

**Lower North Thompson Community Forest Society**

**FINANCIAL STATEMENTS**

**June 30, 2021**

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, 2021 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, 2021, 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 9, 2021

### 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, 2021**  
(unaudited)

<b>ASSETS</b>	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,822,422	\$ 377,756
Accounts receivable	15,353	10,728
Goods and services tax recoverable	6,592	11,974
BCCFA - Wildfire Risk Reduction project	36,670	-
Refundable taxes withheld	120	61
Inventory (Note 2)	154,813	111,022
Prepaid expenses and deposits	55,621	34,819
Current portion of Guaranteed Investment Certificates (Note 3)	<u>929,197</u>	<u>716,163</u>
	<b>3,020,788</b>	<b>1,262,523</b>
LONG TERM GUARANTEED INVESTMENT CERTIFICATES (Note 3)	<b>1,360,578</b>	<b>1,650,654</b>
LONG TERM INVESTMENTS - QTRADE INVESTOR (Note 4)	<b>571,423</b>	<b>525,950</b>
PROPERTY AND EQUIPMENT (Note 5)	<u><b>1,628,067</b></u>	<u><b>1,634,127</b></u>
	<b>\$ 6,580,856</b>	<b>\$ 5,073,254</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts payable and accruals	\$ 52,550	\$ 125,096
Payroll remittances payable	9,359	8,938
Provincial sales tax payable	494	312
Deferred grant revenue (Note 6)	16,500	74,507
Current portion of silviculture liability (Note 7)	187,081	108,243
Current portion of long term debt (Note 8)	<u>40,000</u>	<u>-</u>
	<b>305,984</b>	<b>317,096</b>
LONG TERM SILVICULTURE LIABILITY (Note 7)	<b>1,446,474</b>	<b>1,336,295</b>
CANADA EMERGENCY BUSINESS ACCOUNT (Note 8)	<u><b>20,000</b></u>	<u><b>40,000</b></u>
	<u><b>1,772,458</b></u>	<u><b>1,693,391</b></u>
NET ASSETS - INTERNALLY RESTRICTED FOR OPERATIONS	<b>4,375,618</b>	<b>2,954,632</b>
<b>NET ASSETS - INTERNALLY RESTRICTED TO PROVIDE FOR:</b>		
Expansion and Job Creation (Note 9)	250,000	250,000
Skate Park (Note 10)	30,000	30,000
Environment (Note 11)	50,000	50,000
Education (Note 12)	30,000	30,000
Forest Stewardship (Note 13)	47,280	25,231
Scholarships and Bursaries (Note 14)	<u>25,500</u>	<u>40,000</u>
	<u><b>4,808,398</b></u>	<u><b>3,379,863</b></u>
Commitments (Note 17)	<b>\$ 6,580,856</b>	<b>\$ 5,073,254</b>

APPROVED BY THE DIRECTORS:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Lower North Thompson Community Forest Society**  
**STATEMENT OF OPERATIONS**  
Year ended June 30, 2021  
(unaudited)

	2021	2020
REVENUE:		
Timber	\$ 3,364,232	\$ 842,524
Lumber, product and milling	231,965	58,511
Firewood and delivery	141,229	117,972
Grants	76,328	79,188
Equipment rental and other	85,438	72,703
Land based investment funding (Note 18)	-	12,784
Wildfire risk reduction (Note 18)	<u>36,670</u>	<u>-</u>
	<u><b>3,935,862</b></u>	<u><b>1,183,682</b></u>
EXPENSES:		
Advertising and promotion	4,781	2,906
Bank charges	121	122
Contracting	1,193,184	493,483
Equipment rental	214	5,828
Forest development	5,028	7,617
Fuel	22,428	16,540
Insurance	30,543	27,105
Land based investment expenses (Note 18)	-	11,250
Licenses, dues and fees	5,229	5,719
Log purchases, hauling and direct costs (Note 19)	158,770	37,539
Office	5,458	6,467
Office rent	4,800	4,500
Professional fees	7,022	6,524
Repairs and maintenance	41,819	51,232
Silviculture	351,284	88,521
Stumpage and annual rent	114,123	45,932
Supplies	11,359	7,010
Telephone	2,774	2,855
Utilities	3,549	2,830
Wages and benefits	328,912	258,617
Wildfire risk reduction (Note 18)	<u>36,670</u>	<u>-</u>
	<u><b>2,328,068</b></u>	<u><b>1,082,597</b></u>
EXCESS REVENUE OVER EXPENSES FROM OPERATIONS	<b>1,607,794</b>	101,085
OTHER REVENUE AND (EXPENSES):		
Interest income	54,191	49,776
COVID Subsidies	17,210	31,130
Gain on disposal of investments	6,281	-
Unrealized gain (loss) on investments	33,943	(14,680)
Dividend income - Ordinary	547	424
Dividend income - Eligible	4,703	4,503
Gain (loss) on disposal of property and equipment	(4,131)	-
Amortization	(111,551)	(110,982)
Donations - In kind wages	<u>-</u>	<u>(7,808)</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u><b>\$ 1,608,987</b></u>	<u><b>\$ 53,448</b></u>

See accompanying notes to financial statements.

**Lower North Thompson Community Forest Society**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**Year ended June 30, 2021**  
(unaudited)

	Internally Restricted to provide for specified funds	Internally Restricted for operations	<b>Total</b>  <b>2021</b>	Total  2020
Balance, beginning of year	\$ 431,667	\$ 3,075,433	<b>\$ 3,379,863</b>	\$ 3,507,100
Excess of revenues over expenses	-	1,608,987	<b>1,608,987</b>	53,448
Net expired fund allocations	(7,500)	7,500	-	-
New fund allocations:				
Education	-	-	-	-
Skate Park	-	-	-	-
Forest Stewardship	30,000	(30,000)	-	-
Scholarships and bursaries	30,000	(30,000)	-	-
Community grants	50,000	(50,000)	-	-
Covid Community Initiative	85,500	(85,500)	-	-
Fund expended:				
Education	-	-	-	-
Skate Park	-	-	-	(10,000)
Forest Stewardship	(7,952)	-	<b>(7,952)</b>	(70,685)
Scholarships and bursaries	(37,000)	-	<b>(37,000)</b>	(20,000)
Community grants	(50,000)	-	<b>(50,000)</b>	(80,000)
Covid Community Initiative	<u>(85,500)</u>	<u>-</u>	<b><u>(85,500)</u></b>	<u>-</u>
Balance, end of year	<b><u>\$ 439,215</u></b>	<b><u>\$ 4,496,420</u></b>	<b><u>\$ 4,808,398</u></b>	<b><u>\$ 3,379,863</u></b>

**Lower North Thompson Community Forest Society**  
**STATEMENT OF CASH FLOWS**  
Year ended June 30, 2021  
(unaudited)

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from customers	\$ 3,853,712	\$ 1,358,531
Cash paid to suppliers and employees	(2,459,102)	(1,106,688)
Bank charges paid	(121)	(122)
Interest and dividends	<u>59,441</u>	<u>54,702</u>
Cash flows from operations	<u>1,453,930</u>	<u>306,423</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New borrowings	20,000	40,000
Silviculture liability	189,015	(150,281)
Funds expended from restricted net assets	<u>(180,451)</u>	<u>(180,685)</u>
Cash flows from (used in) financing	<u>28,564</u>	<u>(290,966)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(134,972)	(200,975)
Proceeds on disposal of property and equipment	25,350	-
Long-term investments	<u>284,828</u>	<u>(118,857)</u>
Cash flows from (used in) investing	<u>175,206</u>	<u>(319,832)</u>
<b>INCREASE (DECREASE) IN CASH RESOURCES</b>	<b>1,657,700</b>	<b>(304,375)</b>
CASH RESOURCES, beginning of year	<u>1,093,919</u>	<u>1,398,294</u>
CASH RESOURCES, end of year	<u>\$ 2,751,619</u>	<u>\$ 1,093,919</u>
<b>CASH RESOURCES CONSISTS OF:</b>		
Cash	\$ 1,822,422	\$ 377,756
Current portion of long term investments	<u>929,197</u>	<u>716,163</u>
	<u>\$ 2,751,619</u>	<u>\$ 1,093,919</u>

**Lower North Thompson Community Forest Society**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**  
(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, 2021**  
(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.



**Lower North Thompson Community Forest Society**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**  
(unaudited)

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**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 other 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, 2021**  
(unaudited)

**NOTE 2. INVENTORY:**

	2021	2020
Culverts	\$ 7,057	\$ 9,308
Work in progress	-	11,000
Logs	<u>147,756</u>	<u>90,714</u>
Total inventory	<u>\$ 154,813</u>	<u>\$ 111,022</u>

**NOTE 3. GUARANTEED INVESTMENT CERTIFICATES:**

	2021	2020
RBC GIC, interest at 2.1%, matured September 29, 2020	\$ -	\$ 100,000
BMO Trust Co. GIC, interest at 2.15%, matured October 23, 2020	-	100,000
Home Trust GIC, interest at 2.25%, matured October 26, 2020	-	100,000
Innovation Credit Union, interest at 2.7%, matured March 15, 2021	-	100,000
Steinbach Credit Union, interest at 2.15%, matured March 15, 2021	-	100,000
General Bank of Canada GIC, interest at 2.33%, matured May 18, 2021	-	100,000
Interior Savings term deposit, interest at 2.0%, matured May 29, 2021	-	100,000
Interior Savings term deposit, interest at 1.75%, maturing Oct 25, 2021	107,191	105,342
Interior Savings term deposit, interest at 2.3%, maturing January 2, 2022	613,838	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	100,000
First Ontario CU GIC, interest at 2.4%, maturing October 1, 2024	150,000	-
Meridan CU GIC, interest at 1.55%, maturing October 28, 2025	50,000	-
League Savings GIC, interest at 1.45%, maturing March 16, 2026	100,000	-
Coast Capital GIC, interest at 1.45%, maturing March 16, 2026	100,000	-
General Bank of Canada GIC, interest at 1.72%, maturing May 18, 2026	100,000	-
Versa GIC, interest at 1.67%, maturing June 1, 2026	100,000	-
Accrued GIC Interest	<u>68,746</u>	<u>61,475</u>
Sub total	\$ 2,289,775	\$ 2,366,817
Less: current portion	<u>(929,197)</u>	<u>(716,163)</u>
	<u>\$ 1,360,578</u>	<u>\$ 1,650,654</u>

All investments are valued at fair market value.

**Lower North Thompson Community Forest Society**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**  
(unaudited)

**NOTE 4. QTRADE INVESTOR:**

	2021	2020
Cash, appropriated for long term use	\$ 345,237	\$ 326,729
Self-directed equities	121,966	95,192
Mutual Funds - Money market fund	<u>104,220</u>	<u>104,028</u>
Sub total	\$ 571,423	\$ 525,949
Less: current portion	<u>-</u>	<u>-</u>
	<u>\$ 571,423</u>	<u>\$ 525,949</u>

All investments are valued at fair market value.

**NOTE 5. PROPERTY AND EQUIPMENT:**

	Cost	Accumulated Amortization	2021 Net	2020 Net
Land	\$ 506,898	\$ -	\$ 506,898	\$ 506,898
Buildings	459,972	59,194	400,778	417,478
Field and radio equipment	335,826	172,319	163,507	133,242
Sawmill equipment	575,205	67,939	507,266	515,808
Automotive	207,540	161,427	46,113	56,767
Computer equipment	8,451	6,566	1,885	2,134
Fencing	<u>2,339</u>	<u>719</u>	<u>1,620</u>	<u>1,800</u>
	<u>\$ 2,096,231</u>	<u>\$ 468,164</u>	<u>\$ 1,628,067</u>	<u>\$ 1,634,127</u>

Some of the sawmill equipment has not been amortized in fiscal 2021 because this equipment is not yet in use. The carrying amount of these assets are \$82,202 (2020 \$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 3 Phase (the Project) to assist with economic development and recovery following COVID-19. This project will expand the firewood operation through the purchase of an oversize log splitter and conversion to 3-phase power. \$11,028 was spent on electrical work for the oversize splitter in fiscal 2020 and the remaining \$68,972 was spent in fiscal 2021.

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. The \$5,535 remaining from the Back Country Horseman Society contribution was repaid to them and the rural dividend program.

During the year, Canada Summer Jobs grant and Project Learning Tree grant totalled \$7,356 in grant revenue.

**Lower North Thompson Community Forest Society**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**  
(unaudited)

**NOTE 7. SILVICULTURE LIABILITY:**

	2021	2020
Timbermark BB7001	\$ -	\$ 13,432
Timbermark BB7003	-	26,816
Timbermark BB7004	25,739	31,395
Timbermark BB7005	48,699	62,463
Timbermark BB7006	16,047	18,453
Timbermark BB7007	9,484	10,271
Timbermark BB7009	28,864	28,864
Timbermark BB7010	6,541	7,513
Timbermark BB7997	35,420	37,121
Timbermark BB7998	5,283	6,924
Timbermark K1Z001	30,012	31,257
Timbermark K1Z002	54,210	53,298
Timbermark K1Z003	19,580	19,940
Timbermark K1Z004	21,602	26,809
Timbermark K1Z005	30,319	31,063
Timbermark K1Z006	50,437	51,309
Timbermark K1Z007	26,427	28,207
Timbermark K1Z008	295,448	299,560
Timbermark K1Z008 - 2015W+	100,721	100,721
Timbermark K1Z008 - 2016W+	93,271	92,560
Timbermark K1Z009 - 2017W+	64,841	64,841
Timbermark K1Z009 - 2018W+	118,432	116,560
Timbermark K1Z009 - 2019W+	59,257	108,403
Timbermark K1Z009 - 2020W+	264,489	-
Timbermark A83263	-	736
Non-obligated	78,432	26,022
Silviculture Contingency Funds	<u>150,000</u>	<u>150,000</u>
	<b>\$ 1,633,555</b>	<b>\$ 1,444,538</b>
Less: current portion	<u>(187,081)</u>	<u>(108,243)</u>
	<b><u>\$ 1,446,474</u></b>	<b><u>\$ 1,336,295</u></b>

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, 2021**  
(unaudited)

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**NOTE 8. LONG TERM DEBT:**

As part of the government's plan to support businesses as the result of COVID-19 the Society obtained an interest free \$40,000 loan through the Canada Emergency Business Account (CEBA) in fiscal 2020. A further \$20,000 was received in fiscal 2021 making the total loan \$60,000. \$40,000 of this loan was repaid in August 2021, resulting in loan forgiveness of \$20,000 to be recognized as income in fiscal 2022.

**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.

	<b>2021</b>	2020
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.

	<b>2021</b>	2020
Opening Balance, beginning of the year	\$ 30,000	\$ -
Additions	-	40,000
Expended	<u>-</u>	<u>(10,000)</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, 2021**  
(unaudited)

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**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.

	2021	2020
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.

	2021	2020
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>

**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.

	2021	2020
Opening Balance, beginning of the year	\$ 25,232	\$ 65,917
Additions	30,000	30,000
Expended	<u>(7,951)</u>	<u>(70,685)</u>
Closing Balance, end of the year	<u>\$ 47,281</u>	<u>\$ 25,232</u>

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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 2021 \$30,000 new funds were awarded to the 2021 grad class. During the 2021 fiscal year \$37,000 of scholarships and bursaries have been paid out.

	2021	2020
Opening Balance, beginning of the year	\$ 40,000	\$ 35,750
Additions	30,000	30,000
Expended	(37,000)	(20,000)
Expired	<u>(7,500)</u>	<u>(5,750)</u>
Closing Balance, end of the year	<u>\$ 25,500</u>	<u>\$ 40,000</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.

	2021	2020
Opening Balance, beginning of the year	\$ -	\$ -
Additions	50,000	80,000
Expended	<u>(50,000)</u>	<u>(80,000)</u>
Closing Balance, end of the year	<u>\$ -</u>	<u>\$ -</u>

Note 16. **RESTRICTED FOR COVID COMMUNITY FOREST INITIATIVES:**

This fund was established in the spring of 2021 to support local community groups that had lost their means of raising money to fund their organizations due to COVID. A committee was formed to evaluate and recommend certain community groups to the board.

	2021	2020
Opening Balance, beginning of the year	\$ -	\$ -
Additions	85,500	-
Expended	<u>(85,500)</u>	<u>-</u>
Closing Balance, end of the year	<u>\$ -</u>	<u>\$ -</u>

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**NOTE 17. 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 18. 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 \$0 (2020- \$12,784) and \$0 (2020 - \$11,250) 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 2020 or fiscal 2021.

The Wildfire risk reduction (WRR) program started in fiscal 2021 and is administered through the Ministry of Forests. The program includes fuel management, prescribed fires, risk reduction activities, operational projects funded by the CRI Crown Land WRR category and infrastructure. Funds need to be applied for each year. In fiscal 2021 \$36,670 of approved revenue and expenses were incurred with the remaining project funding of \$31,407 to be recognized in fiscal 2022.

**NOTE 19. LOG PURCHASES AND DIRECT COSTS:**

	2021	2020
Log inventory, beginning of the year	\$ 90,714	\$ 38,782
Log purchases	11,986	39,365
Purchases for product sales	68,975	992
Packaging for product sales	40	-
Logging and hauling	134,811	49,114
Less log inventory, end of year	<u>(147,756)</u>	<u>(90,714)</u>
Net direct costs	<u>\$ 158,770</u>	<u>\$ 37,539</u>

**NOTE 20. JOB CREATION PROGRAM:**

In previous fiscal years, 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 and administering their funds, while providing bookkeeping services. The Provincial Government granted funds of \$0 during 2021 (2020 - \$183,190) and \$0 (2020 - \$183,190) has been expensed up to June 30, 2021. Wages donated in-kind to Job Creation Programs for the current year were \$0 (2020 - \$7,808).



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Note 21. **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 2020.

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 2020. In fiscal 2020, due to COVID-19 the fair market value of the securities held declined and the bank's interest rates declined making any further GIC purchases not as profitable. In fiscal 2021 the fair market value of these securities recovered but the lower interest rates on the GIC's remain.