



Annual Report 2016/17

Management Unit: French-Severn Forest – 360
FMP Plan Period: 01-Apr-2009 to 31-Mar-2019
Annual Report: 01-Apr-2016 to 31-Mar-2017

Prepared by Westwind Staff and Board of Directors
January 31, 2018

Westwind Forest Stewardship Inc.
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A Message from the Chair

2016 was another successful year for Westwind Forest Stewardship Inc. Since we created our current strategic plan in 2012, we continue to focus on our strategic direction and have reached many of the milestones we established.

We are proud of our operators who implement careful logging practices and proud of the fact that there were no non-compliance instances in 2016. Westwind forest operators continue to develop and improve on their health and safety practices in logging operations.

As a community-based forest, we work hard to build strong partnerships with like groups within the community and to manage our social licence in the forest. In 2016, we worked collaboratively with Forests Ontario to jointly hire a forest intern, who increased our Forests Ontario planting to over 10,000 trees on private land. We supported ongoing research on the impacts of calcium on lakes and forests with the Muskoka Watershed Council. Westwind was active with Georgian Bay Biosphere reserve in their Amazing Places program which highlights local tourist opportunities within the forest.

We are particularly proud of our efforts to engage 8 indigenous communities in the forest. Westwind participated in workshops with First Nation youth and hosted a First Nation Forestry Steering Committee meeting.

We will have our share of challenges in the coming years. Markets, although picking up, remain soft in some sectors. Species at Risk will limit our harvesting capabilities, especially for summer harvest in pine areas. Domtar has restricted its purchase of our pine pulp, so we will need to search out new markets for this material. However, we continue to work with our forest operators to search out new markets, trade blocks and work together to reduce costs. We also remain very concerned about the impacts of invasive species and the devastation caused by beech bark disease. Westwind continues to take a lead role in the province in exploring strategies to deal with beech bark disease through tree-marking, monitoring plots, and tending.

I am proud of the collaborative approach that our board takes to ensure the success of Westwind. Our Board operates in the spirit of continuous improvement and strives to ensure we practice good governance. Our success this year is thanks to the efforts of our very capable and dedicated staff. We are proud of our accomplishments through them and look forward to another successful year.

Louise Montague - Chair, Board of Directors

Harvest

The overall harvest volume of 147,779 m³ is lower than expected. The volume extracted by area is dependent on management system as well as stage of management. It is possible that the disparity between the area harvested and the volume achieved, nearly 50,000m³ less than the previous year, is due to a greater amount of area in the selection system which yields less volume than removal cuts in shelterwood or clearcuts.

Markets continue to be widespread for the operators working on this forest. In addition to wood being shipped well outside the boundaries of the management unit, a large volume is utilized within the forest by local mills including Tembec (Huntsville and Temiskaming), Domtar (Espanola), Muskoka Timber Mills and Goulard Lumber Limited.

Of most significance was the increase in pulp utilization continuing this year. In 2016/17, Tembec Temiskaming utilized 46,000m³ of pulp, which is the highest amount in this 10-year FMP to date. Also, Domtar-Espanola pulp mill utilized a large amount of French-Severn pulp for that mill at almost 14,000m³. Correspondingly, the commercial fuelwood utilization level was a third of the pulp utilization. The Tembec-Huntsville sawmill is the largest user of sawlogs in this forest and in 2016/17 had a utilization level of 24,000m³. A summary of mill utilization by wood type can be found in tables 1, 2 and 3.

Stand improvement continued to occur with support from Forestry Future projects. This work allows for unsuitable and unmerchantable trees to be removed to meet silvicultural objectives of improving quality and light conditions in partial cut stands.

Table 1: Annual Report of Wood Utilization by Mills processing Hardwood

Hardwood		
Mill	Product	Volume (m3)
Tembec Industries Inc. (Temiskaming,Pulp)	Pulp Mill	45976
Tembec (Huntsville)	Sawmill & Special Product	23619
Commercial Fuelwood	Fuelwood	14745
Columbia Forest Products Ltd. (Rutherglen)	Veneer/Plywood	904
Personal Use Fuelwood	Fuelwood	400
Others	All	283

Table 2: Annual Report of Wood Utilization by Mills processing Conifer

Conifer		
Mill	Product	Volume (m3)
Lahaie Lumber Ltd. (Alban)	Sawmill & Special Product	8103
H. & R. Chartrand Lumber Ltd. (Noelville)	Sawmill & Special Product	4606
EACOM Timber Corporation (Nairn Centre, Sawmill)	Sawmill & Special Product	3501
Lavern Heideman & Sons Ltd. (Eganville, Scragg Mill)	Sawmill & Special Product	2452
Goulard Lumber Limited (Sturgeon Falls)	Sawmill & Special Product	1007
Others	All	4610

Table 3: Annual Report of Wood Utilization by Mills processing Hardwood and Conifer

Mill	Product	Conifer (m3)	Hardwood (m3)
1409822 Ontario Inc. (South River)	Sawmill & Special Product	107	8567
Muskoka Timber Mills Ltd. (Bracebridge, Sawmill)	Sawmill & Special Product	5530	6284
Domtar Inc. (Espanola)	Pulp Mill	8558	5171
Bauman Sawmill Inc. (Wallenstein)	Sawmill & Special Product	450	561
Homestead Sawmill (Kearney)	Sawmill & Special Product	24	72
Levesque Plywood Limited (Columbia Forest Products Ltd., Hearst)	Veneer/Plywood	37	24
Southern Region (Sawmill)	Sawmill & Special Product	898	23

Overall the harvest was 3,783 ha, a 21% decrease over the previous year and better represents the average harvest level over the last 8 years of the plan than the exceptionally high harvest of 2015. Tembec holds the largest harvest share in Westwind and accounted for 36% of the harvest area with Tom Fisher Logging cutting the entire area. As previously mentioned, the cut for this licensee was high as Tembec kept the vast majority of their Tom Fisher Logging operations in the French-Severn Forest instead of moving them to Algonquin Park. Tim Bryson Forestry harvested 17% of the total area. As in previous years, business to business arrangements with Westwind and other FRLs enable this company to be the second most active licensee on the forest. Other notable items related to harvest area by licensee, Raphael Tardif Logging cut 7.7% of the area yet holds only a small harvest share with Westwind. This is due to business to business arrangements with other companies, in particular Domtar. A complete list of Harvest and Salvage Volumes by Licensee and Harvest Area by Licensee can be found in table 4 and table 5 below.

Table 4: Annual Report of Harvest and Salvage Volumes by Licensee

Licensee or Grouping	Total Volume (m3)	Percentage of Annual Cut
HARVEST		
Tom Fisher Logging Inc.	58424	40.2%
Tim Bryson Forestry Services	18252	12.6%
Raphael Tardif Logging Inc.	14713	10.1%
Muskoka Timber Mills Ltd.	11796	8.1%
M & F Logging	11201	7.7%
Tracy Nesbitt Logging	7875	5.4%
Roy's Lumber and Mining Timber Limited	7773	5.4%
G/G Logging/Construction	6000	4.1%
Lavern Heideman & Sons Limited	3529	2.4%
Arnold Lumber Mills Inc.	1623	1.1%
Breen's Lumber Inc.	1038	0.7%
Gerald Cook & Son Logging	644	0.4%
Dupuis	594	0.4%
J. & P. Leveque Bros. Haulage Limited	477	0.3%
Personal Use Fuelwood	400	0.3%
Portelance Lumber (Capreol) Limited	365	0.3%
Daniel Gervais Forest Products	287	0.2%
Dave Emerson	164	0.1%
Wolfgang Thoennes	103	0.1%
Total	145260	100%
SALVAGE (American Beech)		
Tim Bryson Forestry Services	175	
Tom Fisher Logging Inc.	2345	
Total Volume	2519	

Table 5: Annual Report of Harvest Area by Licensee

Licensee	Area (ha)
Almaguin Forest Products	97
Arnold Lumber Mills	40
Breen's Lumber	8
Danny Gervais	24
Dave Emerson	8
G&G Logging	327
G. Cook & Sons	13
Lavern Heideman	14
M&F Logging	195
Muskoka Timber Mills	416
Raphael Tardif	293
Roy's Lumber	99
Tim Bryson Forestry Services	643
Tom Fisher Logging	1,360
Tracey Nesbitt	237
Wolfgang Thoennes	8
Total	3,783

Overall, harvest volumes by forest type are as follows:

- Tolerant hardwoods – 71%
- White and red pine harvest – 22%
- Spruce-pine-fir – 3.9%
- Intolerant hardwoods (mainly poplar) – 2.5%
- Other conifer (mainly hemlock) – 1.6%

Higher tolerant hardwood harvest volume and area is a characteristic trend in the French Severn Forest. However, it is important to note the increase this year and in 2015 in terms of clearcutting compared to almost all years between 1999 and 2013/2014. A total of 90 ha were clearcut in 2016/17. This is shown in table 6 below. INT (intolerant hardwoods) and MWCC (mixedwood) are forest units managed under the clearcut system. While the harvesting effort is much less than hardwood or even pine, the values do represent a significant accomplishment. For many years the level of clearcutting was almost non-existent in this forest. These cuts allow for the creation of young forest, which is lacking, as well as complimenting a variety of social, economic and environmental objectives as identified in the forest management plan.

Table 6: Summary of harvested area by forest unit and management stage

Forest Unit	Area (ha)
HDSEL - Tolerant Hardwood Selection	1950
HDUS - Tolerant Hardwood Shelterwood	1180
HE1 - Hemlock Shelterwood (3-cut)	34
INT - Intolerant Hardwood Clearcut	41
MWCC - Mixedwood Clearcut	24
MWUS - Mixedwood Spruce Shelterwood	129
PWST - White Pine Seed Tree	25
PWUS - White Pine Shelterwood (3-cut)	251
PWUS2 - White Pine Shelterwood (2-cut)	148
Total	3783

Roads

No new primary roads were planned for this management plan.

The majority of maintenance was carried out on primary and branch roads for forest management purposes. Some capital dollars were made available through MNRF sourced projects, while some monies were provided to industry from MNRF. The most significant level of work was carried out on primary road BalPor-TO13 with 7.0km receiving over \$100,000. A partnership between the MNRF, Bancroft Minden Forest and Westwind enabled the construction of the Pine Springs Road Bridge at a cost of \$91,727. The greatest area covered was for 28.0km of the Wolf Lake branch road which saw resurfacing and maintenance work at a cost of \$57,500. A total of 173.5 km of primary and 59.3 km of branch road were maintained for a total expenditure of \$672,112.

The majority of monitoring occurs by the overlapping licensee during road construction and maintenance activities. In many cases operational roads are left to degrade naturally and the need for inspections is minimal. Compliance inspections and associated reporting of road construction and maintenance activities does occur on current operations.

Silviculture

Westwind successfully carried out a substantial silvicultural program this year, comprising tree marking, tree planting, site preparation and tending operations.

Tree marking has long been considered the flagship silvicultural activity that occurs in the French/Severn Forest. Westwind continues to employ certified tree markers to execute Forest Operations Prescriptions - block specific plans developed and approved by a Registered Professional Forester - as well as carry out tree marking audits to ensure the marking was consistent with the prescription and directions prescribed in the Forest Management Plan.

In the French Severn forest, most regeneration is secured through natural methods, especially in

tolerant hardwoods. In recent years, most harvesting in pine shelterwood stands has been removal cuts, where regeneration is already established. However, supplemental planting can be required. In addition to its fairly normal silvicultural program of site preparing, tending and planting in white pine shelterwood stands, a 251 ha stand conversion project has been underway. This project is partially supported by Forestry Futures with mechanical site preparation occurring in 2015/16. In 2016/17 these sites received ground-based herbicide site preparation treatments in early and mid-summer followed by planting with >425,000 trees in late summer. This contributed to a total of 779,200 seedlings (predominantly White Pine, Red Pine and White Spruce) being planted on 687 ha in 2016/17. While this amount may not be significant in terms of large SFL forests in the boreal forest, it is one of the biggest tree plants in this forest.

Due to the fine texture of soils in white pine managed areas, vegetative competition is problematic to seedling growth. A robust spray program, necessary to increase the survival of planted trees, employed controlled use of regulated and approved herbicides to complete both site preparation and tending activities. In 2016/17, a total of 57 ha was aerially site prepared and 616 ha was aerially tended. These treatments took place in Blair, Brown, Mowat, and Wallbridge townships in pine shelterwood stands (predominantly post removal cut). In 2016/17 a significant program of herbicide site preparation using Air Blast Sprayer (ABS) was conducted over 340 ha for the establishment of red/white pine and spruce regeneration. The majority (288 ha) of this occurred in Ballantyne, Laurier and Strong Townships (with a small area in Harrison) as part of a significant Forestry Futures Project to convert mixedwood stands to predominantly conifer. The remainder occurred in white pine shelterwood seeding cut stands in the Harrison and Mowat Townships. Please refer to table 7 for a summary of site preparation and tending treatments.

Table 7: Summary of Site Preparation and Tending treatments

Treatment Type	Area (ha)
Basal Bark	240
ABS Tending	0
ABS Site Prep	340
Aerial Tending	616
Aerial Site Prep	57
Mechanical Site Prep	0
Total	1268

All silvicultural operations occur in accordance with timing and disturbance restrictions related to species at risk – particularly Blanding’s turtle habitat.

Beech Bark Disease

Beech bark disease was first identified in this forest in 2010. It is caused by a combination of an introduced insect and a native fungus. The beech scale insect (*Cryptococcus fagisuga*) was transported to North America from Europe, and feeds on American Beech sap, creating wounds in the bark. These wounds make the trees vulnerable to necrotic fungus (*Neonectria faginata*),

which will colonize the bark, cambial layer and sapwood of its host, weakening and eventually killing the tree. While literature suggests trees affected by the disease will die 2-8 years after beech scale is identified, Westwind is observing high levels of mortality after only 2 - 4 years. Beech bark disease is a major forest health concern, a wood supply issue, a risk for worker safety, a threat to past silvicultural treatments and a serious detriment to the abundance of hard mast (beechnuts) to wildlife.

Westwind is taking a very proactive approach to decrease intensity of beech bark disease impacts in the French Severn Forest, through adaptive harvesting methods and regeneration control strategies. An aggressive tree-marking program was implemented to salvage mature beech now and preserve other mast tree species like Oak. The disease's spread and intensity continues to be observed using monitoring plots throughout the forest. In 2016/17, there were 240 ha of Basal Bark tending that occurred in hardwood stands in McClintock and Oakley Townships. This is reflected in Table 7 above. This work is part of a Forestry Futures Funded Project in cooperation with the Ontario Forest Research Institute (OFRI) to explore options to control the proliferation of American Beech regeneration that results from the salvage harvest of beech.

Silvicultural Effectiveness Monitoring

Westwind has a multi-faceted approach to monitoring the effectiveness of silvicultural treatments. Assessment of planting survival plots, free-to-grow surveys, tree marking audits and compliance inspections are the main activities undertaken. In total, 2,506 ha were identified as meeting regeneration standards in the 2016/17 annual report.

Forest Compliance

Westwind and Overlapping Licensee inspectors submitted 73 compliance reports including 57 Harvest, 10 Access, 5 renewal, and 1 maintenance report. The MNRF submitted 14 compliance reports.

There were no instances of non compliance reported in FOIP in 2016/17.

Overall, compliance of operations was very good in 2016/17. During winter, the incidence of non-compliance is often reduced, particularly in AOC areas where timing restrictions apply. However, ground conditions last fall/ winter remained wet and some issues associated with rutting did arise.

In the spring, Westwind typically holds operators meetings to discuss issues with shareholders. MNRF attends Westwind's spring operators meeting when possible to further reiterate the importance of following the conditions of the Authority to Haul, proper procedures for Bills of Lading and provide any other information items to licensees. MNRF and Westwind usually hold an annual compliance meeting to discuss issues concerning Overlapping License Holders operating in the management unit, situations of non-compliance and determine any training needs. Meetings may include key field personnel from Overlapping License Holders if issues

arise.

FSC Annual Surveillance Audit

Westwind's FSC Annual Surveillance Audit for 2016 was held September 5-8, 2017. No issues were identified.

Community Relations

Indigenous Communities

There are several First Nation communities within and around the forest that have inherent rights and interests in the local forest. Westwind has participated in workshops with First Nation youth and hosted a First Nation Forestry Steering Committee meeting.

Westwind is affiliated with the following First Nation Communities: Moose Deer Point First Nation, Wahta First Nation, Wasauksing First Nation, Shawanaga First Nation, Magnetawan First Nation, Henvey First Nation, and Dokis First Nation

Muskoka Watershed Council

<http://www.muskokawatershed.org/>



Westwind is a member of the Muskoka Watershed Council, and provides forestry advice to the members of the council. The Council's mission is to champion watershed health and its goal is to sustain and enhance

the air, water and terrestrial ecosystems of the watersheds of Muskoka for the environmental, health, economic, spiritual and intrinsic values they provide. Westwind was an exhibitor at the Annual Summit series held in May 2014.

Forests Ontario

<http://www.forestsontario.ca/>



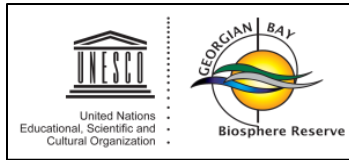
Forests Ontario's vision is a future of healthy forests sustaining healthy people, a flourishing environment and a robust economy for generations and its mission is to be recognized as the voice for Ontario's forests through the support and promotion of forest restoration, stewardship, education and awareness

Westwind is an active member of Forests Ontario, who is responsible for the 50 Million Tree plant, Envirothon, Tree Bee

and Forestry Connects. Westwind committed to hiring a forest intern for 12 months to learn about forestry programs, deliver the Tree Ontario tree plant program and to become an active tree marker and forest cruiser.

Georgian Bay Biosphere Reserve (GBBR)

<http://www.gbbr.ca/about-us/gbbr/>



Their mission to be an international model of sustainability for eastern Georgian Bay, while protecting the ecological values of the region, by facilitating cooperative action in support of the conservation of biodiversity and sustainable development through education and public outreach, that will foster a shared responsibility for the Georgian Bay Biosphere Reserve for the next seven generations.

Westwind was instrumental in the GBBR gaining its UNESCO designation, and continues to be actively supporting their organization. Westwind has participated in field tours, forest health reports and is a member of the GBBR Board.

Forest Gene Conservation Association (FGCA)

<http://www.fgca.net/home/default.aspx>



The Forest Gene Conservation Association (FGCA) formed in 1994 and since 1997 has been a non-profit, genetic resource management corporation, with individual and group members who are involved in south-central Ontario forest conservation and management. Westwind actively manages the local white pine seed orchard and monitors forest health and seed collection within the forest.

WESTWIND FOREST STEWARDSHIP INC.

FINANCIAL STATEMENTS

MARCH 31, 2017

WESTWIND FOREST STEWARDSHIP INC.

MARCH 31, 2017

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REVIEW ENGAGEMENT REPORT

To the Members of
Westwind Forest Stewardship Inc.

I have reviewed the balance sheet of Westwind Forest Stewardship Inc. as at March 31, 2017 and the statements of revenue, expenditures and surplus, changes in net assets and cash flows, for the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to me by the company.

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 accounting standards for not-for-profit organizations.

Parry Sound, Ontario
September 30, 2017



CHARLES A. DUROCHER CPA, CA
LICENSED PUBLIC ACCOUNTANT

WESTWIND FOREST STEWARDSHIP INC.

BALANCE SHEET
AS AT MARCH 31, 2017

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 73,787	\$ 103,851
Accounts receivable (Note 3)	109,431	114,057
	183,218	217,908
TERM DEPOSITS (Note 4)	87,708	85,145
CAPITAL ASSETS (Note 5)	6,426	8,685
	\$ 277,352	\$ 311,738
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 85,812	\$ 125,944
Total liabilities	85,812	125,944
NET ASSETS		
Net assets invested in capital assets	6,426	8,685
Net assets internally restricted (Note 6)	70,000	70,000
Unrestricted net assets	115,114	107,109
	191,540	185,794
	\$ 277,352	\$ 311,738

APPROVED ON BEHALF OF THE MEMBERS:

DirectorPREPARED WITHOUT AUDIT
THE ACCOMPANING NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

WESTWIND FOREST STEWARDSHIP INC.

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2017

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Balance beginning of year	\$ 8,685	\$ 107,109	\$ 70,000	\$ 185,794	\$ 207,111
Excess (shortfall) of revenue over expenses	(2,259)	8,005	-	5,746	(21,317)
	\$ 6,426	\$ 115,114	\$ 70,000	\$ 191,540	\$ 185,794

PREPARED WITHOUT AUDIT
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WESTWIND FOREST STEWARDSHIP INC.

STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS**FOR THE YEAR ENDED MARCH 31, 2017**

	2017	2016
OPERATING REVENUE		
Funding		
Renewal trust	\$ 156,308	\$ 233,496
Forestry futures	364,669	506,509
NOHFC	-	12,800
Other		
Levies	447,250	446,852
Timber & share sales	128,207	69,262
Services	45,834	64,389
Roads funding	696,182	672,112
Roads funding - Westwind share	32,725	34,465
Interest income	2,563	2,495
Other income	27,442	5,000
	1,901,180	2,047,380
OPERATING EXPENSES		
Staff	498,135	557,932
Vehicle	56,143	69,788
Office and administration	49,857	46,929
FSC standards	31,663	21,994
Annual planning	94,500	92,500
Other operational	749,753	711,305
Forestry futures	370,536	509,130
Silviculture expenses	42,588	55,996
Depreciation	2,259	3,123
	1,895,434	2,068,697
SURPLUS (DEFICIENCY) FOR THE YEAR	\$ 5,746	\$ (21,317)

PREPARED WITHOUT AUDIT
THE ACCOMPANING NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

WESTWIND FOREST STEWARDSHIP INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
<hr/>		
OPERATING ACTIVITIES		
Cash from operations		
Surplus (deficiency)	\$ 5,746	\$ (21,317)
Non cash items:		
Depreciation	2,259	3,123
	<hr/>	<hr/>
	8,005	(18,194)
Net change in non-cash working capital balances from operations:		
Decrease (increase) in accounts receivable	4,626	(29,390)
Increase (decrease) in accounts payable and accrued liabilities	(40,132)	22,045
	<hr/>	<hr/>
	(27,501)	(25,539)
<hr/>		
INVESTING ACTIVITIES		
Net increase in term deposits	(2,563)	(2,495)
	<hr/>	<hr/>
	(2,563)	(2,495)
<hr/>		
INCREASE (DECREASE) IN CASH	(30,064)	(28,034)
CASH, beginning of year	103,851	131,885
	<hr/>	<hr/>
CASH, end of year	\$ 73,787	\$ 103,851
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WESTWIND FOREST STEWARDSHIP INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

1. NATURE OF ORGANIZATION

The organization is a non-profit corporation that provides for the ecologically sustainable management of the French/Severn Forest. For income tax purposes the organization is classed as a non-profit organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations; accordingly, these financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(b) Use of estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect revenues and expenses during the reporting periods, in addition to the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Estimates are required in determining future cash flows when assessing assets for impairment, the useful lives of capital assets for amortization purposes, the allowance for uncollectible accounts, and contingencies.

(c) Capital Assets

Capital assets are recorded at cost. Depreciation is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Computer	- 30% or 55% declining balance
Equipment	- 20% declining balance
Vehicles	- 30% declining balance

(d) Revenue Recognition - Contributions

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognised as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognised as revenue when received or receivable.

Revenue from levies and timber sales is recognised in accordance with applicable contracts.

(d) Financial instruments

Fair values:

Cash and cash equivalents and accounts receivable are financial assets with carrying values that approximate fair value. Accounts payable and accrued liabilities are financial liabilities with carrying values that approximate fair value.

Risks arising from financial instruments:

The company's cash and short term investments are all held at major financial institutions. The company maintains temporary investments with its financial institutions in excess of the federally insured limits and is therefore exposed to credit risk. The company's investments are subject to interest rate risk. The company's accounts receivable balance is comprised of a large number of customers, some have large balances and are subject to credit risk. The Company reviews a new customers' credit history before extending credit and conducts regular reviews of its existing customers' credit performance. As a result the Company's allowance for doubtful accounts was not material to these financial statements.

The Company is not exposed to significant market risk, other price risk, or any significant concentrations of risk. The financial risk assessment has remained unchanged from the prior year.

PREPARED WITHOUT AUDIT

THE ACCOMPANING NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

WESTWIND FOREST STEWARDSHIP INC.

NOTES TO THE FINANCIAL STATEMENTS**MARCH 31, 2017****3. ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following:

	2017	2016
RBC	\$ 17,700	\$ 47,567
Arnold Lumber Mills Inc.	9,074	13,443
Muskoka Timber Mills	1,209	9,898
Roads Trust Account	31,079	3,232
MNRF	430	430
Others	49,939	39,487
Total	\$ 109,431	\$ 114,057

4. TERM DEPOSITS

Term deposits mature January 3, 2019 and earn interest at 3.01% per annum.

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2017	Net 2016
Computer	\$ 57,613	\$ 57,390	\$ 223	\$ 339
Equipment	61,773	58,886	2,887	3,608
Vehicles	17,107	13,791	3,316	4,738
	\$ 136,493	\$ 130,067	\$ 6,426	\$ 8,685

6. INTERNALLY RESTRICTED FUNDS

The organization has restricted \$50,000 in prior years related to anticipated future shortfalls in timber sales.

The organization has restricted \$20,000 in prior years related to future staff bonuses.

7. COMMITMENT

The organization has entered into an office lease agreement for 1 year at an annual rental of \$18,272.