

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**

**FINANCIAL STATEMENTS**

**June 30, 2017**

REVIEW ENGAGEMENT REPORT

STATEMENT OF FINANCIAL POSITION

STATEMENT OF OPERATIONS

STATEMENT OF CHANGES IN NET ASSETS

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## **REVIEW ENGAGEMENT REPORT**

To the Directors,  
LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

We have reviewed the statement of financial position of LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY as at June 30, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended. Our 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 us by the Society.

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

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations in conjunction with accounting standards for private enterprises.

*Ken J. Finnie Inc.*

Chartered Professional Accountant

Disclaimer of Liability

These financial statements were reviewed and this Review Engagement Report is issued solely for the use of LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY. Ken J. Finnie Inc. Chartered Professional Accountant makes no representations of any kind to any other person in respect of these financial statements and accepts no responsibility for their use by any other person in the absence of the written consent of Ken J. Finnie Inc..

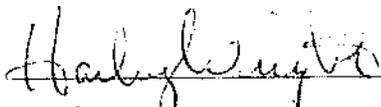
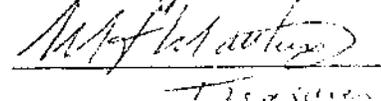
Kamloops, BC  
October 12, 2017

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY  
STATEMENT OF FINANCIAL POSITION**

June 30, 2017  
(unaudited)

ASSETS	2017	2016
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,383,013	\$ 813,201
Accounts receivable	19,611	43,823
Amounts owing from government agencies	161	-
Damage deposit	150	150
Refundable taxes withheld	18	15
Inventory	32,549	26,409
Prepaid expenses	20,776	31,637
Current portion of long term Guaranteed Investment Certificates (Note 2)	<u>208,853</u>	<u>210,677</u>
	1,665,131	1,125,912
LONG TERM GUARANTEED INVESTMENT CERTIFICATES (Note 2)	1,216,762	1,208,968
LONG TERM INVESTMENTS - CREDITIAL SECURITIES (Note 3)	222,326	156,898
PROPERTY AND EQUIPMENT (Note 4)	<u>605,932</u>	<u>112,818</u>
	<u>\$ 3,710,151</u>	<u>\$ 2,604,596</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accruals	\$ 20,078	\$ 19,599
Amounts owing to government agencies	-	8,059
Deferred grant revenue (Note 5)	100,000	-
Current portion of silviculture liability (Note 6)	<u>231,043</u>	<u>185,438</u>
	351,121	213,096
LONG TERM SILVICULTURE LIABILITY (Note 6)	<u>1,186,733</u>	<u>1,089,289</u>
	<u>1,537,854</u>	<u>1,302,385</u>
NET ASSETS - INTERNALLY RESTRICTED FOR OPERATIONS	1,779,078	792,286
<b>NET ASSETS - INTERNALLY RESTRICTED TO PROVIDE FOR:</b>		
Expansion and Job Creation (Note 7)	250,000	221,300
Splash Pad (Note 8)	-	150,000
Environment (Note 9)	50,000	50,000
Education (Note 10)	23,125	35,625
Forest Stewardship (Note 11)	52,094	30,000
Scholarships and Bursaries (Note 12)	<u>18,000</u>	<u>23,000</u>
	<u>2,172,297</u>	<u>1,302,211</u>
Commitments (Note 13)	<u>\$ 3,710,151</u>	<u>\$ 2,604,596</u>

APPROVED BY THE DIRECTORS:

 Director  
 Director  
 Treasurer

See accompanying notes to financial statements.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**STATEMENT OF OPERATIONS**  
Year ended June 30, 2017  
(unaudited)

	2017	2016
<b>REVENUE:</b>		
Timber	\$ 2,670,146	\$ 1,838,148
Land based investment funding (Note 14)	23,995	64,697
Lumber, product and milling	10,957	-
Equipment rental and other	52,381	41,718
Grants	<u>9,777</u>	<u>44,651</u>
	<u>2,767,256</u>	<u>1,989,214</u>
<b>EXPENSES:</b>		
Advertising and promotion	4,724	9,728
Bank charges	467	620
Community input meetings	-	3,660
Contracting	943,726	885,933
Equipment rental	2,757	-
Forest development	7,784	6,327
Fuel	2,801	2,394
Insurance	16,888	11,753
Land based investment expenses (Note 14)	21,059	22,030
Licenses, dues and fees	6,913	5,889
Log purchases and hauling (Note 15)	11,643	-
Meals and entertainment	1,541	909
Office	4,055	3,949
Office rent	4,200	4,200
Professional fees	6,134	5,853
Repairs and maintenance	4,362	4,858
Silviculture	322,073	296,278
Stumpage and annual rent	71,914	67,798
Supplies	5,125	4,790
Telephone	2,580	2,517
Travel	3,735	2,149
Wages and benefits	<u>147,651</u>	<u>128,707</u>
	<u>1,592,132</u>	<u>1,470,342</u>
<b>EXCESS REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>1,175,124</b>	<b>518,872</b>
<b>OTHER REVENUE AND (EXPENSES):</b>		
Interest income	34,979	33,656
Gain on disposal of investments	4,053	-
Unrealized gain on investments	7,764	1,988
Dividend income	3,611	3,731
Gain (loss) on disposal of property and equipment	(117)	275
Amortization	(37,658)	(30,282)
Donations - In kind wages	<u>(8,780)</u>	<u>(7,370)</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>\$ 1,178,976</b>	<b>\$ 520,870</b>

See accompanying notes to financial statements.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
Year ended June 30, 2017  
(unaudited)

	Internally Restricted to provide for specified funds	Internally Restricted for operations	<b>Total</b>  2017	Total  2016
Balance, beginning of year	\$ 509,925	\$ 792,286	<b>\$ 1,302,211</b>	\$ 900,716
Excess of revenues over expenses	-	1,178,976	<b>1,178,976</b>	520,870
Net expired fund allocations	(1,000)	1,000	-	-
New fund allocations:				
Education	(375)	375	-	-
Forest Stewardship	30,000	(30,000)	-	-
Scholarships and bursaries	18,000	(18,000)	-	-
Community grants	66,859	(66,859)	-	-
Expansion/Job Creation	28,700	(28,700)	-	-
Leveraging	50,000	(50,000)	-	-
Fund expended:				
Splash pad	(150,000)	-	<b>(150,000)</b>	-
Forest Stewardship	(7,906)	-	<b>(7,906)</b>	-
Scholarships and bursaries	(22,000)	-	<b>(22,000)</b>	(15,000)
Education	(12,125)	-	<b>(12,125)</b>	(14,000)
Community grants	(66,859)	-	<b>(66,859)</b>	(90,375)
Leveraging	(50,000)	-	<b>(50,000)</b>	-
Balance, end of year	<u>\$ 393,219</u>	<u>\$ 1,779,078</u>	<u><b>\$ 2,172,297</b></u>	<u>\$ 1,302,211</u>

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**STATEMENT OF CASH FLOWS**  
Year ended June 30, 2017  
(unaudited)

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from customers	\$ 2,926,444	\$ 2,002,049
Cash paid to suppliers and employees	(1,603,468)	(1,515,243)
Bank charges paid	(467)	(620)
Cash flows from operations	<u>1,322,509</u>	<u>486,186</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Silviculture liability	143,050	(3,081)
Funds expended from restricted net assets	(308,890)	(119,375)
Cash flows used in financing	<u>(165,840)</u>	<u>(122,456)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(530,888)	(42,884)
Proceeds on disposal of property and equipment	-	7,500
Long-term investments	(61,404)	(460,358)
Dividends from self directed investment	3,611	3,731
Cash flows used in investing	<u>(588,681)</u>	<u>(492,011)</u>
<b>INCREASE (DECREASE) IN CASH RESOURCES</b>	<b>567,988</b>	<b>(128,281)</b>
CASH RESOURCES, beginning of year	<u>1,023,878</u>	<u>1,152,159</u>
CASH RESOURCES, end of year	<b>\$ 1,591,866</b>	<b>\$ 1,023,878</b>
<b>CASH RESOURCES CONSISTS OF:</b>		
Cash	\$ 1,383,013	\$ 813,201
Current portion of long term investments	<u>208,853</u>	<u>210,677</u>
	<b>\$ 1,591,866</b>	<b>\$ 1,023,878</b>

See accompanying notes to financial statements.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
(unaudited)

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**NOTE 1. ACCOUNTING POLICIES:**

**Nature of operations:**

The Lower North Thompson Community Forest Society (the "Society") is incorporated under the Society's Act of British Columbia as a not-for-profit organization, they are exempt from income tax under section 149(1)(l). The purpose of the Society is to:

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

**Basis of presentation:**

These financial statements of the Society have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) in conjunction with accounting standards for private enterprises (ASPE) on a going-concern basis, which assumes that the society will be able to realize its assets and discharge its liabilities in the normal course of business.

**Revenue recognition:**

Lower North Thompson Community Forest Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

The Society recognizes revenue when goods are shipped and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
(unaudited)

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**NOTE 1. ACCOUNTING POLICIES (continued):**

**Cash and cash equivalents:**

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date. Short-term debt securities purchased with a maturity date of twelve months or less are classified as cash equivalents. Cash appropriated for other than current purposes is shown as a long term asset.

**Investments:**

Investments, which consist primarily of guaranteed investment certificates and marketable securities are measured at fair market value. Any investment with a maturity date under twelve months is classified as short term.

**Inventory:**

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis. Inventory consists of culverts, cattleguards and logs.

**Equipment:**

Equipment is stated at cost. Amortization is based on the estimated useful life of the assets and is recorded using the following annual rates (1/2 in year of acquisition):

Equipment	20% declining balance
Automotive	30% declining balance
Computer Equipment	30% declining balance
Fencing	10% declining balance
Machinery - Sawmill	Straight line over 15 years

The Society regularly reviews its equipment to eliminate obsolete items.

Government Grants are shown as revenue and the related asset is valued at cost.

Equipment acquired during the year but not placed into use is not amortized until placed into use.

**Measurement uncertainty:**

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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 dates of the financial statements and the reported revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment and silviculture liabilities. Actual results could differ from those estimates.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
(unaudited)

**NOTE 2. GUARANTEED INVESTMENT CERTIFICATES:**

	2017	2016
BMO ADV TR GIC, matured October 24, 2016	\$ -	\$ 100,000
Manulife GIC, matured May 18, 2017	-	100,000
Equitable Bank GIC, interest at 2.6%, maturing October 24, 2017	<b>100,000</b>	100,000
Cdn Western GIC, interest at 2.2%, maturing May 22, 2018	<b>100,000</b>	100,000
Steinbach Credit Union GIC, interest at 1.65%, maturing October 1, 2018	<b>100,000</b>	100,000
Steinbach Credit Union GIC, interest at 2.2%, maturing October 24, 2018	<b>100,000</b>	100,000
Pacific Western Bank GIC, interest at 2.2%, maturing May 22, 2019	<b>100,000</b>	100,000
Manulife GIC, interest at 2%, maturing September 30, 2019	<b>100,000</b>	100,000
Steinbach Credit Union GIC, interest at 2.35%, maturing Oct 24, 2019	<b>100,000</b>	100,000
Equity Financial Trust GIC, interest at 2.33%, maturing May 20, 2020	<b>100,000</b>	100,000
RBC GIC, interest at 2.1%, maturing September 29, 2020	<b>100,000</b>	100,000
BMO Trust Co. GIC, interest at 2.15%, maturing October 23, 2020	<b>100,000</b>	100,000
Home Trust GIC, interest at 2.25%, maturing October 26, 2020	<b>100,000</b>	100,000
General Bank of Canada GIC, interest at 2.33%, maturing May 18, 2021	<b>100,000</b>	100,000
Interior Savings term deposit, interest at 1.75%, maturing Oct 25, 2021	<b>100,000</b>	-
Manulife GIC, interest at 1.85%, maturing May 19, 2022	<b>100,000</b>	-
Accrued GIC Interest to June 30, 2017	<u><b>25,615</b></u>	<u>19,645</u>
Sub total	<b>\$ 1,425,615</b>	<b>\$ 1,419,645</b>
Less: current portion	<u><b>(208,853)</b></u>	<u>(210,677)</u>
	<u><b>\$ 1,216,762</b></u>	<u>1,208,968</u>

All investments are valued at fair market value.

**NOTE 3. CREDENTIAL SECURITIES:**

	2017	2016
Cash, appropriated for long term use	\$ 132,227	\$ 52,221
Credential Securities self-directed investments	<u>90,099</u>	<u>104,677</u>
Sub total	<b>\$ 222,326</b>	<b>\$ 156,898</b>
Less: current portion	<u>-</u>	<u>-</u>
	<u><b>\$ 222,326</b></u>	<u>\$ 156,898</u>

All investments are valued at fair market value.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
(unaudited)

**NOTE 4. PROPERTY AND EQUIPMENT:**

	Cost	Accumulated Amortization	2017 Net	2016 Net
Land	\$ 371,076	\$ -	\$ 371,076	\$ -
Buildings	5,790	22	5,768	-
Field and radio equipment	96,627	15,701	80,926	2,686
Sawmill equipment	101,140	3,000	98,140	39,723
Automotive	125,685	77,961	47,724	68,177
Computer equipment	6,202	4,721	1,481	2,232
Fencing	817	-	817	-
	<u>\$ 707,337</u>	<u>\$ 101,405</u>	<u>\$ 605,932</u>	<u>\$ 112,818</u>

The amount of amortization charged to income for this period is \$37,658.

The kiln, used sawmill equipment and the mill design for a building have not been amortized in fiscal 2017 because they have not yet been put into use. The carrying amount of these assets is \$60,840.

**NOTE 5. DEFERRED GRANT REVENUE:**

The Society received a \$100,000 grant from the Provincial Government for a value added fibre utilization project in the current year. The total project is projected to cost \$134,210 and is anticipated to take 18 months to complete finishing October 1, 2018. As at June 30, 2017 \$1,327 has been spent (Society funded), therefore the \$100,000 grant is deferred and will be recognized as revenue when the funds are expended.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
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(unaudited)

**NOTE 6. SILVICULTURE LIABILITY:**

	2017	2016
Timbermark BB7001	\$ 17,464	\$ 19,923
Timbermark BB7002	14,526	14,526
Timbermark BB7003	27,607	27,990
Timbermark BB7004	33,927	37,442
Timbermark BB7005	80,475	92,201
Timbermark BB7006	31,857	38,911
Timbermark BB7007	10,271	20,542
Timbermark BB7008	34,483	34,483
Timbermark BB7009	31,531	31,532
Timbermark BB7010	7,513	13,769
Timbermark BB7997	37,121	35,209
Timbermark BB7998	6,924	6,924
Timbermark BB7999	2,421	2,500
Timbermark K1Z001	36,298	36,298
Timbermark K1Z002	39,023	39,023
Timbermark K1Z003	15,480	15,480
Timbermark K1Z004	29,508	29,508
Timbermark K1Z005	31,418	31,418
Timbermark K1Z006	51,309	51,309
Timbermark K1Z007	28,207	28,207
Timbermark K1Z008	303,614	303,614
Timbermark K1Z008 - 2015W+	100,720	190,896
Timbermark K1Z008 - 2016W+	273,057	-
Timbermark A83263	1,000	1,000
Non-obligated	22,022	22,022
Silviculture Contingency Funds	<u>150,000</u>	<u>150,000</u>
	1,417,776	\$ 1,274,727
Less: current portion	<u>(231,043)</u>	<u>(185,438)</u>
	<u><u>\$ 1,186,733</u></u>	<u><u>\$ 1,089,289</u></u>

Lower North Thompson Community Forest Society has an obligation to restore logged areas to the free growing stage as determined by the Ministry of Forests, Lands and Natural Resource Operations. When these areas are logged, a silviculture liability is set up to estimate the cost of this reforestation. Reforestation involves site preparation, seed, tree planting, brushing and surveying and takes approximately 10 to 20 years to complete. The estimated liability could vary from the actual cost resulting in a gain or loss in the financial statements when the free growing stage is reached.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
(unaudited)

**NOTE 7. RESTRICTED FOR EXPANSION AND JOB CREATION:**

This fund has been established to help fund activities that enhance the long-term viability of the local economy and add to sustainable employment.

	2017	2016
Opening Balance, beginning of the year	\$ 221,300	\$ 221,300
Additions	28,700	-
Expended	<u>-</u>	<u>-</u>
Closing Balance, end of the year	<u>\$ 250,000</u>	<u>\$ 221,300</u>

**NOTE 8. RESTRICTED FOR SPLASH PAD:**

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. It is contingent on other significant funding being committed to the project. The Provincial Government contributed \$40,000 and the Barriere 100th Anniversary Committee raised \$62,500 toward the project. The Society disbursed funds in the amount of \$150,000 on July 22, 2016.

	2017	2016
Opening Balance, beginning of the year	\$ 150,000	\$ 150,000
Additions	-	-
Expended	<u>(150,000)</u>	<u>-</u>
Closing Balance, end of the year	<u>\$ -</u>	<u>\$ 150,000</u>

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
(unaudited)

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**NOTE 9. RESTRICTED FOR ENVIRONMENT:**

This fund has been established to help fund activities that enhance the long-term health and sustainability of our natural environment.

	2017	2016
Opening Balance, beginning of the year	\$ 50,000	\$ 50,000
Additions	-	-
Expended	<u>-</u>	<u>-</u>
Closing Balance, end of the year	<u>\$ 50,000</u>	<u>\$ 50,000</u>

**NOTE 10. RESTRICTED FOR EDUCATION:**

This fund has been established to assist with any worthy educational endeavours in the Lower North Thompson.

	2017	2016
Opening Balance, beginning of the year	\$ 35,625	\$ 30,000
Additions (transfers)	(375)	19,625
Expended	<u>(12,125)</u>	<u>(14,000)</u>
Closing Balance, end of the year	<u>\$ 23,125</u>	<u>\$ 35,625</u>

**NOTE 11. RESTRICTED FOR FOREST STEWARDSHIP:**

The Board of Directors decided by way of motion to set aside \$30,000 each year for a Forest Stewardship Program with the amount to be reviewed by the Board annually.

	2017	2016
Opening Balance, beginning of the year	\$ 30,000	\$ -
Additions	30,000	30,000
Expended	<u>(7,906)</u>	<u>-</u>
Closing Balance, end of the year	<u>\$ 52,094</u>	<u>\$ 30,000</u>

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
(unaudited)

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Note 12. **RESTRICTED FOR SCHOLARSHIPS:**

The Society has granted scholarships and bursaries that have not yet been paid out. These are contingent on the students registering at a post-secondary educational institution before receiving the funds. In 2017, \$18,000 new funds plus \$2,000 expired from last year, for a total of \$20,000 awarded to the 2017 grad class. During the 2017 fiscal year \$22,000 of scholarships and bursaries have been paid out. One bursary expired in January 2017 and was not reallocated leaving \$18,000 awarded and not yet paid at year end. \$3,000 of these expire in January 2018 and \$15,000 expire in January 2019.

	2017	2016
Opening Balance, beginning of the year	\$ 23,000	\$ 21,000
Additions	18,000	20,000
Expended	(22,000)	(15,000)
Expired	<u>(1,000)</u>	<u>(3,000)</u>
Closing Balance, end of the year	<u>\$ 18,000</u>	<u>\$ 23,000</u>

NOTE 13. **LEASE COMMITMENTS:**

The Society leases a facility under a lease agreement with no expiry date. Under the terms of the lease the Society is required to pay \$350 per month. The annual minimum payments are \$4,200.

NOTE 14. **LAND BASED INVESTMENT PROGRAM:**

In the 2017 fiscal year, the Society is continuing participation in the Land Based Investment Program through the Ministry of Forests, Lands and Natural Resource Operations. Funding received during the year was \$23,995 (2016 - \$64,697) and \$21,059 (2016 - \$22,030) has been expensed during the year.

NOTE 15. **LOG PURCHASES:**

	2017	2016
Log purchases	\$ 16,609	\$ -
Log hauling	1,474	-
Less log inventory, end of year	<u>(6,440)</u>	<u>-</u>
Net log cost	<u>\$ 11,643</u>	<u>\$ -</u>

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2017**  
(unaudited)

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**NOTE 16. JOB CREATION PROGRAM:**

In the 2017 fiscal year, the Society sponsored two Job Creation Programs through the Ministry of Social Development. These programs were funded by the Provincial Government with the Society acting as a trustee for the programs by holding their funds and for administering and bookkeeping along with bank charges. The Provincial Government grants funds invoiced for 2017 were \$255,410 (2016 - \$113,872) and \$255,437 (2016 - \$140,270) has been expensed up to June 30, 2017. The current project is ongoing and expected to go to March 31, 2018. Wages donated in-kind to Job Creation Programs for the current year were \$8,780 (2016 - \$7,030). Bank charges donated to the Job Creation Program for the current year were \$155 (2016 - \$121).

**Note 17. FINANCIAL RISKS AND CONCENTRATION OF RISK:**

The Society is exposed to various risks through its financial instruments without being exposed to concentrations of risk. The main risks are detailed below.

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the Society by failing to discharge an obligation. The Society's credit risk is mainly related to accounts receivable. In order to reduce its credit risk, the Society reviews a new customers' credit history before extending credit and conducts regular reviews of its existing customers' credit performance. Management is of the opinion that credit risk is not a significant risk and there has been no change to the risk exposure from 2016.

Market risk

Market risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market prices. The Society's investments expose it to this risk, which comprises currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk and there has been no change to the risk exposure from 2016.

**NOTE 18. COMPARATIVE FIGURES:**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.