

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

FINANCIAL STATEMENTS

JUNE 30, 2006

(UNAUDITED)

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

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Year Ended June 30, 2006

(Unaudited)

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CERTIFIED GENERAL ACCOUNTANT

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REVIEW ENGAGEMENT REPORT

To the Directors of Lower North Thompson Community Forest Society

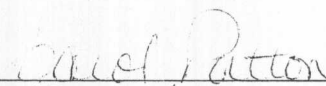
I have reviewed the statement of financial position of Lower North Thompson Community Forest Society as at June 30, 2006 and the statements of operations, member's equity and cash flow for the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements 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.

These financial statements do not include a long-term debt note as one of the terms of the debt requires the lender and all loan details to be kept confidential.

Except for the failure to include a long-term debt note, 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 generally accepted accounting principles.

Barriere, British Columbia
September 14, 2006



Carol Patton
Certified General Accountant

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Balance Sheet

June 30, 2006

(Unaudited)

	2006	2005
ASSETS		
CURRENT		
Bank	\$ 37,370	\$ 99,956
Accounts receivable	60,357	-
Prepaid expenses	1,027	1,027
GST refundable	-	4,574
	<u>\$ 98,754</u>	<u>\$ 105,557</u>
LIABILITIES AND MEMBERS' DEFICIENCY		
CURRENT		
Accounts payable	\$ 111,827	\$ 54,856
Accrued interest payable	10,768	912
GST payable	12,484	-
Current portion of long term debt	102,000	-
	<u>237,079</u>	<u>55,768</u>
LONG TERM DEBT	<u>-</u>	<u>150,000</u>
	237,079	205,768
MEMBER'S EQUITY (DEFICIT)	<u>(138,325)</u>	<u>(100,211)</u>
	<u>\$ 98,754</u>	<u>\$ 105,557</u>

ON BEHALF OF THE BOARD

Director

Director

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Statement of Loss

Year Ended June 30, 2006

(Unaudited)

	2006	2005
INCOME		
Grant	\$ 13,212	\$ 20,000
Log Sales	362,529	-
Memberships	-	165
Interest	149	15
Miscellaneous	21	-
	<u>375,911</u>	<u>20,180</u>
EXPENSES		
Advertising and promotion	148	-
Bank charges	198	20
Consulting fees	-	63,945
Forest Development Costs	351,094	-
Insurance	1,500	473
Interest on long term debt	9,856	912
Licenses	-	52,000
Log sale costs	50,003	-
Office	361	35
Professional fees	830	3,204
Rent	35	60
	<u>414,025</u>	<u>120,649</u>
EXCESS OF EXPENSES OVER REVENUE	<u>\$ (38,114)</u>	<u>\$ (100,469)</u>

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LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Statement of Deficit

Year Ended June 30, 2006

(Unaudited)

	2006	2005
MEMBER'S EQUITY (DEFICT) - beginng of year	\$ (100,211)	\$ 258
EXCESS OF EXPENSES OVER REVENUE	(38,114)	(100,469)
MEMBER'S EQUITY (DEFICIT) - end of year	<u>\$ (138,325)</u>	<u>\$ (100,211)</u>

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CAROL PATTON

CERTIFIED GENERAL ACCOUNTANT

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Statement of Cash Flow
Year Ended June 30, 2006
(Unaudited)

	2006	2005
Cash flows from operating activities		
Cash received from sales & miscellaneous	\$ 362,550	\$ -
Cash received from Grants	13,212	20,000
Cash received from memberships	-	165
Cash paid for operating expenses	<u>(390,497)</u>	<u>(70,482)</u>
Cash Generated Through Operating Activities	<u>(14,735)</u>	<u>(50,317)</u>
CASH FLOWS FROM FINANCING AND INVESTING ACTIVITIES		
Interest received	149	15
Proceeds of long-term debt	-	150,000
Payment of long-term debt	<u>(48,000)</u>	<u>-</u>
Cash flow from (used by) cash flows from financing and investing activities	<u>(47,851)</u>	<u>150,015</u>
INCREASE (DECREASE) IN CASH FLOW	(62,586)	99,698
Cash - beginning of year	<u>99,956</u>	<u>258</u>
CASH - END OF YEAR	\$ 37,370	\$ 99,956
CASH CONSISTS OF:		
Cash	<u>\$ 37,370</u>	<u>\$ 99,956</u>

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OF THESE FINANCIAL STATEMENTS

CAROL PATTON
CERTIFIED GENERAL ACCOUNTANT

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Notes to Financial Statements

Year Ended June 30, 2006

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of Organization

The purposes of the society are:

- (a) To create a long term sustainable plan for the forest resources that benefits the people of the Lower North Thompson;
- (b) Preserve ownership of local natural resources for the peoples 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 enviroment and economic benefits.
- (f) To meet the objectives of the government in respect of enviromental stewardship including the management of timber, cultural and heritage resources.

The Lower North Thompson Community Forest Society was incorporated as a Society on April 23, 2004.

REVENUE RECOGNITION:

The Society follows the deferral method of accounting for contributions.

2. SILVICULTURE LIABILITY

The silviculture liability has been calculated as follows:

Timber Mark BB7004 - 27628 M3 x 4.00 =	\$	110,512
Timber Mark BB7003 - 8380 M3 x 3.24 =		<u>27,151</u>
		<u>137,663</u>

3. FINANCIAL INSTRUMENT

The Lower North Thompson Community Forest Society's financial instruments consist of accounts receivable, accounts payable and long-term debt. 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.