial statements in a timely manner. We continually monitor these internal accounting controls, modifying and improving them as business conditions and operations change. We believe our system of internal accounting controls provide reasonable assurance that errors or irregularities that would be material to the consolidated financial statements are prevented or detected in the normal course of business.

### *Board of Directors and Audit Committee*

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and overseeing management's discharge of its financial reporting responsibilities. An Audit Committee is appointed by the Board. The Audit Committee reviews the consolidated financial statements, adequacy of internal controls, audit process and financial reporting with management and with the external auditors. The Audit Committee has reviewed these consolidated statements prior to recommending approval by the Board of Directors. The Board of Directors has reviewed and approved the financial statements.

### *Independent Auditors*

Grant Thornton has performed an independent audit of the consolidated financial statements of Forestry Innovation Investment Ltd. The Auditor's Report, as attached, outlines the scope of this independent audit and expresses an opinion on the financial statements of Forestry Innovation Investment Ltd.



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Michael Loseth  
Chief Executive Officer



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Douglas Greig  
Vice President & CFO

Vancouver, British Columbia  
May 27, 2024

# Independent Auditor's Report

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To the Board of Directors of Forestry Innovation Investment Ltd.

To the Minister of Jobs, Economic Development and Innovation, Province of British Columbia

## Opinion

We have audited the consolidated financial statements of Forestry Innovation Investment Ltd. (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

## 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 consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

## Emphasis of matter – basis of accounting

We draw attention to Note 2 to the consolidated financial statements, which describes the basis of accounting and the significant differences between such basis of accounting and Canadian public sector accounting standards.

**Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation of these consolidated financial statements in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

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

**Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Company'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 Company'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 consolidated 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 Company to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*Grant Thornton LLP*

Vancouver, Canada  
May 27, 2024

Chartered Professional Accountants

**Forestry Innovation Investment Ltd.**  
**Consolidated Statement of Financial Position**

(in thousands of dollars)

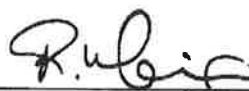
March 31	Note	2024	2023
<b>Financial assets</b>			
Cash and cash equivalents		\$ 6,831	\$ 6,029
Accounts receivable		189	355
Recipient advances	4	79	113
Due from other governments		<u>917</u>	<u>1,294</u>
Total financial assets		<u>8,016</u>	<u>7,791</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	3	1,266	979
Recipient payables	4	151	532
Due to Province of British Columbia		18	15
Due to other governments		276	417
Deferred contributions	6	<u>537</u>	<u>611</u>
Total liabilities		<u>2,248</u>	<u>2,554</u>
Net financial assets		<u>5,768</u>	<u>5,237</u>
<b>Non-financial assets</b>			
Tangible capital assets	7	278	326
Prepaid expenses		<u>458</u>	<u>507</u>
Total non-financial assets		<u>736</u>	<u>833</u>
Accumulated surplus		<u>\$ 6,504</u>	<u>\$ 6,070</u>

Commitments (Note 8)

Approved by the Board



Director



Director

See accompanying notes to the consolidated financial statements.



## Forestry Innovation Investment Ltd.

### Consolidated Statement of Operations and Accumulated Surplus

(in thousands of dollars)  
Year ended March 31

		Budget	2024	2023
	<u>Note</u>			
Revenue	10			
Government contributions				
Provincial		\$ 19,811	\$ 20,274	\$ 23,065
Federal		1,980	290	1,906
Other revenue		200	144	78
Investment income		-	465	335
		21,991	21,173	25,384
Expenses	10			
Funding recipient initiatives		9,050	8,350	13,673
Market initiatives and outreach				
FII Vancouver		5,311	4,679	4,133
FII China		2,300	2,216	2,199
FII India		2,100	1,879	2,328
FII Vietnam		1,500	1,714	1,152
Corporate services		1,730	1,901	1,613
		21,991	20,739	25,098
Annual surplus		-	434	286
Accumulated surplus, beginning of year		6,070	6,070	5,784
Accumulated surplus, end of year		\$ 6,070	\$ 6,504	\$ 6,070

See accompanying notes to the consolidated financial statements.

**Forestry Innovation Investment Ltd.**  
**Consolidated Statement of Changes in Net Financial Assets**

(in thousands of dollars)

Year ended March 31	Budget	2024	2023
Annual surplus	\$ -	\$ 434	\$ 286
Acquisition of tangible capital assets	(100)	(148)	(112)
Amortization of tangible capital assets	150	195	196
Disposal of tangible capital assets	-	1	60
Acquisition of prepaid expenses	200	49	44
Increase in net financial assets	250	531	474
Net financial assets, beginning of year	5,237	5,237	4,763
Net financial assets, end of year	\$ 5,487	\$ 5,768	\$ 5,237

See accompanying notes to the consolidated financial statements.

## Forestry Innovation Investment Ltd.

### Consolidated Statement of Cash Flows

(in thousands of dollars)  
Year ended March 31

2024

2023

Cash provided by (used in):

#### Operating

Annual surplus	\$	434	\$	286
Items not involving cash				
Amortization of tangible capital assets		195		196
Amortization of deferred contributions		(211)		(264)
Loss on disposal of assets		1		60
Change in accounts receivable		166		(191)
Change in recipient advances		34		(32)
Change in due from Province of British Columbia		-		13
Change in due from other governments		377		(741)
Change in accounts payable and accrued liabilities		287		6
Change in recipient payables		(381)		381
Change in due to Province of British Columbia		3		(39)
Change in due to other governments		(141)		(13)
Change in prepaid expenses		49		44
		<b>813</b>		<b>(294)</b>

#### Investing

Acquisition of tangible capital assets		(148)		(112)
Disposition (acquisition) of short-term investments		-		1,009
		<b>(148)</b>		<b>897</b>

#### Financing

Receipt of deferred contributions		137		272
		<b>802</b>		<b>875</b>
Increase in cash				
Cash and cash equivalents, beginning of year		<b>6,029</b>		<b>5,154</b>
Cash and cash equivalents, end of year	\$	<b>6,831</b>	\$	<b>6,029</b>

See accompanying notes to the consolidated financial statements.

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# Forestry Innovation Investment Ltd.

## Notes to the Consolidated Financial Statements

(in thousands of dollars)  
March 31, 2024

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### 1. General

Forestry Innovation Investment Ltd. (the "Company" or "FII Vancouver") was incorporated on March 31, 2003 under the laws of the Province of British Columbia (the "Province"). The Company has authorized capital of 100 common shares without par value of which 10 shares are issued and outstanding. Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Ministry of Jobs, Economic Development and Innovation, holds the shares issued. A board of directors governs the Company, and all directors are appointed by the Province. The Company's principal activities are to fund forest industry associations and research institutions and to deliver market development and market initiatives and outreach programs.

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### 2. Summary of significant accounting policies

#### (a) Basis of presentation

These consolidated financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia which requires accounting policies which are consistent with Canadian public sector accounting standards except in regard to the accounting for restricted capital contributions.

Under Section 23.1 of the Budget Transparency and Accountability Act and its related regulations, the Company is required to recognize restricted capital contributions as a liability and recognize them into revenue on the same basis as the related amortization expense.

Under Canadian public sector accounting standards, those transfers with stipulations that have been met or that do not contain stipulations that create a liability, are fully recognized into revenue.

The impact of this difference on the consolidated financial statements of the Company would be a decrease in deferred capital contributions as at March 31, 2024, and increases in revenues and annual surplus for the year then ended.

#### (b) Reporting Company and basis of consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the reporting Company. The reporting Company is comprised of the Company consolidated with FII Consulting (Shanghai) Co., Ltd. ("FII China"), a wholly-owned subsidiary registered under the laws of the People's Republic of China; 0939031 B.C. Ltd., a wholly-owned subsidiary registered under the laws of British Columbia; Forestry Innovation Consulting India Pvt. Ltd. ("FII India"), a wholly-owned subsidiary of the Company and 0939031 B.C. Ltd., registered under the laws of the Republic of India; and Forestry Innovation Consulting (Vietnam) Ltd., a wholly-owned subsidiary registered under the laws of Vietnam.

FII China is based in Shanghai, China, FII India is based in Mumbai, India, and FII Vietnam is based in Thu Dau Mot City, Vietnam with all subsidiaries delivering market development programs on behalf of the Company. The subsidiaries are consolidated on a line-by-line basis after inter-organizational transactions and balances between these entities have been eliminated.

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# Forestry Innovation Investment Ltd.

## Notes to the Consolidated Financial Statements

(in thousands of dollars)  
March 31, 2024

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### 2. Summary of significant accounting policies (continued)

#### (c) Revenue recognition

Unrestricted contributions, donations and grants are recorded as revenue when receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Restricted contributions include amounts received from the Province and the Canadian Federal Government for specific purposes. Restricted contributions are recorded as deferred contributions when received or receivable. The deferred contribution and associated revenue are recognized based upon the nature of the restriction, as follows:

##### (i) *Restricted capital contributions*

Capital contributions for the purpose of acquiring or developing a depreciable tangible capital asset are recorded and referred to as deferred capital contributions. Deferred capital contributions are reduced and the associated revenue recognized at the same rate and in the same fiscal period that amortization is recognized in respect of acquired depreciable tangible capital asset used to provide services.

##### (ii) *Other restricted contributions*

Deferred contributions are reduced and the associated revenue recognized in the period during which the stipulation or restriction on the contribution have been met.

Investment income includes interest recorded on an accrual basis.

#### (d) Program expenses

Program expenses include amounts transferred to recipient organizations based on recipient funding contracts to carry out specific program activities. Amounts transferred are recognized as expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met by the recipient, and reasonable estimates of the amounts can be made.

#### (e) Pension plans

The Company and its employees contribute to the Public Service Pension Plan, which is a multi-employer jointly trustee plan. The plan is a defined benefit plan, providing pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. As the assets and liabilities of the plan are not segregated by employer, the plan is accounted for as a defined contribution plan and any Company contributions to the plan are expensed as incurred.

#### (f) Financial instruments

Financial instruments consist of cash and cash equivalents, accounts receivable, recipient advances, amounts due from other governments, accounts payable and accrued liabilities, amounts due to the Province, amounts due to other governments, and recipient payables.

The Company measures its financial instruments at cost or amortized cost.

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# Forestry Innovation Investment Ltd.

## Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2024

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### 2. Summary of significant accounting policies (continued)

#### (f) Financial instruments (continued)

For financial instruments measured at cost or amortized cost, transaction costs are added to the cost of the financial instruments.

Interest and dividends attributable to financial instruments are reported in the consolidated statement of operations.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations.

There are no financial instruments measured at fair value; therefore, the consolidated financial statements do not include a consolidated statement of remeasurement gains and losses.

#### (g) Non-financial assets

##### (i) *Tangible capital assets*

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

<u>Asset</u>	<u>Useful life</u>
Computer equipment	3 years
Furniture and equipment	5 years
Leasehold improvements	lesser of the lease term and its useful life
Tradeshaw booths	3 years

Assets under construction are not amortized until the asset is available for productive use.

##### (ii) *Contributions of tangible capital assets*

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

##### (iii) *Interest capitalization*

The Company does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

##### (iv) *Intangible assets*

Intangible assets are not recognized in these consolidated financial statements.

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# Forestry Innovation Investment Ltd.

## Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2024

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### 2. Summary of significant accounting policies (continued)

#### (h) Foreign currency translation

These consolidated financial statements are stated in Canadian dollars. The Company's foreign operations, conducted through FII China, FII India, and FII Vietnam are considered financially interdependent with the Company, and are translated from Chinese renminbi ("RMB"), Indian rupee ("INR"), and Vietnamese dong ("VND") using the temporal method of translation. Accordingly, monetary assets and liabilities are translated at the spot exchange rates in effect at the date of the statement of financial position; non-monetary items are translated at historical exchange rates in effect on the dates of the transactions. Revenue and expense items are translated at monthly average exchange rates in effect during the month in which the transaction occurred, except for amortization which is translated at the historical exchange rate of the corresponding non-monetary item. Realized exchange gains and losses are included in the consolidated statement of operations.

#### (i) Budget

Budget data presented in these consolidated financial statements are based on the Company's Service Plans. The budget was approved by the Board of Directors on January 30, 2023.

#### (j) Use of estimates

The preparation of these consolidated financial statements 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 date of the consolidated financial statements, and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the useful lives of tangible capital assets. Actual results could differ from those estimates.

#### (k) Segment disclosures

A segment is defined as a distinguishable activity or group of activities of an Company for which it is appropriate to separately report financial information. The Company has provided definitions of segments used by the Company as well as presented financial information of the segments in Note 10.

#### (l) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and deposits with financial institutions.

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## Forestry Innovation Investment Ltd.

### Notes to the Consolidated Financial Statements

(in thousands of dollars)  
March 31, 2024

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<b>3. Accounts payable and accrued liabilities</b>	<b>2024</b>	<b>2023</b>
Trade payables	\$ 649	\$ 281
Accrued liabilities	617	698
	<b>\$ 1,266</b>	<b>\$ 979</b>

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#### **4. Recipient advances and payables**

The Company's policy on recipient funding contracts stipulates that unspent advances are repaid to the Company. Historically, unspent advances have been repaid to the Company prior to the end of the first quarter of the new fiscal year after final reconciliation reports have been submitted.

In addition, the Company withholds a percentage of earnable administration costs from their interim advances. Recipients would qualify for this final funding amount withheld based on meeting eligible reporting criteria in the recipient reporting process.

As at March 31, 2024, the Company has identified \$151 (2023 - \$532) as payable to the recipient organizations and \$79 (2023 - \$113) as receivable from the recipient organizations.

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#### **5. Pension plans**

The Company and its employees contribute to the Public Service Pension Plan, which is a multi-employer jointly trustee plan. The plan is a defined benefit plan, providing pension on retirement based on the member's age of retirement, length of service and highest earnings averaged over five years. The board of trustees of the plan represents plan members and employers and is responsible for the management of the plan including investment of the assets and administration of the plan.

The most recent actuarial valuation for the Public Service Pension Plan as at March 31, 2023 indicated a \$4,491 funding surplus for basic pension benefits on a going concern basis.

As described in Note 2(e), the plan is accounted for as a defined contribution plan. During the year ended March 31, 2024, the Company paid \$281 (2023 - \$261) for employer contributions to the plan.

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**Forestry Innovation Investment Ltd.**  
**Notes to the Consolidated Financial Statements**

(in thousands of dollars)  
 March 31, 2024

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**6. Deferred contributions**

Deferred contributions consist of contributions received from the Province for tangible capital assets and other capital and operating contributions for which goods and services remain outstanding. Deferred contributions are comprised of the following:

	<u>Provincial</u>	<u>Other</u>	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 587	\$ 24	\$ 611	\$ 603
Contributions received during the year	100	37	137	272
Amounts recognized as revenue	<u>(198)</u>	<u>(13)</u>	<u>(211)</u>	<u>(264)</u>
Balance, end of year	<u>\$ 489</u>	<u>\$ 48</u>	<u>\$ 537</u>	<u>\$ 611</u>

Included in Provincial deferred contributions is \$97 (2023 - \$145) that is unspent.

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**Forestry Innovation Investment Ltd.**  
**Notes to the Consolidated Financial Statements**

(in thousands of dollars)  
 March 31, 2024

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**7. Tangible capital assets**

**(a) Assets in use**

**Cost**

	2023	Additions	Disposals	2024
Computer equipment	\$ 518	\$ 46	\$ (19)	\$ 545
Furniture and equipment	377	29	(4)	402
Leasehold improvements	491	-	-	491
Tradeshow booths	275	73	(7)	341
	<u>\$ 1,661</u>	<u>\$ 148</u>	<u>\$ (30)</u>	<u>\$ 1,779</u>

**Accumulated amortization**

	2023	Amortization	Disposals	2024
Computer equipment	\$ 452	\$ 65	\$ (19)	\$ 498
Furniture and equipment	281	34	(4)	311
Leasehold improvements	373	66	-	439
Tradeshow booths	230	30	(7)	253
	<u>\$ 1,336</u>	<u>\$ 195</u>	<u>\$ (30)</u>	<u>\$ 1,501</u>

**Net book value**

	2023	2024
Computer equipment	\$ 66	\$ 47
Furniture and equipment	96	91
Leasehold improvements	118	52
Tradeshow booths	45	88
	<u>\$ 326</u>	<u>\$ 278</u>

**(b) Assets disclosed at nominal values**

The cost of tangible capital assets includes the fair market value of certain assets transferred to the Company from the Province effective April 1, 2003 for one dollar. These assets are now fully amortized.

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# Forestry Innovation Investment Ltd.

## Notes to the Consolidated Financial Statements

(in thousands of dollars)  
March 31, 2024

### 8. Commitments

(a) The Company has lease commitments for its premises it occupies.

2025	\$	819
2026		257
2027		24
2028		-
Thereafter		-
	\$	<u>1,100</u>

(b) The Company also has an obligation to pay \$403 (2023 - \$543) for contracts entered into and not yet completed at March 31, 2024.

(c) The Company has an operating line of credit with HSBC Bank of Canada with maximum available credit of \$2,000 which incurs interest at prime plus 1.5% per annum. As of March 31, 2024, no amounts have been withdrawn through the utilization of the credit line.

### 9. Financial instruments risk management

The Company has exposure to the following risks from its use of financial instruments:

#### Credit risk

Credit risk is the risk that the Company's counterparties default or become insolvent.

The Company is potentially exposed to credit risk through cash and cash equivalents, accounts receivable, short term investments, recipient advances, amounts due from the Province, and amounts due from other governments. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. Accounts receivable consist mainly of cost share agreements which are monitored on a regular basis. Amounts due from the Province and amounts due from other governments consist of reimbursement claims. It is the Company's opinion that its exposure to credit risk is subject to normal industry risks and is considered minimal.

As at March 31, 2024, accounts receivable, recipient advances, amounts due from the Province, and amounts due from other governments are comprised of:

	<u>Under 90 days</u>	<u>Over 90 days</u>	<u>Total</u>
Accounts receivable	\$ 189	\$ -	\$ 189
Recipient advances	79	-	79
Due from other governments	<u>915</u>	<u>2</u>	<u>917</u>
	<u>\$ 1,183</u>	<u>\$ 2</u>	<u>\$ 1,185</u>

# Forestry Innovation Investment Ltd.

## Notes to the Consolidated Financial Statements

(in thousands of dollars)  
March 31, 2024

### 9. Financial instruments risk management (continued)

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company manages its exposure to liquidity risk by maintaining sufficient cash balances throughout the year to meet its short-term obligations. It is the Company's opinion that its exposure to liquidity risk is subject to normal industry risks and is considered minimal.

#### Market risk

Market risk is the risk that fluctuations in market prices will affect the Company's net financial assets. Market risk comprises two types of risk:

##### *Currency risk and foreign denominated cash*

Currency risk is the risk that fluctuations in foreign currencies will affect the Company's net financial assets denominated in foreign currencies.

The Company is subject to foreign exchange risk through its program payables and program advances and a portion of the Company's program and tradeshow costs, which are denominated in Chinese renminbi, Indian rupee, Vietnamese dong and United States dollars. The Company manages its exposure to currency risk by monitoring its assets and liabilities denominated in foreign currencies and purchasing foreign denominated currency to pay upcoming commitments when the market conditions are favourable. The Company does not use derivatives instruments to reduce its exposure to foreign currency risk. Included in office costs is \$46 (2023 - \$177) of foreign exchange gains.

The amounts shown are translated to Canadian dollars at the closing rate:

	2024				
	USD denominated amounts in CAD	RMB denominated amounts in CAD	INR denominated amounts in CAD	VND denominated amounts in CAD	CAD Total
Cash	\$ 842	\$ 534	\$ 2,425	\$ 45	\$ 3,846
Accounts receivable and due from other governments	-	-	628	14	642
Accounts payable	-	94	340	81	515
	2023				
	USD denominated amounts in CAD	RMB denominated amounts in CAD	INR denominated amounts in CAD	VND denominated amounts in CAD	CAD Total
Cash	\$ 728	\$ 358	\$ 2,120	\$ 16	\$ 3,222
Accounts receivable and due from other governments	-	162	482	44	688
Accounts payable	-	162	281	133	576

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# Forestry Innovation Investment Ltd.

## Notes to the Consolidated Financial Statements

(in thousands of dollars)

March 31, 2024

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### 9. Financial instruments risk management (continued)

#### Market risk (continued)

##### *Interest rate risk*

Interest rate risk is the risk that fluctuations in interest rates will affect the Company's net financial assets that bear interest at variable rates. The Company manages its exposure to interest rate risk by investing in interest bearing cash accounts and short-term investments.

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### 10. Segmented information

Segmented information has been identified based upon programs provided by the Company. Company programs and their activities are reported by functional area in the body of the consolidated financial statements. Programs that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### (a) Funding Recipient Initiatives

Uses project funding delivered through an annual "Call for Proposals" in partnership with the Government of Canada to fund non-profit organizations, universities, forest industry associations and research institutions to:

- Maintain and create opportunities for B.C. wood products in existing and emerging markets;
- Ensure that customers, consumers, designers, builders, developers and architects know about BC wood products and the many positive features they bring to wood construction and interior finishing;
- Support the development of innovative new forest products and building systems; and
- Provide interested parties around the world with information on the properties and qualities of BC's forest products and the BC companies that supply them.

#### (b) Market Initiatives and Outreach Program

##### (i) *FII Vancouver Initiatives*

Internally directs delivered programs that:

- Promote the benefits of wood as a green building material;
- Position B.C. as a global supplier of world-class environmentally friendly forest products;
- Research opportunities in new and emerging markets, and initiate early market exploration activities;
- Support industry efforts to mitigate non-tariff trade and market barriers for B.C. forest products;
- Champion the Province's wood innovation priorities and advance the use of wood building systems and technologies in public and private construction;
- Raise awareness of the Province as a world leader in innovative, next generation wood construction and design; and
- Encourage a robust valued-added sector in BC through enhanced capacity and competitiveness.

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# Forestry Innovation Investment Ltd.

## Notes to the Consolidated Financial Statements

(in thousands of dollars)  
March 31, 2024

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### 10. Segmented information (continued)

#### (b) Market Initiatives and Outreach Program (continued)

##### (ii) FII China Initiatives

FII China has a mandate to optimize the value of B.C. lumber exports to China by expanding the share of wood construction in China's building sector. FII China focuses on the following activities:

- Expand and strengthen relationships with Chinese national, regional and local government entities (including state-owned developers) to position the environmental benefits of wood construction in response to new policies of the Chinese government to encourage low-carbon, energy-efficient and prefabricated construction in China;
- Promote wood construction in high priority segments such as cultural buildings, tourism, wellness and elderly care facilities, hybrid construction (wood mixed with concrete/steel) and mid-rise and taller wood construction; and
- Work closely with Canadian forest industry trade association staff to expand China's technical capacity to deploy wood construction.

##### (iii) FII India Initiatives

FII India has a mandate to establish a local presence in India for B.C. and Canadian forest products; develop working relationships with manufacturers, importers, architects, developers and the wood-user community; and grow demand for B.C. lumber in the wood in manufacturing sector. The operation focuses on early market development activities including:

- Positioning B.C.'s sustainable softwoods to take advantage of India's growing fibre needs;
- Undertaking promotional and educational activities targeting potential end users;
- Conducting product trials and providing technical support to allow local manufacturers to gain experience working with B.C. species in specific applications; and
- Building a stockist (importer/distributor) network in India to carry and supply B.C. wood species in the market.

##### (iv) FII Vietnam Initiatives

FII Vietnam has a mandate to identify opportunities for B.C. species in Vietnam's wood manufacturing sector; identify key players in the supply chain to introduce them to B.C. species; and build the demand for, and awareness of, Canadian wood products in the market. The operation focuses on early (pre-commercial) market development activities, including:

- Positioning B.C.'s sustainable softwoods as an alternative to hardwood for furniture manufacturing;
- Introducing B.C. species and suppliers to Vietnamese importers, traders and furniture manufacturers;
- Conducting product trials and providing technical support to allow local manufacturers to gain experience working with B.C. species in specific applications; and
- Identifying opportunities in the marketplace and any barriers to entry.

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**Forestry Innovation Investment Ltd.**  
**Notes to the Consolidated Financial Statements**

(in thousands of dollars)

March 31, 2024

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**10. Segmented information (continued)**

**(c) Corporate services**

Corporate services performs the following activities:

- Ensures financial reporting to government standards;
- Provides Human Resource, IT and office services to meet organizational needs;
- Oversees budget and planning, internal controls and cash management;
- Support government and industry trade missions and related initiatives;
- Provide corporate secretary services; and
- Provides corporate communication, market data and analytical services to meet internal and external needs.

**Forestry Innovation Investment Ltd.**  
**Notes to the Consolidated Financial Statements**

(in thousands of dollars)  
 March 31, 2024

**10. Segmented information (continued)**

	Funding Recipient Initiatives	Market Initiatives and Outreach					Corporate services	2024 Total	2023 Total
		FII Vancouver	FII China	FII India	FII Vietnam				
<b>Revenues</b>									
Government contributions									
Provincial	\$ 9,114	\$ 5,396	\$ 2,388	\$ 907	\$ 752	\$ 1,717	\$ 20,274	\$ 23,065	
Federal	124	165	-	-	-	1	290	1,906	
Other revenue	-	35	-	104	-	5	144	78	
Investment income	5	-	1	126	-	333	465	335	
<b>Total revenues</b>	<b>9,243</b>	<b>5,596</b>	<b>2,389</b>	<b>1,137</b>	<b>752</b>	<b>2,056</b>	<b>21,173</b>	<b>25,384</b>	
<b>Expenses</b>									
Amortization	-	-	13	18	38	126	195	196	
Auditing	192	-	45	25	10	73	345	427	
Grants	862	-	-	-	-	-	862	4,386	
Office costs	80	303	407	401	312	97	1,600	1,715	
Professional services	142	1,522	228	584	583	113	3,172	2,941	
Program costs	6,771	565	-	1	-	-	7,337	8,554	
Salaries, wages and benefits	303	2,061	1,332	603	628	1,221	6,148	6,043	
Trade missions	-	10	17	-	18	-	45	15	
Travel and business costs	-	218	174	247	125	271	1,035	821	
<b>Total expenses</b>	<b>8,350</b>	<b>4,679</b>	<b>2,216</b>	<b>1,879</b>	<b>1,714</b>	<b>1,901</b>	<b>20,739</b>	<b>25,098</b>	
<b>Annual surplus (deficit)</b>	<b>\$ 893</b>	<b>\$ 917</b>	<b>\$ 173</b>	<b>\$ (742)</b>	<b>\$ (962)</b>	<b>\$ 155</b>	<b>\$ 434</b>	<b>\$ 286</b>	



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**Forestry Innovation Investment Ltd.**  
**Notes to the Consolidated Financial Statements**

(in thousands of dollars)

March 31, 2024

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**11. Contingency**

During the 2023/2024 fiscal year, GST rebate applications in the amount of INR \$21,512,248 (CAD \$358,538) made by FII India were denied by the India GST authority. FII India is appealing the decision and its business operations have remained unchanged since previously accepted filings. The GST rebates receivable are included in Receivable from Other Governments at March 31, 2024. The Company believes the claim is without merit; however, as the outcome is not determinable at this time, no consequent provisions or accruals have been recorded in these financial statements.

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## **Forestry Innovation Investment Ltd.**

### **Various Sections**

FIR, Schedule 1, section 2

#### **Statement of Assets & Liabilities**

Information on all Assets & Liabilities is available in the Consolidated Statement of Financial Position and Statement of Changes in Net Financial Assets (Debt) of the Consolidated Financial Statements.

FIR, Schedule 1, section 3

#### **Operational Statement**

Information on the Operational Statement is available in the Consolidated Statement of Operations and Accumulated Surplus of the Consolidated Financial Statements.

FIR, Schedule 1, section 4

#### **Schedule of Debts**

There are no outstanding Capital Leases for this organization for the fiscal year 2023/2024.

FIR, Schedule 1, section 5

#### **Schedule of Guarantees and Indemnity Agreements**

There are no outstanding Guarantees and Indemnity Agreements for this organization for the fiscal year 2023/2024.

## Forestry Innovation Investment Ltd.

### Schedule Showing The Remuneration and Expenses Paid To Or On Behalf Of Each Employee

FIR, Schedule 1, section 6

#### 1 Members of the Board of Directors

Name	Position	Remuneration	Expenses
Manwaring, R	Chair	-	-
Mihlar, F	Vice Chair	-	-
Plecas, B	Director	-	-
Mayhew, N	Director	-	-
<b>Total</b>		<b>-</b>	<b>-</b>

#### 2 Other Employees

Name	Remuneration <sup>(1)</sup>	Expenses <sup>(2)</sup>
Bengali, Z	\$ 155,441	\$ 33,709
Bobadilla, L	100,792	4,174
Bradley, R	94,063	1,525
Bridgman, L	122,505	878
Crowe, C	91,800	3,282
Diebold, C	109,088	14,702
Fell, D	154,305	27,493
Greig, D	202,063	38,555
Hayes, V	152,642	34,652
Higgins, L	147,289	7,235
Jason Li	96,675	21,735
Joern, A	95,368	3,913
Jutha, F	110,365	5,048
Kumar, R	68,770	26,372
Le, A	148,494	17,225
Lim, N	188,470	12,320
Liu, G	239,238	54,707
Loseth, M	237,613	117,749
Messer, J	201,031	116,233
Nguyen, S	68,282 <sup>(3)</sup>	9,823
Robertson, K	93,318	1,967
Smith, G	153,820	18,457
Thomas, J	59,067	18,539
Tian, E	162,832	6,176
Tran, V	161,171	26,869
Velez, J	92,605 <sup>(3)</sup>	2,143
Xie, N	163,190	25,959
Yadav, R	66,258	23,357
Yike, Q	135,136	12,559
Zeitler-Fletcher, S	199,729	18,935
Zhang, J	100,147	21,541
Zhang, S	79,697	20,613
Consolidated total of other employees with remuneration and expenses of \$75,000 or less	<u>712,499</u>	<u>89,824</u>
<b>Total: Other Employees</b>	<b>\$ 4,963,763</b>	<b>\$ 838,269</b>

### 3 Reconciliation

Total remuneration-board of directors	\$ -
Total remuneration - other employees	4,963,763
Total benefits and other overhead charges <sup>(4)</sup>	<u>74,852</u>
Total	\$ 5,038,615
Total per segmented note disclosure 10 of the Consolidated Financial Statements	<u>6,147,640</u>
Variance <sup>(5)</sup>	\$ (1,109,026)

#### Notes:

<sup>(1)</sup> Remuneration includes any form of salary, wages, vacation payout, and taxable benefits (includes RRSP contributions)

<sup>(2)</sup> Expenses include travel expenses, memberships, tuition, and similar amounts paid directly to or on behalf of an employee

<sup>(3)</sup> includes severance amounts

<sup>(4)</sup> Includes accruals, PD, and other overhead charges

<sup>(5)</sup> Variance from financial reporting reflects contractor payments and company portion of contributions to EI, CPP, registered pension plan and health plans recorded in the Schedule of Goods and Services rather than the Schedule of Remuneration and Expenses

## **Forestry Innovation Investment Ltd.**

### **Statement of Severance Agreements**

FIR, Schedule 1, subsection 6 (7)

There were two severance agreement under which payment commenced between Forestry Innovation Investment Ltd. and its non-unionized employees during fiscal year 2023/2024.

**These agreement represented five and six months of compensation\***

\*Compensation was based on salary and benefits on the agreement.  
Benefits include extended group health.

## Forestry Innovation Investment Ltd.

### Schedule Showing Payments Made For the Provision of Goods or Services

FIR, Schedule 1, section 7

#### 1 Alphabetical list of suppliers who received aggregate payments exceeding \$25,000

Supplier Name	Aggregate Amount paid to Supplier
Canada Wood Group	\$ 1,982,825
BC Wood Specialties Group	1,640,810
Western Red Cedar Lumber Association	876,030
Wood Products Council	868,686
University of BC	425,882
Bentall Kennedy (Canada) Ltd. Partnership	393,066
Canadian Wood Council	308,838
BC Public Sector Pension Plan	281,074
HCMA Architecture + Design	237,750
Pranesh Chhibber	217,418
Peter Bradfield	190,395
Simon Fraser University	178,750
Athena Sustainable Materials Institute	170,111
Revenue Canada	149,953
RBC Insurance Company	145,258
Metro Vancouver Zero Emissions Innovation	145,229
FII India	144,044
FII China	132,625
Shanghai Pulan Huisheng Industrial Development Co., Ltd	129,611
Adfactors PR Pvt LTD	128,384
Awfis Space Solutions Private Limited	126,939
Vancouver Depreciation	125,555
Wood Pellet Association of Canada	125,403
PricewaterhouseCoopers LLP	125,373
Cedar Shake & Shingle Bureau	121,729
Davies & Co.	113,673
Adfactors Advertising LLP	113,012
Grant Thornton LLP	102,632
Beijing Qianrui Business Development Co., Ltd	100,688
Creacom Inc (Ken Heit Creative)	94,284
SITE Marketing Partners Inc.	83,093
MNP LLP	78,127
RippleSmith Services	75,864
FPIInnovations	72,111
University of Northern British Columbia	71,621
Long View Systems Corporation	70,338
CUC THUE TINH BINH DUONG	69,398
Leger Marketing Alberta Inc.	69,273
SCIUS Advisory Inc	63,397
University of Victoria	63,038
FII Vietnam	61,348
Minister of Finance -eTaxBC	57,549
Spark Logistics Pvt LTD	56,199
Tilleke & Gibbins (Vietnam) LTD.	55,235
NRCan / Canadian Forest Service -FMP	54,811
Terrapin Bright Green, LLC	54,427
Marsh Canada Limited	53,422
Meltwater News Canada Inc.	53,105
CONG TY TNHH PURPLE INK TECHNOLOGIES VN	52,141
Robert Walters Vietnam	51,472
KINGSMEN VIETNAM COMPANY LIMITED	50,080
Instone India Pvt LTD	46,843
National Research Council Canada	45,000
Escalent Consulting India Pvt Ltd	44,684
Avocette Technologies Inc.	43,211
Google LLC	43,067

Supplier Name	Aggregate Amount paid to Supplier
Moxie Exhibitions Pvt Ltd	41,812
Becoming Design Office Ltd	39,375
Nuernbergmesse India Private Ltd	39,198
CONG TY TNHH MTV THUONG MAI BECAMEX	37,862
Raworth Consulting	36,540
Adobe Inc.	36,411
LAIMBOCK ANDREAS MARIO	35,382
Executive Centre India Pvt Ltd	34,961
Drive Design	32,221
IHS Markit	32,097
Yulu Public Relations Inc	31,500
Sandbox Software Solutions Inc.	31,358
Alexander Whitehead Executive Search Inc.	30,482
Forest Business Network, LLC	30,219
Rogers Business (fka Shaw Business)	28,098
Smartsheet Inc.	26,732
Binh Duong Province Social Insurance	26,707
Workman Consulting	26,625
Canadian Equality Consulting	26,308
Crisil LTD	26,066
UMG Index Tradefairs Pvt Ltd	25,859
CTY CP TV DT XD VINH TAM	25,645
<b>Total aggregate amount paid to suppliers</b>	<b><u>12,136,334</u></b>
<b>2 Consolidated total paid to suppliers who received aggregate payments of \$25,000 or less</b>	<b><u>\$ 1,817,368</u></b>
<b>3 Consolidated total of all grants and contributions exceeding \$25,000</b> <sup>(2)</sup>	<b><u>\$ 843,000</u></b>
<b>4 Reconciliation</b>	
Total of aggregate payments exceeding \$25,000 paid to suppliers	\$ 12,136,334
Consolidated total of payments of \$25,000 or less paid to suppliers	1,817,368
Consolidated total of all grants and contributions exceeding \$25,000	843,000
Employee remuneration and expenses <sup>(1)</sup>	5,876,884
Change in capital assets net of amortization and exchange gain/loss	66,077
Total	<u>\$ 20,739,663</u>
Total per Schedule of Expenditures by Business Segment	<u>20,739,663</u>
<b>Variance</b>	<b>\$ -</b>

**Notes:**

<sup>(1)</sup> Employee wages, related expenses, and travel were recorded in the Schedule of Expenditures but not in the Schedule of Goods and Services.

<sup>(2)</sup> The payments reported in this section of the Financial Act include Grants and Contributions as follows:

**Amounts greater than \$25,000**

Athena Sustainable Materials Institute	\$ 32,000
Canada Wood Group	150,000
FPIinnovations	75,000
FPIinnovations	50,000
Sustainable Forestry Initiative, Inc.	500,000
University of Northern British Columbia	36,000
Total	<u>\$ 843,000</u>
Accounts under \$25,000	18,500
<b>Total Grants and Contributions</b>	<b><u>\$ 861,500</u></b>