
Financial Statements

**FRIENDS OF RURAL COMMUNITIES
AND THE ENVIRONMENT (FORCE)**

December 31, 2004

FRIENDS OF RURAL COMMUNITIES AND THE ENVIRONMENT (FORCE)

DECEMBER 31, 2004

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AUDITORS' REPORT TO MEMBERS

We have audited the statement of financial position of Friends of Rural Communities and the Environment (FORCE) as at December 31, 2004, and the statement of operations and net assets for the period from June 28, 2004 (date of incorporation) to December 31, 2004. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 common with many non-profit organizations, Friends of Rural Communities and the Environment (FORCE) derives part of its revenue from the general public in the form of contributions and fund raising, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from this source was limited to accounting for the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, fund raising and other revenue, excess of revenue over expense for the year, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of items referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of Friends of Rural Communities and the Environment (FORCE) as at December 31, 2004 and the results of its operations for the year then ended, in accordance with Canadian generally accepted accounting principles.

Martyn, Dooley & Partners LLP

Chartered Accountants

Mississauga, Canada

February 4, 2005

FRIENDS OF RURAL COMMUNITIES AND THE ENVIRONMENT (FORCE)
Statement of Financial Position
December 31, 2004

Assets

Cash and short term deposits	\$ 59,038
Other current assets	1,400
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	\$ 60,438

Liabilities

Current

Accounts payable and accrued liabilities	\$ 11,132
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Net Assets

Unrestricted net assets	49,306
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	\$ 60,438

See accompanying notes to the financial statements

On behalf of the Board

Director _____

Director _____

FRIENDS OF RURAL COMMUNITIES AND THE ENVIRONMENT (FORCE)**Statement of Operations and Net Assets**

Period Ended December 31, 2004

Revenue

Individual contributions	\$ 115,057
Business contributions	35,750
Quilt raffle	3,291
Interest	34
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	154,132

Expenses**Technical Experts**

Ecology	10,700
Geographic information systems	42,860
Hydrogeology	5,350
Legal	35,120
Research materials	75
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	94,105

Community Activities

Badges and business cards	536
Canvasser training handbooks	375
Community meeting expenses	248
Newsletter delivery	379
Flyer printing	1,809
Quilt raffle expenses	351
Signage	4,840
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	8,538

Expenses Related to Incorporation

Audit fees	300
Insurance	56
Legal fees	894
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	1,250

Operating Costs

Bank service charges	116
Meeting expenses	133
Office supplies	216
Parking	68
Telephone	208
Website	192
	<hr/>
	933

104,826**Excess of Revenue over Expenses and
Net Assets, End of Period**

\$ 49,306

See accompanying notes to the financial statements

FRIENDS OF RURAL COMMUNITIES AND THE ENVIRONMENT (FORCE)

Notes to the Financial Statements

December 31, 2004

1. Purpose of Organization

Friends of Rural Communities and the Environment (FORCE) is a volunteer, non-profit organization dedicated to preserve and protect the environment, including quality of life for the residents and ratepayers, flora and fauna, air quality and water quality and quantity in their local communities.

Friends of Rural Communities and the Environment (FORCE) is a registered non-profit organization under the Income Tax Act.

2. Summary of Significant Accounting Policies

(a) Revenue Recognition

Contributions are recognized as revenue when received.

(b) Expenditures

Expenditures are recorded on an accrual basis.

(c) Capital Assets

Capital assets are expensed as incurred. No amounts were charged to operations during the current year.

(d) Volunteers

The work of Friends of Rural Communities and the Environment (FORCE) is dependent on the voluntary services of many members. Since these services are not normally purchased by the Organization, and because of the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

(e) Income Taxes

As a not-for-profit organization, the association is not liable for income taxes.

(f) Financial Instruments

The association's financial instruments recognized in the balance sheet consist of cash and short term deposits. The fair value of these instruments approximates their carrying amounts due to their short-term maturities.

(g) Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect revenue and expenses during the reporting periods, in addition to the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

3. Statement of Cash Flows

A statement of cash flows has not been presented, as it would not provide any additional meaningful information.