

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**FINANCIAL STATEMENTS**

**June 30, 2020**

REVIEW ENGAGEMENT REPORT  
STATEMENT OF FINANCIAL POSITION  
STATEMENT OF OPERATIONS  
STATEMENT OF CHANGES IN NET ASSETS  
STATEMENT OF CASH FLOWS  
NOTES TO FINANCIAL STATEMENTS



## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

We have reviewed the accompanying financial statements of LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY that comprise the statement of financial position as at June 30, 2020 and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY at June 30, 2020, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations in conjunction with accounting standards for private enterprises.

*Finnie Hunka LLP*  
Chartered Professional Accountants

Kamloops, BC  
September 25, 2020

### 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. Finnie Hunka LLP 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 Finnie Hunka LLP.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2020**  
(unaudited)

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
<b>CURRENT ASSETS:</b>		
Cash	\$ 377,756	\$ 1,085,036
Accounts receivable	10,728	128,716
Goods and services tax recoverable	11,974	-
Refundable taxes withheld	61	47
Inventory (Note 2)	111,022	51,520
Prepaid expenses and deposits	34,819	47,822
Current portion of Guaranteed Investment Certificates (Note 3)	<u>716,163</u>	<u>313,258</u>
	<b>1,262,523</b>	<b>1,626,399</b>
LONG TERM GUARANTEED INVESTMENT CERTIFICATES (Note 3)	<b>1,650,654</b>	<b>1,531,629</b>
LONG TERM INVESTMENTS - QTRADE INVESTOR (Note 4)	<b>525,950</b>	<b>540,798</b>
PROPERTY AND EQUIPMENT (Note 5)	<u><b>1,634,126</b></u>	<u><b>1,544,134</b></u>
	<b>\$ 5,073,253</b>	<b>\$ 5,242,960</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts payable and accruals	\$ 125,095	\$ 85,778
Payroll remittances payable	8,938	4,930
Provincial sales tax payable	312	863
Good and services tax payable	-	708
Deferred grant revenue (Note 6)	74,507	48,761
Current portion of silviculture liability (Note 7)	<u>108,243</u>	<u>232,561</u>
	<b>317,095</b>	<b>373,601</b>
LONG TERM SILVICULTURE LIABILITY (Note 7)	<b>1,336,295</b>	<b>1,362,259</b>
CANADA EMERGENCY BUSINESS ACCOUNT (Note 8)	<u><b>40,000</b></u>	<u>-</u>
	<u><b>1,693,390</b></u>	<u><b>1,735,860</b></u>
NET ASSETS - INTERNALLY RESTRICTED FOR OPERATIONS	<b>2,954,632</b>	<b>3,075,433</b>
<b>NET ASSETS - INTERNALLY RESTRICTED TO PROVIDE FOR:</b>		
Expansion and Job Creation (Note 9)	<b>250,000</b>	250,000
Skate Park (Note 10)	<b>30,000</b>	-
Environment (Note 11)	<b>50,000</b>	50,000
Education (Note 12)	<b>30,000</b>	30,000
Forest Stewardship (Note 13)	<b>25,231</b>	65,917
Scholarships and Bursaries (Note 14)	<u><b>40,000</b></u>	<u>35,750</u>
	<u><b>3,379,863</b></u>	<u><b>3,507,100</b></u>
Commitments (Note 16)	<b>\$ 5,073,253</b>	<b>\$ 5,242,960</b>

APPROVED BY THE DIRECTORS:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**STATEMENT OF OPERATIONS**  
**Year ended June 30, 2020**  
(unaudited)

	2020	2019
<b>REVENUE:</b>		
Timber	\$ 842,524	\$ 2,190,398
Grants	79,188	131,235
Equipment rental and other	72,703	90,364
Firewood and delivery	117,972	69,399
Lumber, product and milling	58,511	43,771
Land based investment funding (Note 17)	<u>12,784</u>	<u>-</u>
	<u><b>1,183,682</b></u>	<u><b>2,525,167</b></u>
<b>EXPENSES:</b>		
Advertising and promotion	2,906	5,188
Bank charges	122	58
Community meetings	-	4,125
Contracting	493,483	774,023
Equipment rental	5,828	3,220
Forest development	7,617	14,913
Fuel	16,540	15,561
Insurance	27,105	29,155
Land based investment expenses (Note 17)	11,250	-
Licenses, dues and fees	5,719	8,053
Log purchases, hauling and direct costs (Note 18)	37,539	81,221
Meals	-	385
Office	6,467	4,064
Office rent	4,500	4,200
Professional fees	6,524	8,105
Repairs and maintenance	51,232	58,969
Silviculture	88,521	373,869
Stumpage and annual rent	45,932	61,393
Supplies	7,010	24,844
Telephone	2,855	2,829
Travel	-	4,013
Utilities	2,830	3,568
Wages and benefits	<u>258,617</u>	<u>241,907</u>
	<u><b>1,082,597</b></u>	<u><b>1,723,663</b></u>
<b>EXCESS REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>101,085</b>	<b>801,504</b>
<b>OTHER REVENUE AND (EXPENSES):</b>		
Interest income	49,776	48,788
COVID Subsidies	31,130	-
Gain (loss) on disposal of investments	-	(33)
Unrealized gain (loss) on investments	(14,680)	2,406
Dividend income - Ordinary	424	515
Dividend income - Eligible	4,503	4,004
Gain on disposal of property and equipment	-	4,593
Amortization	(110,982)	(98,579)
Donations - In kind wages	<u>(7,808)</u>	<u>(7,395)</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>\$ 53,448</b>	<b>\$ 755,803</b>

See accompanying notes to financial statements.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**Year ended June 30, 2020**  
(unaudited)

	Internally Restricted to provide for specified funds	Internally Restricted for operations	<b>Total</b>  2020	Total  2019
Balance, beginning of year	\$ 431,667	\$ 3,075,433	<b>\$ 3,507,100</b>	\$ 2,907,296
Excess of revenues over expenses	-	53,448	<b>53,448</b>	755,803
Net expired fund allocations	(5,750)	5,750	-	-
New fund allocations:				
Education	-	-	-	-
Skate Park	40,000	(40,000)	-	-
Forest Stewardship	30,000	(30,000)	-	-
Scholarships and bursaries	30,000	(30,000)	-	-
Community grants	80,000	(80,000)	-	-
Leveraging	-	-	-	-
Fund expended:				
Education	-	-	-	-
Skate Park	(10,000)	-	<b>(10,000)</b>	-
Forest Stewardship	(70,686)	-	<b>(70,686)</b>	(38,869)
Scholarships and bursaries	(20,000)	-	<b>(20,000)</b>	(32,500)
Community grants	(80,000)	-	<b>(80,000)</b>	(84,630)
Leveraging	-	-	-	-
Balance, end of year	<u>\$ 385,231</u>	<u>\$ 2,994,631</u>	<u><b>\$ 3,379,862</b></u>	<u>\$ 3,507,100</u>

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**STATEMENT OF CASH FLOWS**  
Year ended June 30, 2020  
(unaudited)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from customers	\$ 1,358,531	\$ 2,372,494
Cash paid to suppliers and employees	(1,106,688)	(1,716,344)
Bank charges paid	(122)	(58)
Interest and dividends	<u>54,702</u>	<u>53,308</u>
Cash flows from operations	<u>306,423</u>	<u>709,400</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New borrowings	40,000	-
Silviculture liability	(150,281)	144,937
Funds expended from restricted net assets	<u>(180,685)</u>	<u>(155,999)</u>
Cash flows used in financing	<u>(290,966)</u>	<u>(11,062)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(200,975)	(360,899)
Proceeds on disposal of property and equipment	-	70,000
Long-term investments	<u>(118,857)</u>	<u>(314,475)</u>
Cash flows used in investing	<u>(319,832)</u>	<u>(605,374)</u>
<b>INCREASE (DECREASE) IN CASH RESOURCES</b>	<b>(304,375)</b>	<b>92,964</b>
CASH RESOURCES, beginning of year	<u>1,398,294</u>	<u>1,305,330</u>
CASH RESOURCES, end of year	<b>\$ 1,093,919</b>	<b>\$ 1,398,294</b>
<b>CASH RESOURCES CONSISTS OF:</b>		
Cash	\$ 377,756	\$ 1,085,036
Current portion of long term investments	<u>716,163</u>	<u>313,258</u>
	<b>\$ 1,093,919</b>	<b>\$ 1,398,294</b>

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**  
(unaudited)

---

**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, 2020**  
(unaudited)

---

**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.



**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**  
(unaudited)

---

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

**Financial instruments policy:**

Financial instruments originating in an arm's length transaction are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. Changes in fair value are recognized as income in the period. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has elected not to carry these financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the straight-line method.

In the case of financial instruments that originate as a result of a related party transaction, initial measurement will be at the exchange amount or carrying value in accordance with Section 3840, Related Party Transactions, rather than fair value. If the sole relationship is in the capacity of management, the parties involved are deemed to be unrelated for purposes of Section 3856, Financial Instruments and as such, transactions will be initially measured at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial assets. This significant adverse change could arise from either the future use of the asset, the amount that could be realized from selling the financial asset or the amount the company expects to realize by exercising the right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment change.

**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, 2020**  
(unaudited)

**NOTE 2. INVENTORY:**

	2020	2019
Culverts	\$ 9,308	\$ 12,739
Work in progress	11,000	-
Logs	<u>90,714</u>	<u>38,782</u>
Total inventory	\$ 111,022	\$ 51,521

**NOTE 3. GUARANTEED INVESTMENT CERTIFICATES:**

	2020	2019
Manulife GIC, interest at 2%, matured September 30, 2019	\$ -	\$ 100,000
Steinbach Credit Union GIC, interest at 2.35%, matured Oct 24, 2019	-	100,000
Equity Financial Trust GIC, interest at 2.33%, matured May 20, 2020	-	100,000
RBC GIC, interest at 2.1%, maturing September 29, 2020	100,000	100,000
BMO Trust Co. GIC, interest at 2.15%, maturing October 23, 2020	100,000	100,000
Home Trust GIC, interest at 2.25%, maturing October 26, 2020	100,000	100,000
Innovation Credit Union, interest at 2.7%, maturing March 15, 2021	100,000	100,000
Steinbach Credit Union, interest at 2.15%, maturing March 15, 2021	100,000	100,000
General Bank of Canada GIC, interest at 2.33%, maturing May 18, 2021	100,000	100,000
Interior Savings term deposit, interest at 2.0%, maturing May 29, 2021	100,000	-
Interior Savings term deposit, interest at 1.75%, maturing Oct 25, 2021	105,342	103,531
Interior Savings term deposit, interest at 2.3%, maturing January 2, 2022	600,000	-
Steinbach Credit Union, interest at 2.35%, maturing March 15, 2022	100,000	100,000
Manulife GIC, interest at 1.85%, maturing May 19, 2022	100,000	100,000
Steinbach C.U. GIC, interest at 2.3%, maturing November 2, 2022	100,000	100,000
Vancity GIC, interest at 2.8%, maturing March 15, 2023	100,000	100,000
Canadian Western GIC, interest at 3.1%, maturing May 29, 2023	100,000	100,000
Steinbach Credit Union GIC, interest at 3%, maturing October 5, 2023	100,000	100,000
Steinbach Credit Union GIC, interest at 3%, maturing October 24, 2023	100,000	100,000
MCan GIC, interest at 2.7%, maturing May 24, 2024	100,000	100,000
First Ontario CU GIC, interest at 2.4%, maturing October 1, 2024	100,000	-
Accrued GIC Interest to June 30, 2019	<u>61,475</u>	<u>41,356</u>
Sub total	\$ 2,366,817	\$ 1,844,887
Less: current portion	<u>(716,163)</u>	<u>(313,258)</u>
	<u>\$ 1,650,654</u>	<u>1,531,629</u>

All investments are valued at fair market value.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**  
(unaudited)

**NOTE 4. QTRADE INVESTOR:**

	2020	2019
Cash, appropriated for long term use	\$ 326,729	\$ 321,546
Self-directed equities	95,192	116,770
Mutual Funds - Money market fund	<u>104,028</u>	<u>102,482</u>
Sub total	\$ 525,949	\$ 540,798
Less: current portion	<u>-</u>	<u>-</u>
	<u>\$ 525,949</u>	<u>\$ 540,798</u>

All investments are valued at fair market value.

**NOTE 5. PROPERTY AND EQUIPMENT:**

	Cost	Accumulated Amortization	2020 Net	2019 Net
Land	\$ 506,898	\$ -	\$ 506,898	\$ 506,098
Buildings	459,972	42,495	417,477	423,615
Field and radio equipment	261,980	128,738	133,242	170,846
Sawmill equipment	562,051	46,243	515,808	359,252
Automotive	200,039	143,272	56,767	81,096
Computer equipment	8,292	6,158	2,134	1,227
Fencing	<u>2,339</u>	<u>539</u>	<u>1,800</u>	<u>2,000</u>
	<u>\$ 2,001,571</u>	<u>\$ 367,445</u>	<u>\$ 1,634,126</u>	<u>\$ 1,544,134</u>

Some of the sawmill equipment has not been amortized in fiscal 2020 because this equipment is not yet in use. The carrying amount of these assets are \$241,584.

**NOTE 6. DEFERRED GRANT REVENUE:**

The Society received a \$100,000 grant from the Provincial Government to support the oversize firewood recovery and phase 3 to assist with economic development and recovery following COVID-19. \$11,028 was spent on electrical work for the oversize splitter in fiscal 2020 and the remaining \$68,972 will be spent in fiscal 2021 when the oversize splitter is delivered.

The society received \$64,621 from the Provincial Government and \$7,500 from the Back Country Horseman Society for the Skull Mountain Trails Project. \$23,363 was spent in fiscal 2019 and \$43,226 was spent in fiscal 2020. \$5,535 is remaining from the Back Country Horsman Socieity contribution.

The Society received a \$100,000 grant from the Provincial Government for a value added fibre utilization project in the prior year. The total project cost \$134,210 and was completed November 2018; \$64,759 was spent in fiscal 2018 and \$35,241 was spent in fiscal 2019.

The society recieved a \$100,000 Rural Dividend Fund grant in the prior year. \$32,995 of this grant was attributable to the firewood processor in fiscal 2018, the remaining \$67,005 was spent in fiscal 2019.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**  
(unaudited)

**NOTE 7. SILVICULTURE LIABILITY:**

	2020	2019
Timbermark BB7001	\$ 13,432	\$ 14,874
Timbermark BB7002	-	12,843
Timbermark BB7003	26,816	27,607
Timbermark BB7004	31,395	33,206
Timbermark BB7005	62,463	75,778
Timbermark BB7006	18,453	24,665
Timbermark BB7007	10,271	10,271
Timbermark BB7008	-	29,435
Timbermark BB7009	28,864	31,531
Timbermark BB7010	7,513	7,513
Timbermark BB7997	37,121	37,121
Timbermark BB7998	6,924	6,924
Timbermark K1Z001	31,257	34,210
Timbermark K1Z002	53,298	80,316
Timbermark K1Z003	19,940	20,121
Timbermark K1Z004	26,809	29,508
Timbermark K1Z005	31,063	31,347
Timbermark K1Z006	51,309	51,309
Timbermark K1Z007	28,207	28,207
Timbermark K1Z008	299,560	303,614
Timbermark K1Z008 - 2015W+	100,721	100,721
Timbermark K1Z008 - 2016W+	92,560	94,994
Timbermark K1Z009 - 2017W+	64,841	64,960
Timbermark K1Z009 - 2018W+	116,560	270,723
Timbermark K1Z009 - 2019W+	108,403	-
Timbermark A83263	736	1,000
Non-obligated	26,022	22,022
Silviculture Contingency Funds	<u>150,000</u>	<u>150,000</u>
	1,444,538	\$ 1,594,820
Less: current portion	<u>(108,243)</u>	<u>(232,561)</u>
	<u>\$ 1,336,295</u>	<u>\$ 1,362,259</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. The estimated liability is reviewed for accuracy every six months.

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**  
(unaudited)

---

**NOTE 8. LONG TERM DEBT:**

As part of the government's plan to support businesses as the result of COVID-19 the Society obtained a \$40,000 loan through the Canada Emergency Business Account (CEBA). The loan is interest free and if repaid by December 31, 2022 will result in loan forgiveness of 25% (up to \$10,000).

**NOTE 9. 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.

	2020	2019
Opening Balance, beginning of the year	\$ 250,000	\$ 250,000
Additions	-	-
Expended	<u>-</u>	<u>-</u>
Closing Balance, end of the year	<u>\$ 250,000</u>	<u>\$ 250,000</u>

**NOTE 10. RESTRICTED FOR SKATE PARK:**

On February 13, 2020 the Board of Directors voted in favour of donating up to \$40,000 to the Barriere Skate Park, a group associated with the District of Barriere. It is contingent on other significant funding being committed to the project. The proposed cost for the project is \$124,000.

	2020	2019
Additions	\$ 40,000	\$ -
Expended	<u>(10,000)</u>	<u>-</u>
Closing Balance, end of the year	<u>\$ 30,000</u>	<u>\$ -</u>

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**  
(unaudited)

---

**NOTE 11. RESTRICTED FOR ENVIRONMENT:**

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

	2020	2019
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 12. RESTRICTED FOR EDUCATION:**

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

	2020	2019
Opening Balance, beginning of the year	\$ 30,000	\$ 30,000
Additions	-	-
Expended	<u>-</u>	<u>-</u>
Closing Balance, end of the year	<u>\$ 30,000</u>	<u>\$ 30,000</u>

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**  
(unaudited)

**NOTE 13. 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.

	2020	2019
Opening Balance, beginning of the year	\$ 65,916	\$ 74,784
Additions	30,000	30,000
Expended	<u>(70,685)</u>	<u>(38,868)</u>
Closing Balance, end of the year	<u>\$ 25,231</u>	<u>\$ 65,916</u>

**Note 14. 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 2020, \$30,000 new funds were awarded to the 2020 grad class. During the 2020 fiscal year \$20,000 of scholarships and bursaries have been paid out.

	2020	2019
Opening Balance, beginning of the year	\$ 35,750	\$ 33,250
Additions	30,000	35,000
Expended	(20,000)	(32,500)
Expired	<u>(5,750)</u>	<u>-</u>
Closing Balance, end of the year	<u>\$ 40,000</u>	<u>\$ 35,750</u>

**Note 15. RESTRICTED FOR COMMUNITY GRANTS:**

This fund has been established to fund various local community not-for-profit organizations through an annual grant application process.

	2020	2019
Opening Balance, beginning of the year	\$ -	\$ 4,631
Additions	80,000	80,000
Expended	<u>(80,000)</u>	<u>(84,631)</u>
Closing Balance, end of the year	<u>\$ -</u>	<u>\$ -</u>

**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**  
(unaudited)

**NOTE 16. 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 \$400 per month. The annual minimum payments are \$4,800.

**NOTE 17. LAND BASED INVESTMENT PROGRAM and FOREST ENHANCEMENT SOCIETY OF BC:**

The Society regularly participates in the Land Based Investment Program through the Ministry of Forests, Lands and Natural Resource Operations. Funding received during the year was \$12,784 (2019- \$0) and \$11,250 (2019 - \$0) has been expensed during the year.

Starting in fiscal 2018, the Society received funding for two projects from The Forest Enhancement Society of BC (FESBC). The FESBC is an organization formed by the provincial government to provide funding to support investments in the forest landbase. There was no funding received for fiscal 2019 or fiscal 2020.

**NOTE 18. LOG PURCHASES AND DIRECT COSTS:**

	2020	2019
Log inventory, beginning of the year	\$ 38,782	\$ 6,926
Log purchases	39,365	11,292
Purchases for product sales	992	1,557
Packaging for product sales	-	2,971
Logging and hauling	49,114	97,257
Less log inventory, end of year	<u>(90,714)</u>	<u>(38,782)</u>
Net direct costs	<u>\$ 37,539</u>	<u>\$ 81,221</u>

**NOTE 19. JOB CREATION PROGRAM:**

In the 2020 fiscal year, the Society sponsored 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 2020 were \$183,190 (2019 - \$253,243) and \$183,190 (2019 - \$253,243) has been expensed up to June 30, 2020. Wages donated in-kind to Job Creation Programs for the current year were \$7,808 (2019 - \$7,395).



**LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**  
(unaudited)

---

Note 20. **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 2019.

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 a change to the risk exposure from 2019. Due to COVID-19 the fair market value of the securities held has declined and the bank's interest rates have declined making any further GIC purchases not as profitable.