

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

FINANCIAL STATEMENTS

JUNE 30, 2008

(UNAUDITED)

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

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Year Ended June 30, 2008

(Unaudited)

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CAROL PATTON

CERTIFIED GENERAL ACCOUNTANT

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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, 2008 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.

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 3, 2008



Carol Patton
Certified General Accountant

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

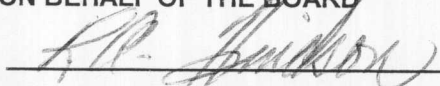
Statement of Financial Position

June 30, 2008

(Unaudited)

	2008	2007
ASSETS		
CURRENT		
Cash	\$ 611,677	\$ 301,344
Accounts receivable	169,350	87,946
Interest receivable	5,458	-
Prepaid expenses	1,491	1,027
Deposit	150	-
	<u>788,126</u>	<u>390,317</u>
PROPERTY, PLANT AND EQUIPMENT - Note 2	<u>1,721</u>	<u>-</u>
	<u>\$ 789,847</u>	<u>\$ 390,317</u>
LIABILITIES AND MEMBER'S EQUITY		
CURRENT		
Bank indebtedness	\$ 199,962	\$ -
Accounts payable	139,179	182,881
Holdbacks	24,256	9,201
Goods and services tax payable	1,064	4,506
	<u>364,461</u>	<u>196,588</u>
MEMBER'S EQUITY	<u>425,386</u>	<u>193,729</u>
	<u>\$ 789,847</u>	<u>\$ 390,317</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, 2008

(Unaudited)

	2008	2007
REVENUE		
Log Sales	\$ 2,683,241	\$ 2,404,966
Grants	-	6,788
Interest income	12,747	949
	<u>2,695,988</u>	<u>2,412,703</u>
EXPENSES		
Advertising	556	412
Amortization	321	-
Contracting	954,066	441,720
Donations	550	-
Forest development costs	163,488	416,732
Freight	106	84
Insurance	6,326	1,500
Interest and bank charges	9,996	285
Interest on long term debt	-	907
Licenses and memberships	39,750	-
Log Sale Costs	39,419	68,364
Meals	405	-
Office	2,944	1,063
Professional fees	5,617	4,010
Rent	2,425	5,550
Road Building and Maintenance	105,519	262,021
Silvaculture	137,786	19,313
Stumpage	426,445	540,281
Supplies	479	216
Telephone	633	-
Travel	2,213	-
Trucking	546,068	318,191
Wages and benefits	17,743	-
Workers Compensation	1,476	-
	<u>2,464,331</u>	<u>2,080,649</u>
NET EARNINGS	<u>\$ 231,657</u>	<u>\$ 332,054</u>

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LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Statement of Member's Equity

Year Ended June 30, 2008

(Unaudited)

	2008	2007
MEMBER'S EQUITY (DEFICIT) - BEGINNING OF YEAR	\$ 193,729	\$ (138,325)
NET EARNINGS FOR THE YEAR	231,657	332,054
MEMBER'S EQUITY - END OF YEAR	<u>\$ 425,386</u>	<u>\$ 193,729</u>

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LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Statement of Cash Flow
Year Ended June 30, 2008
(Unaudited)

	2008	2007
Cash flows from operating activities		
Cash received from sales	\$ 2,683,241	\$ 2,404,966
Cash received from Grants	-	6,788
Cash paid for operating expenses	<u>(2,583,575)</u>	<u>(2,046,729)</u>
Cash generated through operating activities	<u>99,666</u>	<u>365,025</u>
Cash flows from financing and investing activities		
Interest received	12,747	949
Payment of long-term debt	-	(102,000)
Property, plant and equipment purchase	<u>(2,042)</u>	<u>-</u>
Cash flow from (used by) cash flows from financing and investing activities	<u>10,705</u>	<u>(101,051)</u>
INCREASE IN CASH FLOW	110,371	263,974
Cash - beginning of year	<u>301,344</u>	<u>37,370</u>
CASH - END OF YEAR	\$ 411,715	\$ 301,344
CASH CONSISTS OF:		
Cash	\$ 611,677	\$ 301,344
Bank indebtedness	<u>(199,962)</u>	<u>-</u>
	\$ 411,715	\$ 301,344

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LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Notes to Financial Statements

Year Ended June 30, 2008

(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 people 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 environment and economic benefits

(f) To meet objectives of the government in respect of environmental 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. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2008 Net book value	2007 Net book value
Computer equipment	\$ 2,042	\$ 321	\$ 1,721	\$ -

LOWER NORTH THOMPSON COMMUNITY FOREST SOCIETY

Notes to Financial Statements

Year Ended June 30, 2008

(Unaudited)

3. SILVACULTURE LIABILITY

The silvaculture liability has been calculated as follows:

	2008	2007
Timber Mark BB7001	\$ 28,152	\$ 79,228
Timber Mark BB7002	35,103	217
Timber Mark BB7003	7,623	24,447
Timber Mark BB7004	47,129	102,057
Timber Mark BB7005	285,155	248,983
Timber Mark BB7006	91,196	81,337
Timber Mark BB7008	79,015	-
Timber Mark BB7999	9,807	4,130
Timber Mark R14930	18,354	7,969
Timber Mark K12001	77,728	-
Timber Mark K12002	20,139	-
Timber Mark K120R1	2,009	-
Timber Mark A83263	2,046	-
	<u>\$ 703,456</u>	<u>\$ 548,368</u>

4. 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.