

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**Financial Statements**

**Year Ended June 30, 2013**

*(Unaudited)*

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

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**Year Ended June 30, 2013**

*(Unaudited)*

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**CAROL PATTON**  
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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, 2013 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, BC  
October 7, 2013

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Carol Patton  
Certified General Accountant

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**Purpose of the Organization**

**June 30, 2013**

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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 ACCOMPANYING NOTES ARE AN INTEGRAL PART  
OF THESE FINANCIAL STATEMENTS


**CAROL PATTON**  
CERTIFIED GENERAL ACCOUNTANT

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**Statement of Financial Position**  
**June 30, 2013**  
*(Unaudited)*

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 494,339	\$ 1,292,494
Term deposits	350,000	100,000
Accounts receivable	206,777	124,804
Inventory	23,449	10,254
Income taxes recoverable	82	267
GST recoverable	407	13,760
Prepaid expenses	18,217	3,728
	<b>1,093,271</b>	<b>1,545,307</b>
 EQUIPMENT - Note 2	 2,375	 2,630
 LONG TERM INVESTMENTS - Note 3	 763,892	 560,600
	<b>\$ 1,859,538</b>	<b>\$ 2,108,537</b>
 <b>LIABILITIES AND MEMBER'S EQUITY</b>		
<b>CURRENT</b>		
Accounts payable and holdbacks	\$ 169,337	\$ 122,855
Wages payable	3,244	-
Employee deductions payable	3,518	3,017
Silviculture liability - Note 4	158,400	283,500
	<b>334,499</b>	<b>409,372</b>
 LONG-TERM SILVICULTURE LIABILITY - Note 4	 724,167	 752,682
 MEMBER'S EQUITY	 800,872	 946,483
	<b>\$ 1,859,538</b>	<b>\$ 2,108,537</b>

ON BEHALF OF THE BOARD

 \_\_\_\_\_ Director

 \_\_\_\_\_ Director

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LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Statement of Operations and Member's Equity

Year Ended June 30, 2013

(Unaudited)

	2013	2012
<b>REVENUE</b>		
Log Sales	\$ 359,873	\$ 2,802,650
Interest income	29,527	20,020
Miscellaneous	15	2,548
Land Based Investment Program - Note 7	3,199	716
	<u>392,614</u>	<u>2,825,934</u>
<b>EXPENSES</b>		
Amortization	737	1,005
Contracting	200,702	1,655,681
Donations - Note 8	15,709	12,547
Forest development costs	26,675	27,505
Interest and bank charges	420	1,854
Office	25,903	31,891
Professional fees	1,530	1,686
Silviculture	150,311	537,072
Stumpage and annual rent	16,841	58,999
Wages and benefits	99,399	95,978
	<u>538,227</u>	<u>2,424,218</u>
<b>NET EARNINGS (LOSS)</b>	<b>(145,613)</b>	401,716
<b>MEMBER'S EQUITY - BEGINNING OF YEAR</b>	<b>946,485</b>	544,767
<b>MEMBER'S EQUITY - END OF YEAR</b>	<b>\$ 800,872</b>	<b>\$ 946,483</b>

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**CAROL PATTON**  
CERTIFIED GENERAL ACCOUNTANT

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**Statement of Cash Flow**

**Year Ended June 30, 2013**

*(Unaudited)*

	2013	2012
<b>Cash flows from operating activities</b>		
Cash received from sales	\$ 359,873	\$ 2,802,650
Cash received from Land Based Investment Program	3,199	716
Cash received from miscellaneous revenue	15	2,548
Cash paid for operating expenses	<u>(736,996)</u>	<u>(2,171,343)</u>
Cash generated through operating activities	<b>(373,909)</b>	634,571
<b>Cash flows from financing and investing activities</b>		
Purchase of equipment	<b>(481)</b>	(1,652)
Interest received	29,527	20,020
Increase in investments	<u>(203,292)</u>	<u>(560,600)</u>
Cash flow used by cash flows from financing and investing activities	<b>(174,246)</b>	(542,232)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(548,155)</b>	92,339
Cash - beginning of year	<u>1,392,494</u>	1,300,155
<b>CASH - END OF YEAR</b>	<b>\$ 844,339</b>	\$ 1,392,494
<b>CASH CONSISTS OF:</b>		
Cash	\$ 494,339	\$ 1,292,494
Term deposit	<u>350,000</u>	<u>100,000</u>
	<b>\$ 844,339</b>	\$ 1,392,494

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**CAROL PATTON**  
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**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**Notes to Financial Statements**

**Year Ended June 30, 2013**

*(Unaudited)*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION

The society follows the deferral method of accounting for contributions.

2. EQUIPMENT

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Computer equipment	\$ 4,558	\$ 3,196	\$ 1,362	\$ 1,945
Field equipment	1,893	880	1,013	685
	\$ 6,451	\$ 4,076	\$ 2,375	\$ 2,630

3. LONG TERM INVESTMENTS

	<u>Amount</u>	<u>Interest rate</u>	<u>Maturity date</u>
Canadian Western Bank	\$ 100,000	2.20%	May 22, 2018
Interior Savings Credit Union	163,892	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
RBC GIC	100,000	2.10%	October 23, 2014
Concerta GIC	100,000	2.15%	October 23, 2015
	\$ 763,892		

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



**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**Notes to Financial Statements**

**Year Ended June 30, 2013**

*(Unaudited)*

4. SILVICULTURE LIABILITY

The silviculture liability has been calculated as follows:

	<u>2013</u>	<u>2012</u>
Timber Mark A83263	\$ 1,000	\$ 1,000
Timber Mark BB7001	19,923	21,597
Timber Mark BB7002	14,526	14,526
Timber Mark BB7003	27,990	27,990
Timber Mark BB7004	37,442	36,600
Timber Mark BB7005	124,944	132,546
Timber Mark BB7006	40,733	40,733
Timber Mark BB7007	20,542	20,542
Timber Mark BB7008	34,938	33,128
Timber Mark BB7009	48,710	48,710
Timber Mark BB7010	13,770	13,770
Timber Mark BB7997	35,209	83,600
Timber Mark BB7998	7,323	63,600
Timber Mark BB7999	2,500	2,500
Timber Mark K1Z001	36,298	37,908
Timber Mark K1Z002	39,023	46,094
Timber Mark K1Z003	15,480	15,481
Timber Mark K1Z004	32,028	24,594
Timber Mark K1Z005	28,609	40,799
Timber Mark K1Z006	51,308	147,586
Timber Mark K1Z007	27,605	32,878
Timber Mark K1Z008	65,166	-
Non-Obligated Silviculture	7,500	-
Silviculture Contingency Fund	<u>150,000</u>	<u>150,000</u>
	<b>882,567</b>	1,036,182
Current portion of silviculture liability	<u>158,400</u>	<u>283,500</u>
	<b>\$ 724,167</b>	<b>\$ 752,682</b>

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.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**Notes to Financial Statements**

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6. JOB CREATION PROGRAM

In the 2013 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 for administering and bookkeeping. The LNTCFS provided donations to the program in the form of administration and bookkeeping. The provincial grant funds received were \$ 101,937 and \$ 69,357 has been expensed up to June 30, 2013. The current project is ongoing and expected to go well into 2014. Wages donated in kind to Job Creation Programs for the 2013 fiscal year were \$ 3,709.

7. LAND BASED INVESTMENT PROGRAM (LBIP)

In the 2013 fiscal year, the Lower North Thompson Community Forest Society did not participate in the Land Based Investment Program through the Ministry of Forests, Lands and Natural Resource Operations. An additional \$3,199 was received for the 2012 projects.

8. DONATIONS

	<u>2013</u>	<u>2012</u>
Grants	\$ 10,000	\$ 5,750
Education	2,000	4,000
Donated wages	<u>3,709</u>	<u>2,797</u>
	<u>\$ 15,709</u>	<u>\$ 12,547</u>

The society has granted scholarship and bursary funds that have not yet been paid out. These are contingent on the students registering at a post secondary educational institute before receiving the funds. There is a \$1,000 bursary awarded from 2011 that has not been paid yet and it expires in January 2014. There are four \$2,000 scholarships awarded in 2012 that have not yet been paid. These, totalling \$8,000 expire in January 2015. These donations are expensed on a cash basis.

9. FOREST STEWARDSHIP FUND

The board of directors have decided by way of motion to set aside \$30,000 each year for a Forest Stewardship fund with the amount to be reviewed by the board annually. The qualifying expenses will be expensed on a cash accounting basis as needed.

10. SUBSEQUENT EVENT

On July 8, 2013, the Board of Directors voted in favour of donating up to \$150,000 to the Barriere 100th Anniversary Committee, a group associated with the District of Barriere. This donation was made specifically to help build the Committee's Splash in the Past water park, which is estimated to cost about \$550,000 to complete. It is contingent on a \$250,000 Legacy Fund Grant from Heritage Canada.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**Notes to Financial Statements**

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*(Unaudited)*

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11. PRIOR YEAR ADJUSTMENTS

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