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Financial Statements

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

December 31, 2005

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

**DECEMBER 31, 2005**

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## AUDITORS' REPORT TO MEMBERS

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We have audited the statement of financial position of Friends of Rural Communities and the Environment (FORCE) as at December 31, 2005, and the statement of operations and net assets for the year ended December 31, 2005. 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, 2005 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

March 5, 2006

**FRIENDS OF RURAL COMMUNITIES AND THE ENVIRONMENT (FORCE)**  
**Statement of Financial Position**  
**December 31, 2005**

	2005	2004
<b>Assets</b>		
Cash short term deposits	\$ 36,555	\$ 59,038
Restricted short term deposits	50,000	-
Other current assets	600	1,400
	<u>\$ 87,155</u>	<u>\$ 60,438</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 9,618	\$ 11,132
<b>Long Term</b>		
<b>Net Assests</b>		
Restricted net assets, hearing fund (Note 4)	50,000	-
Unrestricted net assets	27,537	49,306
	<u>\$ 87,155</u>	<u>\$ 60,438</u>

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**  
**Year Ended December 31, 2005**

	2005	2004
<b>Revenue</b>		
Individual contributions	\$ 91,470	\$ 115,057
Business contributions	15,000	35,750
Quilt raffle	-	3,291
Interest	1,355	34
	<u>107,825</u>	<u>154,132</u>
<b>Expenses</b>		
<b>Technical Experts</b>		
Ecology	10,867	10,700
Geographic information systems	39,341	42,860
Hydrogeology	12,383	5,350
Legal	8,222	35,120
Research materials	1,301	75
	<u>72,114</u>	<u>94,105</u>
<b>Community Activities</b>		
Badges and business cards	-	536
Canvasser training handbooks	-	375
Community meeting expenses	770	248
Newsletter delivery	-	379
Flyer printing	497	1,809
Quilt raffle expenses	-	351
Signage	3,019	4,840
	<u>4,286</u>	<u>8,538</u>
<b>Expenses Related to Incorporation</b>		
Audit fees	-	300
Insurance	2,295	56
Legal fees	-	894
	<u>2,295</u>	<u>1,250</u>
<b>Operating Costs</b>		
Bank service charges	47	116
Meeting expenses	51	133
Office supplies	302	216
Parking	65	68
Telephone	402	208
Website	32	192
	<u>899</u>	<u>933</u>
	<u>79,594</u>	<u>104,826</u>
<b>Excess of Revenue over Expenses</b>	<b>28,231</b>	<b>49,306</b>
<b>Unrestricted Net Assets, Beginning of Year</b>	<b>49,306</b>	<b>-</b>
<b>Restricted Net Assets for Hearing Fund</b>	<b>(50,000)</b>	<b>-</b>
<b>Unrestricted Net Assets, End of Year</b>	<b>\$ 27,537</b>	<b>49,306</b>

See accompanying notes to the financial statements

# FRIENDS OF RURAL COMMUNITIES AND THE ENVIRONMENT (FORCE)

Notes to the Financial Statements

December 31, 2005

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## 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.

## 4. Restricted for Hearing Fund

The directors have allocated \$50,000 of the unrestricted net assets to a restricted fund to cover the hearing costs.