
WESTWIND FOREST STEWARDSHIP INC.

FINANCIAL STATEMENTS

MARCH 31, 2014

WESTWIND FOREST STEWARDSHIP INC.

MARCH 31, 2014

CONTENTS

| | Page |
|---|------|
| REVIEW ENGAGEMENT REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Balance Sheet | 2 |
| Statement of Changes in Net Assets | 3 |
| Statement of Revenue, Expenditures, and Surplus | 4 |
| Statement of Cash Flows | 5 |
| Notes to the Financial Statements | 6, 7 |

Charles A. Durocher
Chartered Professional Accountant

6 William Street
Parry Sound, Ontario P2A 1V1
Phone: 705-746-5300
Fax: 705-746-1482

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, 2014 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
January 19, 2015

CHARLES A. DUROCHER CPA, CA
LICENSED PUBLIC ACCOUNTANT

WESTWIND FOREST STEWARDSHIP INC.

BALANCE SHEET
AS AT MARCH 31, 2014

| | 2014 | 2013 |
|------------------------------|-------------------|------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 133,008 | \$ 110,943 |
| Accounts receivable (Note 3) | 88,482 | 95,272 |
| | 221,490 | 206,215 |
| TERM DEPOSITS (Note 4) | 80,235 | 79,015 |
| CAPITAL ASSETS (Note 5) | 6,540 | 8,562 |
| | \$ 308,265 | \$ 293,792 |

LIABILITIES

| | | |
|--|------------------|-----------|
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 95,798 | \$ 92,692 |
| | 95,798 | 92,692 |

NET ASSETS

| | | |
|---|-------------------|------------|
| Net assets invested in capital assets | 6,540 | 8,562 |
| Net assets internally restricted (Note 6) | 50,000 | - |
| Unrestricted net assets | 155,927 | 192,538 |
| | 212,467 | 201,100 |
| | \$ 308,265 | \$ 293,792 |

APPROVED ON BEHALF OF THE MEMBERS:

_____ Director

PREPARED WITHOUT AUDIT

WESTWIND FOREST STEWARDSHIP INC.

STATEMENT OF CHANGES IN NET ASSETS**FOR THE YEAR ENDED MARCH 31, 2014**

| | <u>Invested in Capital Assets</u> | <u>Unrestricted</u> | <u>Internally Restricted</u> | <u>2014 Total</u> | <u>2013 Total</u> |
|--|---------------------------------------|---------------------|----------------------------------|-----------------------|-----------------------|
| Balance beginning of year | \$ 8,562 | \$ 192,538 | \$ - | \$ 201,100 | \$ 184,338 |
| Excess (shortfall) of revenue over expenses | (2,022) | 13,389 | - | 11,367 | 16,762 |
| Internally restricted | - | (50,000) | 50,000 | - | - |
| | \$ 6,540 | \$ 155,927 | \$ 50,000 | \$ 212,467 | \$ 201,100 |

PREPARED WITHOUT AUDIT

WESTWIND FOREST STEWARDSHIP INC.

STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS**FOR THE YEAR ENDED MARCH 31, 2014**

| | 2014 | 2013 |
|--------------------------------|------------------|------------------|
| OPERATING REVENUE | | |
| Funding | | |
| Renewal trust | \$ 155,328 | \$ 157,495 |
| Forestry futures | 387,147 | 215,362 |
| Other | | |
| Levies | 432,086 | 432,512 |
| Timber & share sales | 116,634 | 138,645 |
| Services | 2,540 | 1,080 |
| MNR inventory | 16,000 | - |
| MNR partnership | 8,900 | 6,955 |
| Roads funding | 557,042 | 691,770 |
| Roads funding - Westwind share | 29,005 | 32,089 |
| Interest income | 1,220 | 1,852 |
| Other income | - | 2,654 |
| | 1,705,902 | 1,680,414 |
| OPERATING EXPENSES | | |
| Staff | 494,518 | 500,428 |
| Vehicle | 51,233 | 47,442 |
| Office and administration | 49,760 | 42,545 |
| FSC standards | 21,416 | 19,859 |
| Annual planning | 91,403 | 110,577 |
| Other operational | 575,163 | 700,021 |
| Forestry futures | 266,338 | 216,563 |
| Silviculture expenses | 142,682 | 24,088 |
| Depreciation | 2,022 | 2,129 |
| | 1,694,535 | 1,663,652 |
| SURPLUS FOR THE YEAR | \$ 11,367 | \$ 16,762 |

PREPARED WITHOUT AUDIT

WESTWIND FOREST STEWARDSHIP INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014

| | 2014 | 2013 |
|---|-------------------|------------|
| OPERATING ACTIVITIES | | |
| Cash from operations | | |
| Surplus (deficiency) | \$ 11,367 | \$ 16,762 |
| Non cash items: | | |
| Depreciation | 2,022 | 2,129 |
| | 13,389 | 18,891 |
| Net change in non-cash working capital balances from operations: | | |
| Decrease (increase) in accounts receivable | 6,790 | (27,042) |
| Increase (decrease) in accounts payable and accrued liabilities | 3,106 | (23,835) |
| | 23,285 | (31,986) |
| INVESTING ACTIVITIES | | |
| Additions to capital assets | - | (2,879) |
| Net increase in term deposits | (1,220) | (1,852) |
| | (1,220) | (4,731) |
| INCREASE (DECREASE) IN CASH | 22,065 | (36,717) |
| CASH, beginning of year | 110,943 | 147,660 |
| CASH, end of year | \$ 133,008 | \$ 110,943 |

PREPARED WITHOUT AUDIT

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

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

WESTWIND FOREST STEWARDSHIP INC.

NOTES TO THE FINANCIAL STATEMENTS**MARCH 31, 2014****3. ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following:

| | 2014 | 2013 |
|---------------------------|------------------|-----------|
| RBC | \$ 24,260 | \$ 23,473 |
| Norman Forestry | - | 610 |
| Muskoka Timber Mills Ltd. | 16,238 | 28,891 |
| Others | 48,344 | 42,298 |
| Total | \$ 88,842 | \$ 95,272 |

4. TERM DEPOSITS

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

5. CAPITAL ASSETS

| | <u>Cost</u> | <u>Accumulated Amortization</u> | Net 2014 | Net 2013 |
|-----------|-------------------|-------------------------------------|---------------------|-------------|
| Computer | \$ 57,613 | \$ 56,754 | \$ 859 | \$ 1,453 |
| Equipment | 61,773 | 56,135 | 5,638 | 7,047 |
| Vehicles | 9,180 | 9,137 | 43 | 62 |
| | \$ 128,566 | \$ 122,026 | \$ 6,540 | \$ 8,562 |

6. INTERNALLY RESTRICTED FUNDS

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

7. COMMITMENT

The organization has entered into an office lease agreement for 1 year at an annual rental of \$14,730.

PREPARED WITHOUT AUDIT