



# SUNSHINE COAST COMMUNITY FOREST

## ANNUAL REPORT 2014



### MESSAGE FROM THE CHAIR

Glen Bonderud, Chair & President

The past year has been one of steady progress, both for operations and financial returns to the Community Forest. With the creation of the Sunshine Coast Community Forest Legacy Fund, we have been able to deliver on our promise to direct profits to projects that our community has identified as being of significant value. These include the restoration of the Davis Bay wharf, the building of a walkway and bridge over wetlands at the Sunshine Coast Botanical Garden, and the erection of a log style bus shelter in front of Sechelt Hospital. We greatly appreciate the cooperation of the District of Sechelt regarding creation of the Legacy Fund.

Although the past year has been bumpy in international timber markets, at the end of the day, it was positive for our Community Forest. The US housing market continues to strengthen, albeit slowly, Japan has been steady and China has given signals of slowing although still buying significant volumes of lumber. On average, our sales prices have not changed much over the previous year as Cedar has advanced, Fir has declined slightly and Hemlock is basically unchanged.

The economic outlook for 2015 and beyond is cloudy for a variety of reasons. Canada may experience slower growth due to the dramatic drop in oil prices, but the US housing market is recovering and that will impact us positively. The European Union continues to struggle - particularly as some members cannot come to grips with austerity measures. The bottom line is that, if US housing markets can maintain lumber prices, if interest rates do not rise precipitously and if Canadian export markets hold their own, we are hopeful of a profitable year in 2015/16. Many "ifs".

On behalf of the Board, I would like to thank the Community Forest staff for their dedication and hard work. They are the key to our success and we recognize that every day. We also thank the local contractors with whom we work and pledge to support those local jobs in the future.

## **OPERATIONS MANAGER'S REPORT**

Dave Lasser, RPF

2014 marked another successful year of operations for the Community Forest. Our harvesting activities continue to provide a good financial return resulting in a significant contribution to the Community Forest Legacy Fund. In addition, our harvesting activities continue to provide significant employment for local contractors and economic benefits for local businesses.

Glynnis Horel, P.Eng. and her team completed a comprehensive Coastal Watershed Assessment of the Chapman and Gray Creek watersheds. Glynnis gave three presentations of her team's work to the Sunshine Coast Regional District, Sechelt Indian Band, District of Sechelt Mayor & Council, Community Forest Board of Directors and an open public presentation to the community in March. The work her team completed was the most comprehensive assessment ever of these watersheds and received many compliments from the SCRDC, SIB and the community.

We are continuing to find areas of root rot throughout the CF tenure area, both in the standing timber and in active cut-blocks. Whenever we find these root rot areas in our cut-blocks, we plant Western red cedar and/or Western white pine seedlings as they are more resistant to root rot than Douglas fir and Western hemlock.

Western white pine can be found in many areas of the Community Forest. White pine blister rust was introduced from France to B.C. on 1000 Eastern white pine seedlings imported to Vancouver in 1910. By 1930 the blister rust had spread throughout the southern BC range of Western white pine. By 1940, almost all of the Western white pine in BC was dead. Professional foresters on the Sunshine Coast make every effort to save any healthy Western white pine trees they find in a cut block, while removing blister rust infected trees. Many Western white pines on the Sunshine Coast seem to be blister rust resistant and foresters are working with the MOF Seed Branch in Victoria to ensure we will continue to have a seed source from healthy trees.

### **The Truth About Biodiversity**

Tony Greenfield, Director

Readers of the local press might be led to believe that logging is the enemy of biodiversity. Nothing could be further from the truth. Beware of being blinded to the biodiversity of our area by the abundance of the trees.

Our beautiful West Coast temperate rainforests produce some of the highest biomass of any world ecosystem. However, the biomass is in inverse proportion to the biodiversity which is quite low. As a general rule, flora and fauna (mammals, birds, insects, amphibians and reptiles) are predisposed to flourish in the warmth and sunshine of open areas rather than in the cool, damp and relatively dark habitat that is a closed canopy coniferous forest. Of course, some species such as mosses, fungi and other individual species are forest dependent.

In 2015 the wider debate is whether we have entered a new geological epoch known as the Anthropocene, an era when humanity is the prime mover of environmental change. On a continental, national, provincial and local level one of the most far-reaching environmental decisions that man has made is that we aggressively fight forest fires. People categorically do not like to see burned forests and they especially do not like it when fires burn in the urban interface, close to their homes. There are differences but in many respects logging emulates and is a proxy for forest fire.

After a fire, or logging, the seral progression of a forest is from a denuded site to an opening with plants, shrubs and young trees followed by the increasing dominance of those species, usually conifers, which flourish in the specific ecosystem. In low elevation Sunshine Coast forests these species are Douglas fir, Western red cedar and Western hemlock. The seral phase immediately after disturbance when plants, shrubs and wildflowers proliferate

*Continued ...*

## SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

A full copy of our audited financial statements is available on our website ([www.sccf.ca](http://www.sccf.ca)).

### Summarized Consolidated Statements of Comprehensive Income

| for the year ended December 31, | 2014             | 2013             |
|---------------------------------|------------------|------------------|
| Revenues                        | \$2,951,199      | \$2,134,536      |
| Cost of Sales                   | 1,966,286        | 1,106,976        |
| Gross Margin                    | 984,913          | 1,027,560        |
| Other Income                    | 11,622           | 11,457           |
|                                 | 996,535          | 1,039,017        |
| Expenses                        | 290,118          | 378,343          |
| Income Tax (Recovery)           | (82)             | (184)            |
| <b>Comprehensive Income</b>     | <b>\$706,499</b> | <b>\$660,858</b> |

### Summarized Consolidated Statement of Changes in Equity

|                                   | Share Capital    | Contributed Surplus | Retained Earnings  | Total              |
|-----------------------------------|------------------|---------------------|--------------------|--------------------|
| <b>As at December 31, 2012</b>    | \$172,600        | \$49,770            | 588,219            | \$810,589          |
| Comprehensive Income for the year |                  |                     | 660,858            | 660,858            |
| Dividends                         |                  |                     | (225,890)          | (225,890)          |
| <b>As at December 31, 2013</b>    | 172,600          | 49,770              | 1,023,187          | 1,245,557          |
| Comprehensive Income for the year |                  |                     | 706,499            | 706,499            |
| Dividends                         |                  |                     | (525,890)          | (525,890)          |
| <b>As at December 31, 2014</b>    | <b>\$172,600</b> | <b>\$49,770</b>     | <b>\$1,203,796</b> | <b>\$1,426,166</b> |

### Summarized Consolidated Statements of Financial Position

|                             | December 31 2014 | December 31 2013 |
|-----------------------------|------------------|------------------|
| <b>Assets</b>               |                  |                  |
| Cash                        | \$1,613,892      | \$1,147,375      |
| Other current assets        | 263,680          | 365,391          |
| Property and Equipment      | 6,048            | 214,493          |
|                             | \$1,883,620      | \$1,727,259      |
| <b>Liabilities</b>          | \$457,454        | \$481,702        |
| <b>Shareholder's Equity</b> |                  |                  |
| Share Capital               | 172,600          | 172,600          |
| Contributed Surplus         | 49,770           | 49,770           |
| Retained Earnings           | 1,203,796        | 1,023,187        |
|                             | 1,426,166        | 1,245,557        |
|                             | \$1,883,620      | \$1,727,259      |

### Summarized Consolidated Statements of Cash Flows

| for the year ended December 31, | 2014               | 2013               |
|---------------------------------|--------------------|--------------------|
| Cash provided by (used for):    |                    |                    |
| Operating Activities            | \$992,407          | \$896,403          |
| Financing Activities            | (525,890)          | (225,890)          |
| Investing Activities            | 0                  | 0                  |
| <b>Net Increase in Cash</b>     | <b>466,517</b>     | <b>670,513</b>     |
| Cash at beginning of year       | 1,147,375          | 476,862            |
| <b>Cash at end of year</b>      | <b>\$1,613,892</b> | <b>\$1,147,375</b> |

## REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying summarized consolidated financial statements, which comprise the summarized consolidated statement of financial position as at December 31, 2014, and the summarized consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended are derived from the audited consolidated financial statements of Sechelt Community Projects Inc. as at December 31, 2014. We expressed an unmodified opinion on those consolidated financial statements in our report dated March 23, 2015.

The summarized consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summarized consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Sechelt Community Projects Inc.

### Management's Responsibility for the Summarized Consolidated Financial Statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements.

### Auditor's Responsibility

Our responsibility is to express an opinion on the summarized financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, Engagements to Report on Summary Financial Statements.

### Opinion

In our opinion, the summarized consolidated financial statements derived from the audited consolidated financial statements of Sechelt Community Projects Inc. for the year ended December 31, 2014 are a fair summary of those consolidated financial statements.

March 31, 2015  
Vancouver, BC

Chartered Accountants  
Crowe MacKay LLP

## ACHIEVEMENTS

|                                   | 2014      | 2013      | 2012      | 2011        | 2010      |
|-----------------------------------|-----------|-----------|-----------|-------------|-----------|
| Harvest volume (m3)               | 30,169    | 18,818    | 18,701    | 5,376       | 26,239    |
| Sales (m3):                       |           |           |           |             |           |
| - To local independent mills      | 169       | 253       | 386       | 149         | 984       |
| - To Howe Sound Pulp & Paper      | 1,951     | 0         | 2,722     | 752         | 2,652     |
| - Within Canada (BC)              | 24,362    | 13,726    | 13,468    | 3,573       | 21,136    |
| - For Export outside Canada       | 3,687     | 4,839     | 2,125     | 902         | 1,467     |
| Seedlings planted                 | 43,020    | 33,835    | 34,100    | 35,890      | 31,545    |
| Revenues                          | \$2.95M   | \$2.13M   | \$1.59M   | \$0.55M     | \$1.87M   |
| Dollars invested in our community | \$1.8M    | \$1.3M    | \$1.1M    | \$0.46M     | \$1.7M    |
| Profits earned / (lost)           | \$706,499 | \$660,858 | \$226,321 | (\$169,913) | \$151,538 |
| Dividends paid to Shareholder     | \$525,890 | \$225,890 | \$25,890  | \$0         | \$25,890  |

## Biodiversity continued ...

is a supremely productive ecosystem that produces masses of vegetation, flowers, berries and seeds that are a crucial food source for the range of mammals, birds and insects. Those seeking to experience the range of biodiversity of our area are recommended to seek those gems of the insect world, the butterflies. To find butterflies on the Sunshine Coast one will automatically head for a regenerating clearcut, for that is where the majority of our 25+ species of butterflies are to be found. In contrast, a closed canopy conifer forest, whether old growth or second growth may be restricted to a single species, the Pine White.

The biodiversity of any area is a product of its diversity of habitats. Thus, the seral stages of forestry are fundamental to the welfare of a wide spectrum of our wildlife.

## MISSION STATEMENT

CREATING A LEGACY FOR OUR CITIZENS BY  
BEING EXCEPTIONAL STEWARDS OF OUR  
FOREST WHILE BALANCING  
ENVIRONMENTAL, ECONOMIC AND SOCIAL  
ASPIRATIONS OF THE COMMUNITY.

NUMBER OF FIREWOOD PERMITS  
ISSUED TO COMMUNITY RESIDENTS  
IN 2014:

195



## Building Value for our Community

The SCCF Legacy Fund was created in February 2014 by the Sunshine Coast Community Forest and its shareholder, the District of Sechelt, to help finance long term projects which would benefit all residents of the lower Sunshine Coast. Three endowments from the Legacy Fund were granted in 2014.

The first, and most prominent, was \$100,000 towards the upgrading of the wharf at Davis Bay. The Davis Bay Wharf Rats had a dream of a gathering place for all members of the community to enjoy and it has become that and more. It is a very discernible feature from land, sea and air which draws residents and tourists alike. The Community Forest is proud to be associated with such a successful endeavour.



The Sunshine Coast Botanical Garden Society was granted \$37,350 to build bridges and boardwalks that will provide access to a new pond in the Native Plant Garden. Construction has begun and this new area is expected to open in May 2015. The non-profit Garden Society is in its sixth year of operation with new garden areas being planted each year. School classes, gardeners, tourists and the general public can all enjoy these areas.



The third endowment of \$29,000 was given to the Sunshine Coast Regional District to construct a bus shelter on the Sunshine Coast Highway in front of Sechelt Hospital which mirrors the one in front of the Raven's Cry Theatre. Construction of the shelter was completed by West Coast Log Homes and the SCRD in February 2015.

The SCCF Legacy Fund accepts applications throughout the year from any community group, public sector agency or non-profit organization who requires funding to complete a capital project with a value over \$25,000. Please visit [www.sccf.ca/who-we-are/sccf-legacy-fund](http://www.sccf.ca/who-we-are/sccf-legacy-fund) to get full details.

### Contact Information

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### BOARD OF DIRECTORS 2014-2015

*Glen Bonderud - Chair & President*  
*Tom Pinfold - Vice Chair*  
*Stan Anderson Tim Anderson*  
*Dale Eichar Brian Fournier*  
*Tony Greenfield Jordan Louie Peter Moonen*