Clinton & District Community Forest of BC Limited
Financial Statements
For the Year Ended December 31, 2025

Contents

Independent Auditor's Report	2 - 4
Financial Statements	
Balance Sheet	5
Statement of Operations and Retained Earnings	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 15

Tel: 250-372-9505
Fax: 250-374-6323
www.bdo.ca

BDO Canada LLP
300-275 Lansdowne Street
Kamloops, B.C. V2C 3J6

Independent Auditor's Report

To the shareholders of
Clinton & District Community Forest of BC Limited

Opinion

We have audited the financial statements of Clinton & District Community Forest of BC Limited ("the Company"), which comprise the balance sheet as at December 31, 2025, and the statements of operations and retained earnings and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter-Basis of Accounting and Restriction on Use

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Clinton & District Community Forest of BC Ltd. with its internal reporting requirements of its shareholder, The Corporation of the Village of Clinton. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Clinton & District Community Forest of BC Ltd. and The Corporation of the Village of Clinton and should not be used by parties other than Clinton & District Community Forest of BC Ltd. and The Corporation of the Village of Clinton. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises; this includes determining that Canadian accounting standards for private enterprises are an acceptable basis for the preparation of the financial statements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Kamloops, British Columbia
April 8, 2026

Clinton & District Community Forest of BC Limited
Balance Sheet

As at December 31		2025		2024
Assets				
Current				
Cash	$	320,568	$	476,215
Short-term investments (Note 2)		707,108		623,181
Accounts receivable		14,686		17,562
		1,042,362		1,116,958
Long-term investments (Note 2)		-		265,660
Property and equipment (Note 3)		161,643		146,246
	$	1,204,005	$	1,528,864
Liabilities and Shareholder's Equity				
Current				
Accounts payable and accrued liabilities (Note 10)	$	132,895	$	46,230
Deferred revenue (Note 11)		35,401		-
		168,296		46,230
Silviculture liability (Note 4)		476,449		633,011
		644,745		679,241
Shareholder's Equity				
Share capital (Note 5)		1		1
Retained earnings		559,257		849,622
		559,258		849,623
	$	1,204,003	$	1,528,864

On behalf of the Board:

Signed by:
Christine Rivett
25B0337340BE40F... Director

The accompanying notes are an integral part of these financial statements.

Clinton & District Community Forest of BC Limited
Statement of Operations and Retained Earnings

For the year ended December 31	2025	2024
Revenue		
FESBC fuel management (Note 8)	$ -	$ 37,296
FFT survey grants (Note 8)	742,407	656,452
Interest income	27,135	34,017
Legal recovery	1,619	-
Logging revenue	807,950	1,052,417
Other revenue (Note 12)	49,310	-
SIP Grant (Note 8)	9,599	-
	1,638,020	1,780,182
Operating expenses		
Advertising and promotion	2,760	6,761
Amortization of property and equipment	8,229	8,361
Annual rent	7,400	7,400
BCCFA AGM expense	662	2,426
Bookkeeping and accounting	22,887	13,389
FESBC expense	107,978	35,551
FFT expense	696,807	626,649
Firewood expense	11,536	4,865
First Nations consulting	25,727	39,830
Forestry consulting fees	119,383	118,245
Hauling	205,051	204,485
Insurance	13,055	12,824
Interest and bank charges	604	416
Legal fees	436	898
Management fees	144,983	134,728
Meeting expense	405	2,051
Memberships and licences	1,645	7,001
Office expenses	6,341	5,128
Post harvest expense	-	5,992
Property taxes	1,063	1,056
Road use	1,200	-
SIP expense	9,599	-
Silviculture expenses	126,935	87,833
Silviculture liability (recovery)	(19,366)	10,981
Stumpage	33,770	39,798
Subcontractors	217,365	307,558
	1,746,455	1,684,226
Income (loss) before other expenses	(108,435)	95,956
Other expenses		
Donations	84,226	78,550
Village of Clinton contribution	97,704	119,524
Scholarships	-	4,000
	(181,930)	202,074
Net loss	(290,365)	(106,118)
Retained earnings, beginning of the year	849,622	955,740
Retained earnings, end of the year	$ 559,257	$ 849,622

The accompanying notes are an integral part of these financial statements.

Clinton & District Community Forest of BC Limited
Statement of Cash Flows

For the year ended December 31	2025	2024
Cash flows from operating activities		
Cash receipts from customers	$ 1,647,543	$ 2,066,762
Cash paid to suppliers and employees	(1,988,432)	(1,900,731)
Interest received	27,135	34,017
	(313,754)	200,048
Cash flows from investing activities		
Disposition (Acquisition) of term deposit	181,732	(44,437)
Acquisition of property and equipment	(23,625)	(1,618)
	158,107	(46,055)
Net (decrease) increase in cash	(155,647)	153,993
Cash, beginning of the year	476,215	322,222
Cash, end of the year	$ 320,568	$ 476,215

The accompanying notes are an integral part of these financial statements.

1. Significant Accounting Policies

Nature of Business	Clinton & District Community Forest of BC Ltd. (the "Company") is incorporated under the laws of British Columbia and its principal business activity is logging and log hauling.
Basis of Accounting	As a government business enterprise, Canadian public sector accounting standards require the Company to adhere to the standards applicable to publicly accountable enterprises in the CPA Handbook - Accounting. Accordingly the Company is required under Canadian generally accepted accounting principles to prepare its financial statements using International Financial reporting Standards. Management has determined that the internal reporting needs of the Company and its shareholder, The Corporation of the Village of Clinton, are met through the use of Canadian accounting standards for private enterprises ("ASPE") and, therefore, these financial statements have been prepared in accordance with that framework. Since ASPE is not designed to necessarily meet the needs of all users of the financial statements of a government business enterprise, the readers of these financial statements may require additional information.
Revenue Recognition	Revenue includes the sale of raw logs. Revenue from the sale of raw logs is recognized upon transfer of the significant risks and ownership of the logs, provided that collectibility is reasonably assured. Revenue also includes various grants. Where the province allocates funds annually and the recipient uses and recognizes funds as the expenses for the related project occur.
Income Taxes	As a municipal corporation, the Company is exempt from tax under Section 149 of Division H of the Income Tax Act.

1. Significant Accounting Policies (continued)

Financial Instruments	Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from its financial statements. Financial instruments are recorded at fair value at initial recognition. Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.
Silviculture Liability	Forestry legislation in British Columbia obligates the Company to incur the costs of reforestation on its harvested forest and community forest licenses, which include the costs to restore, maintain and manage the timberland over an approximate ten year period. Accordingly, the Company records an estimate at fair value of the costs of reforestation in the current period in which the timber is cut, with the fair value of the liability determined with reference to the present value of the estimated future cash flows. In the periods subsequent to the initial measurement, changes in the liability resulting from the passage of time and revisions to the estimated future cash flows are recognized in the statement of earnings as they occur. Estimates for reforestation may be materially impacted by forest fires, adverse weather conditions, wildlife damage, forest health issues, changing government legislation and inaccurate projections.

1. Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the asset are capitalized.

Amortization based on the estimated useful life of the asset is calculated as follows:

	Method	Rate
Bridge	Straight-line	20 years
Building	Declining balance	4%
Furniture and equipment	Declining balance	20%
Computer equipment	Declining balance	50%
Fencing	Declining balance	10%
Machinery	Declining balance	20%%

Impairment of Long-lived Assets

In the event that facts and circumstances indicate that the Clinton & District Community Forest of BC Ltd.'s long-lived assets may be impaired, a test of recoverability would be performed.

Such a test entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required.

For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

December 31, 2025

2. Investments

	2025	2024
Escalator term deposit, with an escalating interest rate between 4.75% to 5.25%, maturing April 12, 2025	$ -	$ 209,875
Escalator term deposit, with an annual interest rate of 4.00%, maturing October 19, 2025	-	204,000
Non-Redeemable term deposit, with an annual interest rate of 3.90%, maturing October 15, 2025	-	209,306
Escalator term deposit, with an annual interest rate of 4.75%, maturing April 15, 2026	275,373	-
Non-Redeemable term deposit, with an annual interest rate of 3.00%, maturing November 21, 2026	431,735	-
Total short-term	707,108	623,181
Escalator term deposit, with an annual interest rate of 3.50%, maturing April 15, 2026	-	265,660
	$ 707,108	$ 888,841

3. Property and Equipment

	2025		2024	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 33,720	$ -	$ 33,720	$ -
Bridge	92,020	15,098	92,020	11,049
Furniture and equipment	18,179	15,224	18,179	14,485
Computer equipment	3,461	3,417	3,461	3,372
Fencing	30,779	7,095	30,779	4,463
Machinery	1,618	453	1,618	162
Building	23,625	472	-	-
	203,402	41,759	179,777	33,531
		$ 161,643		$ 146,246

4. Silviculture Liability

The Company is obligated to meet the legislative standards for reforestation of harvested timberlands. The obligation occurs at the time the timber is cut, and the estimated fair value of the liability for reforestation is established with reference to the present value of the estimated future cash flows required to settle the liability.

The reforestation expenditures to occur over the next three years have been adjusted for inflation and discounted at the Company's estimated credit adjusted risk free average rate of 3.88% (2024 - 4.16%)

Measurement uncertainty exists to the extent which the Company estimates the cost of future reforestation on current production and forecasts future reforestation costs on the current condition of reforested timberlands with reference to legislative expectations. The degree of uncertainty is unknown as future events outside of the Company's control including government legislation, and environmental impacts to reforested timberlands may impact reforestation costs.

5. Share Capital

Issued and outstanding shares:

	2025	2024
1 common share authorized and issued	$ 1	$ 1

6. Unused Credit Facility

The company has an available operating line with Integris Credit Union with a credit limit of $50,000, bearing interest prime plus 2.0%. Cost of borrowing expressed as an annual percentage rate, payable on the unpaid balance at the end of each monthly payment period. Sum outstanding for less than 30 days will bear interest at the stated annual percentage applied daily for the number of days the said sum is outstanding.

7. Community Distributions

As a part of its annual budgeting process, the Board identifies the amount of profit that is to be distributed to the Village of Clinton and to other non-profit groups. The distribution of profits is done on a split of 60% to the Village of Clinton and 40% to other non-profit groups. Profits to be distributed is determined by reviewing the annual income and looking forward to what upcoming reforestation, capital or other expenses will be required in the following year.

In addition, there is $1,266 of Board approved grants, which were not allocated prior to December 31, 2025 that will be distributed in 2026.

8. Grant Funding

At various times, the Company has been approached to assist with various projects relating to the Community Forest. The funding received and related programs are described below.

The Forests For Tomorrow (FFT) grant program is for the surveying, treatment and reforestation of eligible stands within the Elephant Hill Wildfire area within the Community Forest. The grant revenues of this government funded program are used to pay for all of the costs incurred for the above activities. This is a program which the Community Forest has participated in for several years.

The Forest Enhancement of British Columbia (FESBC) fuel management grant program is for the 100 meter wide fuelbreak which was established on the Hart Ridge area south of Clinton. The grant revenues of this government funded program are used to pay for all of the costs incurred for the prescription and treatment of the fuelbreak.

The Silviculture Innovation Program (SIP) a project where the Clinton Community Forest are working to combine overstory and understory thinning of forests in the dry interior. The grant revenues from this program are used to pay for all of the costs incurred for the above activities. This is a one time grant that has a project period of 2025 and 2026.

9. Financial Instruments

Credit risk

The Clinton & District Community Forest of BC Ltd. is exposed to credit risk arising from all of its bank accounts and deposits being held at one financial institution.

Liquidity risk

Liquidity risk is the risk that the Clinton & District Community Forest of BC Ltd. will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Clinton & District Community Forest of BC Ltd. will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Clinton & District Community Forest of BC Ltd. is exposed to this risk mainly in respect of its accounts payable and silviculture obligation.

The Clinton & District Community Forest of BC Ltd.'s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Clinton & District Community Forest of BC Ltd. maintains a portion of its invested assets in term deposits. The Clinton & District Community Forest of BC Ltd. also maintains certain credit facilities, which can be drawn upon as needed.

There have not been any changes in the risk from the prior year.

10. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of $Nil (2024 - $Nil).

11. Deferred Revenue

The balance of $35,401 (2024 - $Nil) represents amounts from the Silviculture Innovation Program (SIP) grant. A portion of these amounts are recorded as a liability as they are unearned at year end. Completion of the remaining deliverables is scheduled for 2026.

12. Related Party Transactions

The following table summarizes the Clinton & District Community Forest of BC Ltd.'s related party transactions for the year:

	2025	2024
Revenue		
Woodlot 557 CP HH Spring Planting:		
Village of Clinton	$ 49,310	$ -

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. At the end of the year, there was a balance of $Nil owing to the Clinton & District Community Forest of BC Ltd. as a result of this transaction (2024 - $Nil).

13. Economic Uncertainty

The Company is subject to risks and uncertainties resulting from changes in international trade policies, including the imposition of tariffs on imported or exported goods and raw materials. Tariff regimes have created an unpredictable regulatory and business environment, particularly with respect to the forestry sector. The Company acknowledges that extreme uncertainty exists regarding the magnitude and duration of tariffs impacting the movement of goods across North American borders and is currently assessing the business consequences arising from such tariffs.

14. Comparative Figures

Certain comparative amounts presented in the financial information have been reclassified to conform to current year's presentation.