

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**Financial Statements**

**Year Ended June 30, 2012**

*(Unaudited)*

**CAROL PATTON**  
CERTIFIED GENERAL ACCOUNTANT

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**Index to Financial Statements**

**Year Ended June 30, 2012**

*(Unaudited)*

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

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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, 2012 and the statements of operations and 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 accounting standards for private enterprises.

Barriere, British Columbia  
September 26, 2012

  
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Carol Patton  
Certified General Accountant

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**Statement of Financial Position**

June 30, 2012

(Unaudited)

	2012	2011
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 1,292,494	\$ 1,300,155
Term deposits	100,000	-
Accounts receivable	124,804	25,359
Inventory	10,254	8,430
Hst recoverable	14,027	12,821
Prepaid expenses	3,728	2,073
	1,545,307	1,348,838
EQUIPMENT - Note 2	2,630	1,984
LONG TERM INVESTMENTS - Note 3	560,600	-
	\$ 2,108,537	\$ 1,350,822
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>CURRENT</b>		
Accounts payable and holdbacks	\$ 122,855	\$ 52,334
Wage expenses payable	3,017	5,379
Silviculture liability - Note 4	283,500	262,000
	409,372	319,713
LONG-TERM SILVICULTURE LIABILITY - Note 4	752,682	486,342
MEMBER'S EQUITY	946,483	544,767
	\$ 2,108,537	\$ 1,350,822

ON BEHALF OF THE BOARD

    *R. L. Hudson*     Director

    *M. A. McArthur*     Director

*Secy. Treasurer*

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, 2012**

*(Unaudited)*

	2012	2011
<b>REVENUE</b>		
Log Sales	\$ 2,802,650	\$ 2,226,562
Interest income	20,020	14,488
Miscellaneous	2,548	20,686
Land Based Investment Program - Note 8	716	44,822
	<u>2,825,934</u>	<u>2,306,558</u>
<b>EXPENSES</b>		
Amortization	1,005	697
Contracting	1,655,681	1,571,628
Donations	9,750	-
Forest development costs	27,505	7,297
Interest and bank charges	1,854	1,819
Office	31,891	25,766
Professional fees	1,686	1,470
Silviculture	537,072	375,670
Stumpage and annual rent	58,999	128,363
Wages and benefits	98,775	123,402
	<u>2,424,218</u>	<u>2,236,112</u>
<b>NET EARNINGS</b>	<b>401,716</b>	<b>70,446</b>
<b>MEMBER'S EQUITY - BEGINNING OF YEAR</b>	<u><b>544,767</b></u>	<u><b>474,321</b></u>
<b>MEMBER'S EQUITY - END OF YEAR</b>	<u><b>\$ 946,483</b></u>	<u><b>\$ 544,767</b></u>

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**CAROL PATTON**  
CERTIFIED GENERAL ACCOUNTANT

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**Statement of Cash Flow  
Year Ended June 30, 2012**

*(Unaudited)*

	2012	2011
<b>Cash flows from operating activities</b>		
Cash received from sales	\$ 2,802,650	\$ 2,226,562
Cash received from Land Based Investment Program	716	44,822
Cash received from miscellaneous revenue	2,548	20,687
Cash paid for operating expenses	<u>(2,171,343)</u>	<u>(2,043,436)</u>
Cash generated through operating activities	634,571	248,635
<b>Cash flows from financing and investing activities</b>		
Purchase of equipment	(1,652)	(1,057)
Interest received	20,020	14,488
Increase in investments	<u>(560,600)</u>	<u>-</u>
Cash flow from (used by) cash flows from financing and investing activities	<u>(542,232)</u>	13,431
<b>INCREASE IN CASH FLOW</b>	<b>92,339</b>	<b>262,066</b>
Cash - beginning of year	<u>1,300,155</u>	<u>1,038,089</u>
<b>CASH - END OF YEAR</b>	<b>\$ 1,392,494</b>	<b>\$ 1,300,155</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 1,292,494	\$ 1,300,155
Term deposit	100,000	-
	<u>\$ 1,392,494</u>	<u>\$ 1,300,155</u>

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, 2012

(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 training;
- (iii) forest related education;
- (iv) social and environment and economic benefits

(f) To meet objectives of the government in respect of environmental 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	2012 Net book value	2011 Net book value
Computer equipment	\$ 4,558	\$ 2,613	\$ 1,945	\$ 1,127
Field equipment	1,412	727	685	857
	<u>\$ 5,970</u>	<u>\$ 3,340</u>	<u>\$ 2,630</u>	<u>\$ 1,984</u>

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**Notes to Financial Statements**

**Year Ended June 30, 2012**

*(Unaudited)*

**3. LONG TERM INVESTMENTS**

	<u>Amount</u>	<u>Interest rate</u>	<u>Maturity date</u>
Pacific Western Bank	\$ 100,000	2.10%	May 20, 2014
ISCU Term	160,600	2.05%	May 12, 2015
Manulife Trust	100,000	2.25%	May 19, 2015
General Bank of Canada	100,000	2.51%	May 18, 2016
Manulife Bank	100,000	2.65%	May 18, 2017
	<u>\$ 560,600</u>		

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

**4. SILVICULTURE LIABILITY**

The silviculture liability has been calculated as follows:

	<u>2012</u>	<u>2011</u>
Timber Mark A83263	\$ 1,000	\$ 1,000
Timber Mark BB7001	21,597	22,885
Timber Mark BB7002	14,526	24,049
Timber Mark BB7003	27,990	31,869
Timber Mark BB7004	36,600	53,942
Timber Mark BB7005	132,546	156,930
Timber Mark BB7006	40,733	43,990
Timber Mark BB7007	20,542	32,677
Timber Mark BB7008	33,128	33,128
Timber Mark BB7009	48,710	29,355
Timber Mark BB7010	13,770	19,215
Timber Mark BB7997	83,600	-
Timber Mark BB7998	63,600	44,729
Timber Mark BB7999	2,500	2,500
Timber Mark K1Z001	37,908	37,908
Timber Mark K1Z002	46,094	95,599
Timber Mark K1Z003	15,481	59,261
Timber Mark K1Z004	24,594	44,901
Timber Mark K1Z005	40,799	14,407
Timber Mark K1Z006	147,586	-
Timber Mark K1Z007	32,878	-
Silviculture Contingency Fund	150,000	-
	<u>1,036,182</u>	748,345
Current portion of silviculture liability	283,500	262,000
	<u>\$ 752,682</u>	<u>\$ 486,345</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.

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CERTIFIED GENERAL ACCOUNTANT



**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**Notes to Financial Statements**

**Year Ended June 30, 2012**

*(Unaudited)*

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**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.

**7. JOB CREATION PROGRAM**

In the 2012 fiscal year, the Lower North Thompson Community Forest Society (LNTCFS) sponsored a Job Creation Program through the Ministry of Social Development. This program was funded by the provincial government with the LNTCFS acting as a trustee for the program by holding their funds and doing their bookkeeping. The LNTCFS provided donations to the program in the form of administration and bookkeeping. The provincial grant funds received were \$ 62,354.00 with corresponding expenditures of the same amount. LNTCFS donated wages in the amount of \$ 2,797.00.

**8. LAND BASED INVESTMENT PROGRAM (LBIP)**

In the 2012 fiscal year, the Lower North Thompson Community Forest Society participated in the Land Based Investment Program through the Ministry of Forests, Lands and Natural Resource Operations. This program was funded by the provincial government with the LNTCFS acting as a trustee for the program by holding their funds, doing their bookkeeping, and by administering eligible projects. The provincial grant funds received were \$ 31,343.45 with total expenses of \$ 30,627.45. The 2012 projects consisted of silviculture surveys and brushing treatments within Community Forest Agreement K1Z.