
WESTWIND FOREST STEWARDSHIP INC.

FINANCIAL STATEMENTS

MARCH 31, 2006

WESTWIND FOREST STEWARDSHIP INC.

MARCH 31, 2006

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AUDITOR'S REPORT

To the Members of
WESTWIND FOREST STEWARDSHIP INC.

I have audited the balance sheet of WESTWIND FOREST STEWARDSHIP INC. as at March 31, 2006, and the statements of revenue, expenditures and surplus, changes in net assets and changes in financial position, for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2006 and the results of its operations for the year then ended, in accordance with Canadian generally accepted accounting principles.

Parry Sound, Ontario
June 30, 2006

CHARLES A. DUROCHER
CHARTERED ACCOUNTANT

WESTWIND FOREST STEWARDSHIP INC.

BALANCE SHEET

AS AT MARCH 31, 2006

ASSETS	2006	2005
CURRENT ASSETS		
Cash	\$ 444,377	\$ 267,824
Accounts receivable (Note 3)	163,335	162,040
GST receivable	12,686	10,516
Conference funding account	6,400	-
Prepaid expenses	-	2,504
	626,798	442,884
CAPITAL ASSETS (Note 4)	35,723	43,059
	\$ 662,521	\$ 485,943

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 136,549	\$ 137,968
Stewardship funds (Note 5)	12,081	12,505
Deferred contributions:		
MNR Partnership Projects (Note 6)	376,143	197,143
Ontario tree marking committee account (Note 7)	121,216	109,977

	645,989	457,593
NET ASSETS		
Net assets invested in capital assets	35,723	43,059
Net assets internally restricted	-	10,000
Unrestricted net assets	(19,191)	(24,709)
	16,532	28,350
	\$ 662,521	\$ 485,943

APPROVED ON BEHALF OF THE MEMBERS:

_____ Director

_____ Director

WESTWIND FOREST STEWARDSHIP INC.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2006

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>2006 Total</u>	<u>2005 Total</u>
Balance beginning of year	\$ 43,059	\$ (24,709)	\$ 10,000	\$ 28,350	\$ 118,417
Excess (shortfall) of revenue over expenses	(10,460)	(1,358)	-	(11,818)	(90,067)
Invested in capital assets	3,124	(3,124)	-	-	-
Internally restricted	-	10,000	(10,000)	-	-
	\$ 35,723	\$ (19,191)	\$ -	\$ 16,532	\$ 28,350

WESTWIND FOREST STEWARDSHIP INC.

STATEMENT OF REVENUE, EXPENDITURES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2006

	2006	2005
OPERATING REVENUE		
Funding		
Renewal trust	\$ 1,244,468	\$ 1,267,418
Forestry futures	255,669	435,695
Ivey foundation	-	11,875
Other		
Levies	393,119	393,859
Services	14,062	15,069
Living legacy	-	16,275
Other	6,558	7,752
	<hr/> 1,913,876	<hr/> 2,147,943
OPERATING EXPENSES		
Staff	714,160	736,922
Vehicle	101,426	104,422
Supplies & Services	108,918	139,023
FSC standards	14,177	93,631
Annual planning	8,919	4,723
Other operational	-	22,793
Forestry futures	255,880	435,695
Silviculture expenses	711,754	689,529
Depreciation	10,460	11,272
	<hr/> 1,925,694	<hr/> 2,238,010
SURPLUS (DEFICIENCY) FOR THE YEAR	<hr/> \$ (11,818)	<hr/> \$ (90,067)

WESTWIND FOREST STEWARDSHIP INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2006

	2006	2005
OPERATING ACTIVITIES		
Working capital from operations		
Surplus (deficiency)	\$ (11,818)	\$ (90,067)
Add : non working capital charges (credits)		
Depreciation	10,460	11,272
	(1,358)	(78,795)
Net change in non-cash working capital balances from operations*	187,435	(86,538)
	186,077	(165,333)
FINANCING ACTIVITIES		
Conference funding deficiency	(6,400)	-
	(6,400)	-
INVESTING ACTIVITIES		
Additions to capital assets	(3,124)	(11,419)
	(3,124)	(11,419)
INCREASE (DECREASE) IN CASH	176,553	(176,752)
CASH, beginning of year	267,824	444,576
CASH, end of year	\$ 444,377	\$ 267,824

* Consisting of changes in accounts receivable, GST receivable, accounts payable and accrued liabilities and stewardship funds payable.

WESTWIND FOREST STEWARDSHIP INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2006

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) 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% declining balance
Equipment	- 20% declining balance
Vehicles	- 30% declining balance

(b) 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.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2006		2005
Royal Trust - forestry futures and renewal	\$ 154,179	\$	137,887
Others	9,156		24,153
Total	\$ 163,335	\$	162,040

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2006</u>		<u>Net 2005</u>
Computer	\$ 56,744	\$ 46,749	\$ 9,995	\$	14,278
Equipment	59,762	34,790	24,972		27,701
Vehicles	9,180	8,424	756		1,080
	\$ 125,686	\$ 89,963	\$ 35,723	\$	43,059

5. STEWARDSHIP FUNDS

The organization is holding funds in trust for the Parry Sound - Muskoka Stewardship Network.

WESTWIND FOREST STEWARDSHIP INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2006

6. MNR PARTNERSHIP PROJECTS

Westwind has entered into an agreement with the Minister of Natural Resources for the Province of Ontario ("MNR") whereby Westwind has agreed to perform work for the MNR. At March 31, 2006 funds in the amount of \$376,143 were on hand relating to projects to be completed in the future.

7. ONTARIO TREE MARKING COMMITTEE ACCOUNT

Westwind has entered into an agreement with the Ontario Tree Marking Committee ("OTMC") whereby Westwind has agreed to perform tree marking courses for the OTMC. At March 31, 2006 funds in the amount of \$121,216 were on hand relating to tree marking courses to be delivered in the future.

8. FOREST PRACTICES COMPETENCY PARTNERSHIP

Westwind has entered into an agreement with the Ontario Forest Industries Association, the Ontario Lumberman's Association and the Ontario Ministry of Natural Resources to provide for the training of forest workers and the forest industry.

At December 31, 2005 funds in the amount of \$117,679 were on hand relating to forest training courses to be delivered in the future.

At March 31, 2006 a balance of \$116,186 was on hand. This balance is included in the MNR Partnership Project balance as described in Note 6.

9. COMMITMENT

The organization has entered into an office lease agreement for 1 year at an annual rental of \$26,667.