

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

FINANCIAL STATEMENTS

JUNE 30, 2007

(UNAUDITED)

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY
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Year Ended June 30, 2007
(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

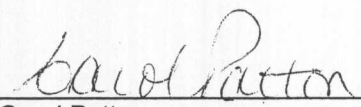
I have reviewed the statement of financial position of the Lower North Thompson Community Forest Society as at June 30, 2007 and the statements of operations, member's equity and cash flow for the year then ended. My review was made in accordance with Canadian generally accepted standards for review 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 18, 2007



Carol Patton
Certified General Accountant

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

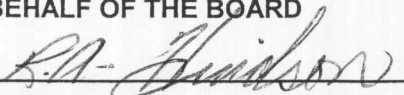
Statement of Financial Position

June 30, 2007

(Unaudited)

	2007	2006
ASSETS		
CURRENT		
Bank	\$ 301,344	\$ 37,370
Accounts receivable	87,946	60,357
Prepaid expenses	1,027	1,027
	<u>\$ 390,317</u>	<u>\$ 98,754</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable	\$ 182,881	\$ 111,827
Goods and services tax payable	4,506	12,484
Holdbacks	9,201	-
Interest payable	-	10,768
Current portion of long term debt	-	102,000
	<u>196,588</u>	<u>237,079</u>
MEMBER'S EQUITY (DEFICIT)	<u>193,729</u>	<u>(138,325)</u>
	<u>\$ 390,317</u>	<u>\$ 98,754</u>

ON BEHALF OF THE BOARD

 Director

Director

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS

CAROL PATTON
CERTIFIED GENERAL ACCOUNTANT

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Statement of Operations

Year Ended June 30, 2007

(Unaudited)

	2007	2006
TRADE SALES		
Grant	\$ 6,788	\$ 13,212
Log Sales	2,404,966	362,529
Interest income	949	149
Miscellaneous	-	21
	<u>2,412,703</u>	<u>375,911</u>
EXPENSES		
Advertising and promotion	412	148
Contracting	441,720	-
Forest Development Costs	416,732	351,094
Freight	84	-
Insurance	1,500	1,500
Interest and bank charges	285	198
Interest on long term debt	907	9,856
Log Sale Costs	68,364	50,003
Office	1,063	366
Professional fees	4,010	830
Rent	5,550	30
Road building and maintenance	262,021	-
Silvaculture	19,313	-
Stumpage	540,281	-
Supplies	216	-
Trucking	318,191	-
	<u>2,080,649</u>	<u>414,025</u>
NET EARNINGS (LOSS)	<u>\$ 332,054</u>	<u>\$ (38,114)</u>

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CAROL PATTON
CERTIFIED GENERAL ACCOUNTANT

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Statement of Member's Equity

Year Ended June 30, 2007

(Unaudited)

	2007	2006
MEMBER'S EQUITY (DEFICIT) - beginning of year	\$ (138,325)	\$ (100,211)
EXCESS OF REVENUE OVER EXPENSES	332,054	(38,114)
MEMBER'S EQUITY (DEFICIT) -end of year	<u>\$ 193,729</u>	<u>\$ (138,325)</u>

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LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Statement of Cash Flow

Year Ended June 30, 2007

(Unaudited)

	2007	2006
Cash flows from operating activities		
Cash received from sales & miscellaneous	\$ 2,404,966	\$ 362,550
Cash received from Grants	6,788	13,212
Cash paid for operating expenses	(2,046,729)	(390,497)
	<u>365,025</u>	<u>(14,735)</u>
Cash Generated Through Operating Activities		
CASH FLOWS FROM FINANCING AND INVESTING ACTIVITIES		
Interest received	949	149
Payment of long-term debt	(102,000)	(48,000)
	<u>(101,051)</u>	<u>(47,851)</u>
Cash flow from (used by) cash flows from financing and investing activities		
	<u>(101,051)</u>	<u>(47,851)</u>
INCREASE (DECREASE) IN CASH FLOW	263,974	(62,586)
Cash - beginning of year	<u>37,370</u>	<u>99,956</u>
CASH - END OF YEAR	\$ 301,344	\$ 37,370
CASH CONSISTS OF:		
Cash	<u>\$ 301,344</u>	<u>\$ 37,370</u>

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LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Notes to Financial Statements

Year Ended June 30, 2007

(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 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 and 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. SILVACULTURE LIABILITY

The silvaculture liability has been calculated as follows:

	<u>2007</u>	<u>2006</u>
	\$	\$
Timber Mark BB7001	79,228	-
Timber Mark BB7002	217	-
Timber Mark BB7003	24,447	27,151
Timber Mark BB7004	102,057	110,512
Timber Mark BB7005	248,983	-
Timber Mark BB7006	81,337	-
Timber Mark BB7999	4,130	-
Timber Mark R14930	7,969	-
	<u>548,368</u>	<u>137,663</u>

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Notes to Financial Statements

Year Ended June 30, 2007

(Unaudited)

3. FINANCIAL INSTRUMENTS

The Lower North Thompson Community Forest Society's financial instruments consist of accounts receivable and accounts payable. 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.