

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

FINANCIAL STATEMENTS

JUNE 30, 2010

(UNAUDITED)

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Index to Financial Statements

Year Ended June 30, 2010

(Unaudited)

	Page
REVIEW ENGAGEMENT REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Member's Equity	4
Statement of Cash Flow	5
Notes to Financial Statements	6 - 7

CAROL PATTON
CERTIFIED GENERAL ACCOUNTANT

P.O. BOX 890
BARRIERE, BC
V0E1E0

FAX: (250) 672-5898
TELEPHONE: (250) 672-9921

REVIEW ENGAGEMENT REPORT

To the Directors of Lower North Thompson Community Forest Society

I have reviewed the statement of financial position of Lower North Thompson Community Forest Society as at June 30, 2010 and the statements of operations, member's equity and cash flow for the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the society.

A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Barriere, British Columbia
September 14, 2010



Carol Patton
Certified General Accountant

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Statement of Financial Position

June 30, 2010

(Unaudited)

	2010	2009
ASSETS		
CURRENT		
Cash	\$ 1,038,089	\$ 785,354
Accounts receivable	115,860	63,657
Interest receivable	474	284
GST recoverable	7,779	5,763
Prepaid expenses	936	936
Security deposits	150	150
Corporate tax receivable	37	-
	1,163,325	856,144
EQUIPMENT - Note 2	1,624	2,206
	\$ 1,164,949	\$ 858,350
LIABILITIES AND MEMBER'S EQUITY		
CURRENT		
Accounts payable	\$ 122,943	\$ 120,882
Holdbacks	9,056	36,121
Wages payable	4,398	-
Employee deductions payable	3,296	-
Silviculture liability - Note 3	165,000	227,814
	304,693	384,817
LONG-TERM LIABILITY - Silviculture liability - Note 3	385,934	240,689
	690,627	625,506
MEMBER'S EQUITY	474,322	232,844
	\$ 1,164,949	\$ 858,350

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS

CAROL PATTON
CERTIFIED GENERAL ACCOUNTANT

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Statement of Operations

Year Ended June 30, 2010

(Unaudited)

	2010	2009
REVENUE		
Log Sales	\$ 1,854,358	\$ 2,232,004
Job Creation program	25,000	-
Interest income	8,538	26,386
Memberships	25	140
Miscellaneous	1,349	-
Grants	-	18,133
	<u>1,889,270</u>	<u>2,276,663</u>
EXPENSES		
Advertising	598	568
Amortization	582	734
Contracting	1,109,534	1,448,503
Forest development costs	9,734	50,027
Freight	231	24
Insurance	6,714	7,338
Interest and bank charges	477	6,723
Job Creation program costs	3,224	-
Licenses and memberships	3,375	3,166
Log Sale Costs	-	3,333
Logging costs	-	12,433
Office	2,128	2,680
Professional fees	2,732	3,672
Rent - Community Forest	29,151	49,950
Rent - NRFL	9,800	-
Rent - office	3,620	3,650
Repairs and maintenance	110	220
Road Building and Maintenance	10,441	-
Silviculture	227,814	240,059
Silviculture liability	82,431	-
Stumpage	49,207	80,586
Supplies	2,716	2,235
Telephone	1,754	1,682
Training	-	375
Travel	4,805	5,008
Wages and benefits	80,388	73,409
Workers Compensation	6,226	4,327
	<u>1,647,792</u>	<u>2,000,702</u>
NET EARNINGS	<u>\$ 241,478</u>	<u>\$ 275,961</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Statement of Member's Equity

Year Ended June 30, 2010

(Unaudited)

	2010	2009
BALANCE BEGINNING OF YEAR		
As perviously reported	\$ 232,844	\$ 425,386
Prior year adjustment - Note 6	-	(468,503)
BALANCE - BEGINNING OF YEAR		
As restated	232,844	(43,117)
Net Income	241,478	275,961
BALANCE - END OF YEAR	\$ 474,322	\$ 232,844

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS

CAROL PATTON
CERTIFIED GENERAL ACCOUNTANT

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Statement of Cash Flow
Year Ended June 30, 2010
(Unaudited)

	2010	2009
Cash flows from operating activities		
Cash received from sales	\$ 1,854,358	\$ 2,232,004
Cash received from Grants	-	18,133
Cash received from Memberships	25	140
Cash received from miscellaneous revenue	1,349	-
Cash received from Job Creation Program	25,000	-
Cash paid for operating expenses	(1,636,535)	(1,901,804)
Cash generated through operating activities	244,197	348,473
	-	-
Cash flows from financing and investing activities		
Interest received	8,538	26,386
Equipment purchase	-	(1,220)
Cash flow from cash flows from financing and investing activities	8,538	25,166
INCREASE IN CASH FLOW	252,735	373,639
Cash - beginning of year	785,354	411,715
CASH - END OF YEAR	\$ 1,038,089	\$ 785,354

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS

CAROL PATTON
CERTIFIED GENERAL ACCOUNTANT

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Notes to Financial Statements

Year Ended June 30, 2010

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of Organization

The purposes of the society are:

- (a) To create a long term sustainable plan for forest resources that benefits the people of the Lower North Thompson;
- (b) Preserve ownership of local natural resources for the people of our area, promoting self determination for the people of this valley;
- (c) To create sustainable employment, new business opportunities and investment;
- (d) To provide a new opportunity for community management of local crown land;
- (e) To provide long term opportunities for achieving a range of community objectives including:
 - (i) employment;
 - (ii) skills taining;
 - (iii) forest related education;
 - (iv) social and enviroment and economic benefits
- (f) To meet objectives of the government in respect of enviromental stewardship including the management of timber, cultural and heritage resources.

The Lower North Thompson Community Forest Society was incorporated as a Society on April 23, 2004.

REVENUE RECOGNITION

The society follows the deferral method of accounting for contributions.

2. EQUIPMENT

	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
Computer equipment	\$ 2,286	\$ 1,296	\$ 990	\$ 1,414
Field equipment	975	341	634	792
	<u>\$ 3,261</u>	<u>\$ 1,637</u>	<u>\$ 1,624</u>	<u>\$ 2,206</u>

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Notes to Financial Statements

Year Ended June 30, 2010

(Unaudited)

3. SILVICULTURE LIABILITY

The silviculture liability has been calculated as follows:

	2010	2009
Timber Mark A83263	\$ 1,000	\$ 1,000
Timber Mark BB7001	21,927	17,087
Timber Mark BB7002	22,041	13,232
Timber Mark BB7003	24,802	17,710
Timber Mark BB7004	40,721	19,660
Timber Mark BB7005	73,639	50,125
Timber Mark BB7006	33,257	20,820
Timber Mark BB7008	32,018	83,801
Timber Mark BB7009	90,506	-
Timber Mark BB7010	25,532	-
Timber Mark BB7999	2,500	2,500
Timber Mark K1Z001	42,466	176,139
Timber Mark KZ002	22,005	48,759
Timber Mark K1Z003	34,766	-
Timber Mark K1Z004	42,055	17,670
Timber Mark K1Z005	41,699	-
	<u>\$ 550,934</u>	<u>\$ 468,503</u>

The silviculture liability is incurred commensurate with logging and will be extinguished when Ministry of Forests determines that the trees are free to grow, which is generally within ten to fifteen years. The liability is estimated by volume of harvest or by hectares or site conditions and includes replanting of trees and different treatments to enhance their growth.

4. FINANCIAL INSTRUMENTS

The Lower North Thompson Community Forest Society's financial instruments consist of accounts receivable, accounts payable and silviculture liability. The carrying values approximate their fair market value. It is management's opinion the Lower North Thompson Community Forest Society is not exposed to significant interest or credit risks arising from these financial instruments.

5. PRIOR YEAR FIGURES

Certain of the prior year's figures have been reclassified to conform to this year's presentation.

6. PRIOR YEAR ADJUSTMENT

The prior year adjustment reflects the adjustment to record the silviculture liability on the statement of financial position.