

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**Financial Statements**

**Year Ended June 30, 2011**

*(Unaudited)*

**CAROL PATTON**  
**CERTIFIED GENERAL ACCOUNTANT**

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

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**Year Ended June 30, 2011**

*(Unaudited)*

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**CAROL PATTON**  
**CERTIFIED GENERAL ACCOUNTANT**

**P.O. BOX 890**  
**BARRIERE, BC**  
**V0E1E0**

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

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**REVIEW ENGAGEMENT REPORT**

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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, 2011 and the statements of operations and retained earnings 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 21, 2011

  
\_\_\_\_\_  
Carol Patton  
Certified General Accountant

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**Statement of Financial Position**

**June 30, 2011**

*(Unaudited)*

	2011	2010
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash - Note 2	\$ 1,300,155	\$ 1,038,089
Accounts receivable	38,181	124,150
Inventory	8,430	-
Prepaid expenses	2,073	1,086
	1,348,839	1,163,325
<b>EQUIPMENT - Note 3</b>	<b>1,984</b>	<b>1,624</b>
	<b>\$ 1,350,823</b>	<b>\$ 1,164,949</b>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>CURRENT</b>		
Accounts payable and holdbacks	\$ 52,334	\$ 131,999
Wage expenses payable	5,379	7,694
Silviculture liability - Note 4	262,000	165,000
	319,713	304,693
<b>LONG-TERM LIABILITY - Silviculture liability - Note 4</b>	<b>486,342</b>	<b>385,934</b>
	806,055	690,627
<b>MEMBER'S EQUITY</b>	<b>544,768</b>	<b>474,322</b>
	<b>\$ 1,350,823</b>	<b>\$ 1,164,949</b>

**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 and Member's Equity

Year Ended June 30, 2011

(Unaudited)

	2011	2010
<b>REVENUE</b>		
Log Sales	\$ 2,226,562	\$ 1,854,358
Interest income	15,580	8,538
Miscellaneous	19,595	23,150
Forest Investment Account	44,822	12,710
	<u>2,306,559</u>	<u>1,898,756</u>
<b>EXPENSES</b>		
Amortization	697	582
Contracting	1,571,628	1,119,975
Forest development costs	7,297	22,444
Interest and bank charges	1,819	477
Office	25,766	26,051
Professional fees	1,470	2,732
Silviculture	375,670	310,245
Stumpage and annual rent	128,363	88,158
Wages and benefits	123,403	86,614
	<u>2,236,113</u>	<u>1,657,278</u>
<b>NET EARNINGS</b>	<b>70,446</b>	<b>241,478</b>
<b>MEMBER'S EQUITY - BEGINNING OF YEAR</b>	<b>474,322</b>	<b>232,844</b>
Net Income	70,446	241,478
<b>MEMBER'S EQUITY - END OF YEAR</b>	<b>\$ 544,768</b>	<b>\$ 474,322</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART  
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LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Statement of Cash Flow

Year Ended June 30, 2011

(Unaudited)

	2011	2010
<b>Cash flows from operating activities</b>		
Cash received from sales	\$ 2,226,562	\$ 1,854,358
Cash received from Forest Investment Account	44,822	12,710
Cash received from miscellaneous revenue	19,595	23,150
Cash paid for operating expenses	<u>(2,043,436)</u>	<u>(1,646,021)</u>
Cash generated through operating activities	<u>247,543</u>	<u>244,197</u>
<b>Cash flows from financing and investing activities</b>		
Purchase of equipment	(1,057)	-
Interest received	<u>15,580</u>	<u>8,538</u>
Cash flow from cash flows from financing and investing activities	<u>14,523</u>	<u>8,538</u>
<b>INCREASE IN CASH FLOW</b>	<b>262,066</b>	<b>252,735</b>
Cash - beginning of year	<u>1,038,089</u>	<u>785,354</u>
<b>CASH - END OF YEAR</b>	<b>\$ 1,300,155</b>	<b>\$ 1,038,089</b>

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**CAROL PATTON**  
CERTIFIED GENERAL ACCOUNTANT

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Notes to Financial Statements

Year Ended June 30, 2011

(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. CASH

Included in cash is \$ 135,000 which is restricted by a letter of credit in favour of the Minister of Finance.

3. EQUIPMENT

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Computer equipment	\$ 2,906	\$ 1,779	\$ 1,127	\$ 990
Field equipment	1,412	555	857	634
	<u>\$ 4,318</u>	<u>\$ 2,234</u>	<u>\$ 1,984</u>	<u>\$ 1,624</u>

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Notes to Financial Statements

Year Ended June 30, 2011

(Unaudited)

4. SILVICULTURE LIABILITY

The silviculture liability has been calculated as follows:

	<u>2011</u>	<u>2010</u>
Timber Mark A83263	\$ 1,000	\$ 1,000
Timber Mark BB7001	22,885	21,927
Timber Mark BB7002	24,049	22,041
Timber Mark BB7003	31,869	24,802
Timber Mark BB7004	53,942	40,721
Timber Mark BB7005	156,930	73,639
Timber Mark BB7006	43,990	33,257
Timber Mark BB7007	32,677	-
Timber Mark BB7008	33,128	32,018
Timber Mark BB7009	29,355	90,506
Timber Mark BB7010	19,215	25,532
Timber Mark BB7998	44,729	-
Timber Mark BB7999	2,500	2,500
Timber Mark K1Z001	37,908	42,466
Timber Mark K1Z002	95,599	22,005
Timber Mark K1Z003	59,261	34,766
Timber Mark K1Z004	44,901	42,055
Timber Mark K1Z005	14,404	41,699
	<u>\$ 748,342</u>	<u>\$ 550,934</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.

5. 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.

6. PRIOR YEAR ADJUSTMENT

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



LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Notes to Financial Statements

Year Ended June 30, 2011

(Unaudited)

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7. EXCESS FUNDS CALCULATION

Excess funds have been calculated for the 2011 fiscal year as follows:

	<u>2011</u>
Member Equity	<u>\$ 544,768</u>
Silviculture Deposit	\$ (135,000)
Operating cost - 12 months	(227,852)
Current portion of silviculture liability	<u>(262,000)</u>
Remainder	<u>\$ (80,084)</u>