

ANNUAL

Report 2001-2002



	Revelstoke
RCFC	Community
Holding	Forest
Company Ltd.	Corporation

Jim C 03/21/10 Drew. [Signature]

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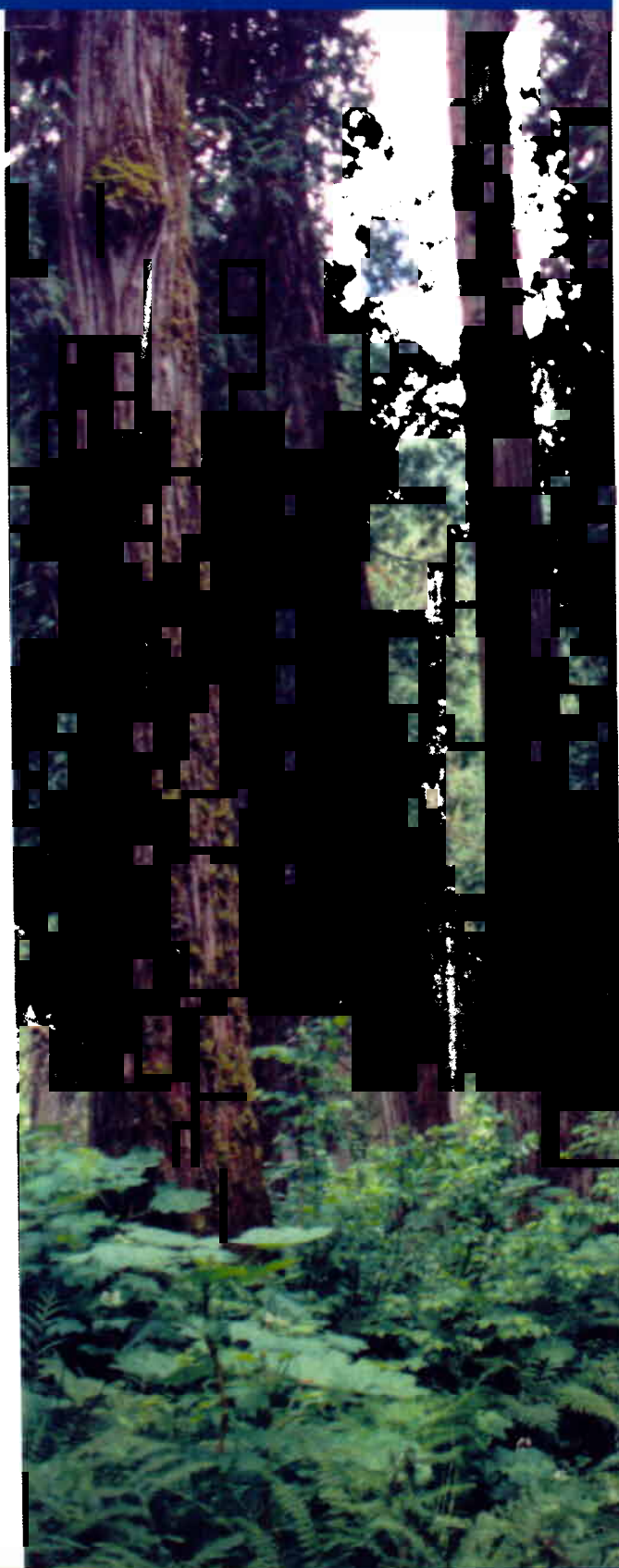
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Photo: Old growth cedar in Downie Creek
Biodiversity reserve.

Cover Photo: Mt. Phogg from Oak Street Forest Road.



MAYOR'S ADDRESS

NOVEMBER 2002



The Council of the City of Revelstoke is pleased to receive the Annual Report of the Revelstoke Community Forest Corporation. In spite of all the negative reports about the logging industry in the province, RCFC has done well over the past year. I am especially pleased that the Corporation has resolved to invest in the Community Energy Project which should be a real asset to the community.



Sincerely,

S. Gail Bernacki,
Mayor
City of Revelstoke



Photo: Upper Downie Creek with Tumbledown
Glacier in the background.



FOREWORD

THE REVELSTOKE COMMUNITY FOREST CORPORATION



The Revelstoke Community Forest Corporation (RCFC) was formed in April 1993 to manage and operate Tree Farm Licence (TFL) 56 which was purchased by the City of Revelstoke from Westar Timber Ltd. The City's primary reason for purchasing the Licence was to regain some control over the local forest resources for social and economic reasons, but also to improve the standard of forest management and environmental protection in the area.

Joining the City in the purchase were three local forest companies with strong ties to the community, Downie Timber, Joe Kozek Sawmills and Cascade Cedar Products. The City holds 100% of the shares in the corporation while the industry partners were given Timber Removal Rights to a portion of the licence's Allowable Annual Cut (AAC) based on each company's financial contribution. The City's sawlog allocation (50% of the AAC) is sold through a log sort yard on a competitive bid basis. The industry partner's sawlog volumes are provided at cost (averaged annually) with species and grades representative of the profile harvested. Pulpwood is sold under separate contract with the proceeds being factored back into the cost of logs.



Photo: Hiking the Keystone-Standard Basin Trail.

TFL 56 is located in the rugged Columbia Mountains, one hour north of the City of Revelstoke in the Downie Creek and Goldstream River drainages. The TFL consists of a gross land base of 120,000 hectares of which 59,000 ha. is forested. The Timber Harvesting Land Base is 33,700 hectares of which 12,000 hectares are reserved to meet wildlife and

biodiversity requirements. The present AAC is set at 100,000 m³/year, less a Small Business Forest Enterprise Program of 12,000 m³/year. The climatic conditions in the interior wet belt are very favourable for tree growth and have produced extensive stands of large cedar, hemlock, spruce and balsam along with minor volumes of Douglas fir and white pine. While some of the timber is of very high quality, much is full of rot and decay and is suitable only for pulpwood. The company's challenge is maximize its return on the better quality timber to pay for the removal of the poor quality timber and still remain viable. Excellent restocking and growth on harvested sites will ensure better returns from the forest in the future.

Wildlife is abundant on TFL 56, and includes populations of scarce animal species such as mountain caribou, grizzly bears, wolverines and rare bats. It is also home to many more common big game species such as moose, deer, mountain goats, black bears and wolves which are hunted by big game outfitters and residents. The mountainous terrain with its deep snow is well suited to heli-skiing and two back country ski-lodges

are located adjacent to the TFL. Heli-hiking is also becoming a popular business enterprise. Local residents use the area for a variety of outdoor recreation pursuits from nature study through to snowmobiling and mountain climbing. The wide variety of resources and resource users requires a strong commitment from the corporation to manage the land base sensitively, taking into account all values.

Photo: Old growth cedar/hemlock forest in the Goldstream River Valley.



The community has recently completed an intensive land use planning process, known as the Minister's Advisory Committee or MAC, which has delineated important areas and management goals for mountain caribou habitat, biodiversity corridors, winter ungulate range and other forest uses. This plan, will provide a good starting point to guide forest management and development plans as well as other land use planning decisions in the area.

RCFC is governed by a seven member Board of Directors composed of the Mayor,

two City Councillors, the City Administrator and three appointees from the community. A staff of five employees manage the day-to-day business. The industry partners have input through a Management Advisory Committee. All forest management, construction, logging and silviculture activities are contracted out. The goal is to maximize local employment and economic benefit in the community. The Corporation is funded through the proceeds of log sales. A condition of the TFL agreement with the government is that 50% of the AAC from the licence must be sold on a competitive basis to the highest bidder. During the community referendum, which was held to ratify purchasing the TFL, a commitment was made that taxpayers would not be called-upon to fund the venture. In its ninth year of operation, the company has continued to be a profitable business and continued to meet the expectations of the majority of citizens of the community.

CHAIRMAN'S REPORT



TO THE CITIZENS OF REVELSTOKE-THE OWNERS OF RCFC

It is my pleasure, once again, to report another successful year for your Forest Corporation - its ninth year of operation. Financially, it was a good year with net income at an unexpectedly high, \$437,000. There were successes and achievements on other fronts as well.



Having had an interest in seeking "sustainable forest certification" for several years, we have this year moved to seek the International Standard's Organization (ISO) 14001 standard. When we achieve that standard we should be able to achieve an even higher standard. It is hoped that the variety of "higher" standards available will soon coalesce into one or two universally acceptable standards.

A Community Forest Forum was held in Victoria last spring and Bob Clarke played a prominent role in presentations at the conference. An Association of Community Forests evolved from that conference and RCFC became a member.

Your Board initiated discussions with the local Forest Ministry office this year concerning the Mt. MacPherson Demonstration Forest and the possibility of RCFC taking over the land base and assuming the responsibilities attached to that project. There is significant interest in the idea from the local office but current policies of the Ministry cannot accommodate such a devolution. It has long been a goal of the Board to use the TFL to demonstrate forest practices to citizens and visitors alike, but the location of the TFL makes that impractical. The Mt. MacPherson possibility is very attractive for that purpose. We would need to have TFL-like tenure on that land base in order to generate some offsetting revenues to pay for the costs of developing a first rate Demonstration Forest that accommodates multiple uses of the Forest.

RCFC was a major sponsor of an Acoustic Wood Workshop in Revelstoke last spring. RCFC has, for years, cooperated by setting aside high quality spruce logs and selling them individually to the consumers of acoustic wood. The workshop was of value to producers and their customers. There were fascinating demonstrations of the role that soundboards play in musical instruments.

Subsequent to the year-end, RCFC Holdings has agreed to invest \$1.0M in The Revelstoke Community Energy Corporation, which will be Joint Venture with Downie Timber to develop the \$13.0M Community Energy Project - to be known as Energy Revelstoke. It is of interest that RCFC was partly funded initially by \$1.0M from the City's Electrical Reserve Fund that resulted from the sale of the City's electrical utility in 1970 or so. Now, RCFC retained earnings are going to be invested in a project that will, in part, again be in the business of generating electricity.

Changes in Forest Policy have been in the wind for many months and will soon be clarified, we hope. We have taken the opportunity to provide input on the proposed changes. Any changes to policy and stumpage, in particular, must continue to accommodate the problems related to low quality wood, high cost logging practices and other fragilities of the Interior Wet Belt. There is significant apprehension about the impacts of stumpage changes, and The Results Based Code.

RCFC continues to support the community in a variety of ways. We are part of an industry group that sponsors a forest education liaison program that provides forestry educational material for use in primary and secondary schools. Other recipients of RCFC support were the Food Bank, the Community Foundation, the Forest Workers Group, the Youth Forestry Worker Program, the Canadian Cancer Society, Hemlock Looper Research, Bear Aware, the Snowmobile Society, Forsythe House, the Arts Council, the B.C. Interior Forest Museum, Timber Days, and the Blues Festival. RCFC is one of several agencies supporting a more sophisticated Air Quality Monitoring System that was recently installed in the City. The total value of local purchasing generated by RCFC was \$4.6 Million in the last fiscal year.

In closing, I again want to thank my fellow directors, our excellent staff and management, our corporate partners, our contractors, our customers and all others who are a part of your Forest Corporation's success.

Respectfully Submitted,

Geoffrey S. Battersby,

Chairman

GENERAL MANAGER'S REPORT



REVIEW OF THE 2001 - 2002 OPERATING YEAR

The spectre of major change in forest policy and ongoing volatility in the market place for logs and other forest products made for an interesting ninth year of operation for RCFC. Once again, our flexibility and ability to react quickly to external market forces proved beneficial in allowing us to adapt to changing conditions and resulted in a consolidated after tax net income of \$437,183 on revenues of \$5,998,905. Retained earnings increased to \$3,529,531 after payment of dividends and interest to the City of Revelstoke.



Average sales prices from the RCFC log sort yard were \$110.08/cubic meter down slightly from the previous year's price average of \$111.48/cubic meter, but considerably better than our budget projection of \$88.45/cubic meter. Good prices for cedar timber offset the low prices for whitewood timber and the drop in pulpwood prices, even though cedar volumes were reduced from past years to bring

harvesting in line with our timber profile. Total log costs, including sort yard costs, were \$94.43/cubic meter down substantially from \$101.00/cubic meter the previous year and lower than our budget forecast of \$98.10/cubic meter. Cost reductions came from all facets of the operation with the exception of stumpage payments, which increased from an average of \$0.42/cubic meter to \$5.03/cubic meter. The largest contribution to cost reduction was from lower pulpwood volumes due to volume restrictions from Celgar Pulp, our sole outlet for pulp logs during the year.

FOREST MANAGEMENT PLANNING

With the completion and acceptance of the Revelstoke Land-Use Plan by government and the acceptance of Management Plan #3 for TFL 56 by the Chief Forester, the sense of urgency and uncertainty that has surrounded

forest management planning for half a decade diminished and we began to reap the benefits of all the previous years of work. It felt good to produce a Forest Development Plan for the Tree Farm Licence that you knew incorporated all the issues and concerns that had been debated and decided upon in the planning process. The comparative certainty in planning helped to reduce plan preparation time and costs and allowed us to use a two year time frame rather than the normal one year term for the plan, further helping to amortize the cost. The next planning initiative for the area should be to implement a monitoring process for the Revelstoke Land-Use Plan to ensure that plan is followed throughout the area and to incorporate new information and changes as they occur.



Photo: Scaling and sorting logs in the RCFC Sort yard.

FOREST POLICY CHANGES

As part of their election platform, the new government in Victoria has proposed a number of changes to forest policy, which would have a significant impact on the way the forest industry operates in the Province. Some of the proposals are aimed at appeasing the American Softwood Lumber Coalition and their duties on softwood lumber exports, as well as to improve the competitive position of the industry through costs reductions and

streamlining forest policy and regulations. Most would have little impact on the way RCFC operates, while some are potentially beneficial, like the Results Based Forest Practices Code and still others maybe cause for concern. The proposal to change the stumpage system to a "market based system" is a concern to companies like RCFC which operate in the "interior wet-belt", as time and time again, we have had to fight for recognition of the high operating costs we experience in this area compared to the rest of the interior. Any system that promotes averaging of costs and prices usually fails to recognize this distinction and we pay proportionally more in stumpage charges, further increasing our costs. While initially it appeared that changes were proceeding rapidly, it now seems that more time is being taken to assess the changes before they are implemented.

TIMBER DEVELOPMENT AND HARVESTING

Our inventory of cruised and engineered harvesting areas remained around 250,000m³ at the end of the year, which gives us sufficient flexibility in tailoring our harvesting operations to meet market conditions. As much as possible this work is completed by locally based forest consultant businesses that provide us with excellent service at reasonable prices.



Photo: Schiller Contracting's Goft Madill tower in CP 143-2 Downie Creek.

76,343 cubic meters of timber were harvested on TFL

56 during the year, with another 5,000 cubic meters of hemlock, spruce and balsam pulpwood decked in the bush because no market existed for the material. Restricted markets for pulpwood have caused us to search for stands with lower pulpwood components for the present, with the hope that new markets will develop in the future. The timber harvesting program maintained close to historic levels of cable logging, with an increase in the use of longline yarding systems and slight reduction in ground skidding with cats and helicopter logging. Our first trials at commercial thinning were conducted this past winter in the Key Road area, allowing us to recover some volume from younger stands while leaving the majority of the stand well spaced and in good condition to put on additional growth in the last three or four decades of the rotation. The results were excellent, both in terms of timber quality and volume recovered, as well as in the condition of the residual stand of trees.

Our road construction program continued at a slower pace than in the past due to our good inventory of roaded logging areas, with 12.1 km's of road being completed. The majority of the road construction was tendered to Revelstoke based contractors as in the past.

LOGGING CONTRACTORS (cubic meters)

Contractor	Volume logged
Schiller Contracting	29,969.3
Encampment Creek Logging	20,661.4
Spur Logging	9,773.5
Heartwood Consulting Ltd.	9,004.8
Green Slide Cattle Co. Ltd.	2,402.3
Mannex Equipment	1,322.0
Murray Sanders	1,211.8
Selkirk Rigging & Falling	997.0
New Way Excavating	606.2
Salvage	407.5
TOTAL	76,355.8

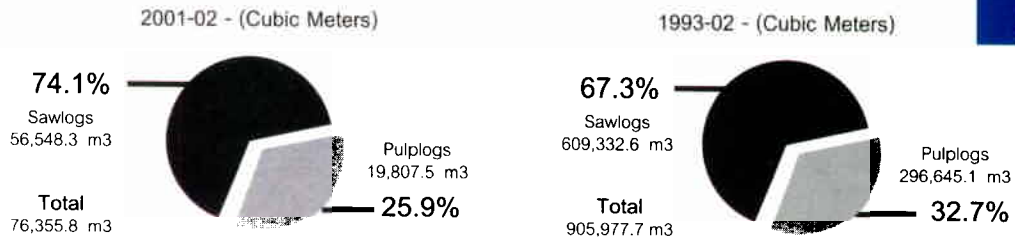
LOGGING SYSTEMS (%)

Type	2001-2002		1993-2002	
Cable	39,725	52.0	471,417	52.6
Ground Skid	12,423	16.3	209,983	23.4
Longline	8,834	11.6	43,117	4.8
Helit	3,399	4.5	60,429	6.7
RW	11,961	15.7	112,035	12.5



Photo: Single tree select logging CP 201 Cap Creek.

SAWLOG VS PULPLOG BREAKDOWN



WOODLANDS SAFETY

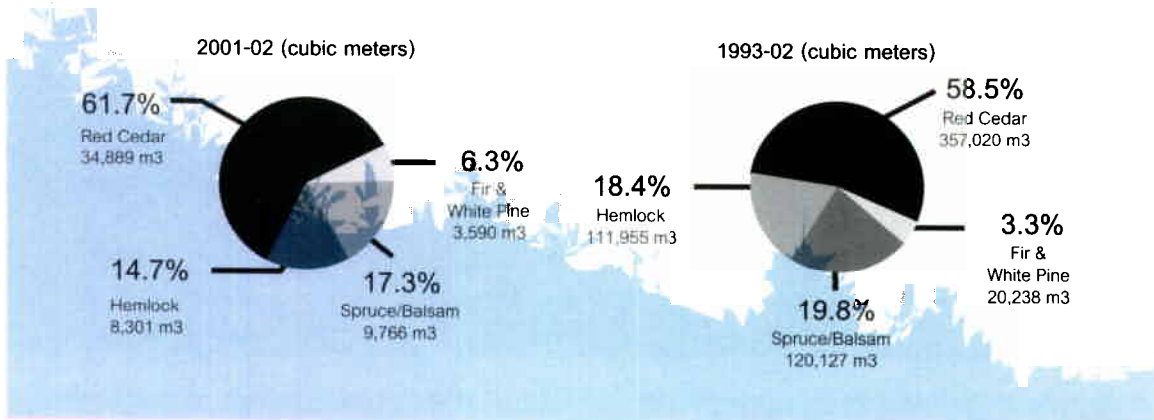
The Revelstoke Woodlands Safety Committee, a joint effort of RCFC, Downie Timber, Bell Pole Co., Kozek Sawmills and their contractors, continued to be the main vehicle promoting a safer working environment in the local forest industry. While not meeting as frequently as during the start up in 1999, the committee continued to be active, supporting better first aid and evacuation training for loggers and safer driving habits for crew transport and log hauling. The present focus is on improving training and supervision of fallers who have to work in the large, decadent stands of timber on steep, difficult terrain in the area. Lost time accidents have continued to decline and an improved safety atmosphere is noticeable on most logging operations. We will continue to work with WCB, logging contractors and their employees to make sure the present positive trend continues.

LOG SALES AND MARKETING

24,751 cubic meters of logs were processed and sold through the RCFC Log Sort Yard on Highway 23 North during the past year, down from the 28,382 cubic meters sold the previous year, due to the smaller logging program and carrying an inventory into the new year. Prices remained good for cedar and high-end whitewood sorts, but were down for lower grade commodity sorts, due largely to the negative influences of the softwood lumber quota. Our average sales price for the year was \$110.08/cubic meter compared to \$111.48/cubic meter the previous year. Advertising of logs for sale continues to be by faxed tender, as well as on the RCFC website. A summary of the sorts and prices for the last two years is included in this report.

As discussed previously, pulp logs continue to be a problem for us due to volume restrictions at Celgar Pulp in Castlegar and a lack of other outlets since the closure of Georgia Pacific's pulp mill in Bellingham, Washington. 19,712 cubic meters of pulp logs were delivered during the year at an average price of \$31.66/cubic meter and an additional 5,000 cubic meters were decked in the woods for delivery this year. However, the market situation deteriorated further this spring with a drop in pulp prices (to \$25.00/cubic meter) and a reduction in quota, which will likely prevent delivery of the decked logs this year.

SPECIES DISTRIBUTION OF SAWLOGS (%)



SILVICULTURE

This past year saw 384,009 trees planted on 271 hectares of harvested area with the following species breakdown:

Species	Number of Trees	Percentage
Spruce	172,999	45.1
Cedar	116,880	30.4
Douglas Fir	31,425	8.2
White Pine	26,260	6.8
Balsam Fir	16,035	4.2
Hemlock	10,050	2.6
Western Larch	5,995	1.6
Lodgepole Pine	2,745	.7
Yellow Cedar	1,620	.4

Plantation surveys were carried out on 687.6 hectares and 'free to grow' surveys were carried out on 355.0 hectares. Manual brushing was carried out on 528.9 hectares of plantation and slash disposal was conducted on 234.9 hectares of recently logged areas. The cost of the silviculture program was \$604,643.

FOREST RENEWAL B.C.

Forest Renewal B.C. was dissolved at the end of the 2001-2002 fiscal year. It has been replaced by the Forest Investment Account, which is managed for the government by Price Waterhouse Coopers. The largest impact of the change has been a significant reduction in project funding to \$105,000 for the present year down from \$570,955 in 2001-2002 as the new organization faced a severe reduction in funding and adopted a formula based on average volumes harvested in the past three years for each licensee. 2001-2002 FRBC funding allowed us to conduct the following projects in TFL 56 and the Revelstoke Timber Supply Area:

Activity	Cost (\$)
1) Enhanced Silviculture	
-Prescriptions	4,539
-Pruning	131,353
-Landing Rehabilitation	31,102
-Max Prop Trial	2,383
2) Backlog Silviculture	
-Surveys	33,575
-Planting	2,053
-Brushing	45,661
-Seedlings	1,430
3) Watershed Restoration	
-Jordan River Watershed Restoration Plan	35,475
-Jordan River Upslope Rehabilitation	17,507
4) Resource Inventory	
-Goshawk Presence/absence Survey	72,087
-Long-Eared Myotis Presence/absence Survey II	37,414
-Lake Revelstoke Bull Trout Survey	8,500
-ICH wk1 Old Growth Attribute Study	26,260
-Permanent Sample Plot Re-measurement	15,780
-Vegetative Resources Inventory Phase 1	48,150
-Big Eddy Water Quality/Quantity monitoring	1,967
5) Non-Specific Activity Costs	33,719
6) Overhead	22,000
Total	570,955

Photo: Phogg Glacier and peak in the Downie Valley.



FOREST CERTIFICATION

RCFC has followed the "sustainable forest certification" movement for a number of years, watching and wondering if this was a fad driven by a small number of special interest groups, a marketing ploy or a broad based, consumer driven, requirement of the future. This was an important consideration for a small company like RCFC as the costs for achieving certification are high and on going. Also, we were wondering which of the multitude of certification schemes were going to prevail and become widely accepted by consumers and which were going to disappear. After half a dozen years, the answers to these questions are still not clear. What was clear is that certification is not going away, in spite of rather dubious returns on investment, or benefits to global forest sustainability. Given that, we have embarked upon the development of an Environmental Management System (EMS) for RCFC, which will ultimately be certified under the International Standards Organization's (ISO) 14001 standard. While not a sustainable forest certification standard in itself, the ISO EMS would be a platform from which we could easily develop any of the other certification schemes in the future, as the most widely recognized and accepted ones emerge. In the meantime, we will be working towards improving our environmental management performance and providing an assurance to the RCFC Board and the community, that a high level of compliance is being achieved through independent audits of our operations.

ENVIRONMENTAL PROTECTION

While the identification of an extensive network of Mature Forest Retention Areas (MFRA's) throughout TFL 56 will provide the majority of requirements for major species habitat, biodiversity and streamside protection, we are continually looking to improve upon our ecological knowledge of the area to ensure that our use and management of the landbase is truly sustainable. This is particularly important for some of the smaller and less well-known species of plants and animals. Utilizing

FRBC funding, we have completed the second year of our search for the Northern Long-Eared Myotis and one year for the Northern Goshawk without finding evidence

of their presence. However, this summer a Goshawk nest site and nestlings were discovered in a small valley, where we were conducting engineering work, necessitating a change of harvesting area design. We

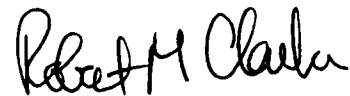
are also participating in the ongoing Bull Trout tagging programs on Lake Revelstoke to learn more about the life cycle and spawning habitat of this important local fish species. One area of concern that we were recently made aware of, is the low numbers of Mountain Caribou that were observed in a population count north of Revelstoke this past winter. The Ministry of Water, Land and Air Protection is doing more work to confirm the sharp drop in population and to try to determine what the reasons are for it.

Photo: Bull moose in an alder swale, Sorcerer Creek.

CONCLUSION

After nine successful years of operation through a variety of market conditions and policy regimes, RCFC continues to prove its self to be a profitable venture and a tribute to the community's foresight and desire to take control of its future. The Corporation's history and development have been followed with interest by other communities, the forest industry and by government and we are still requested regularly to give presentations about the company to various groups throughout the province. We have good people, a good product and good customers, all the components we need to continue our past success into the future.

Respectfully Submitted,



Robert Clarke, R.P.F.
General Manager

R.C.F.C LOG SALES PRICES

Sort Name	May 1/00 - Mar. 31/01		June 1/01 - April 30/02	
	Volume	\$/m3	Volume	\$/m3
Spruce Tonewood	381.5	186.29	500.6	220.85
Spruce Large Dry Sawlogs	-	-	43.7	81.00
Spruce Super Sort	162.3	161.99	162.3	161.99
Spruce High Grade	271.8	117.55	393.9	108.01
Spruce Peelers	-	-	284.3	75.73
Spruce House Logs	296.7	79.27	51.6	75.00
Spruce/Balsam Peelers	2,654.8	74.72	1833	73.30
Spruce/Balsam Sawlogs	583.7	42.17	1,157.4	49.72
Hemlock High Grade	401.9	53.51	527.8	56.01
Hemlock Peelers	752.9	56.25	1,020.4	60.58
Hemlock Sawlogs	196.3	50.00	2,361.1	39.58
Fir High Grade	959.8	115.29	404.9	120.84
Large Dry Fir Sawlogs	-	-	87.7	107.10
Fir House Logs	188.4	129.68	-	-
Fir Peelers	810.2	83.26	292.9	98.50
Fir Sawlogs	300.5	60.00	346.5	49.56
Fir Super Sort	-	-	232.23	121.00
White Pine Sawlogs	300.1	84.68	131.4	93.01
Cedar - Large Select Sawlogs	694.6	164.51	344.1	168.75
Cedar - Large Sawlogs	11,663.3	120.70	7,962.5	130.12
Cedar - Small Sawlogs	5,287.5	116.96	3,909.1	129.84
Cedar - Poles	554.1	174.95	705.9	198.67
Cedar - House Logs	218.6	186.91	-	-
Cedar - Shake Slabs	1,733.5	83.26	1,017.5	104.77
Cedar - Shake Blocks	172.2	228.01	393.8	268.75
Cedar - Dry Sawlogs	-	-	749.53	111.28
Total and Average	28,382.0	111.48	24,751.86	110.08



DESTINATION SUMMARY

May, 2001 - March, 2002

Destination	Total Volume (m3)	Percent
Revelstoke	4,410.53	17.8
Salmon Arm / Kamloops	4,341.10	17.5
Nakusp / Slocan	4,754.41	19.2
Okanagan / Enderby	4,823.05	19.5
Sicamous / Malakwa	4,078.90	16.5
East Columbia / Golden	2,006.50	8.1
Vancouver	337.37	1.4
Total	24,751.86	100%

Photo: Loading a truck at the landing in CP 143-1 Downie Creek.

ALLOCATION OF SAWLOGS (cubic meters)

May 1, 2001- April 30, 2002

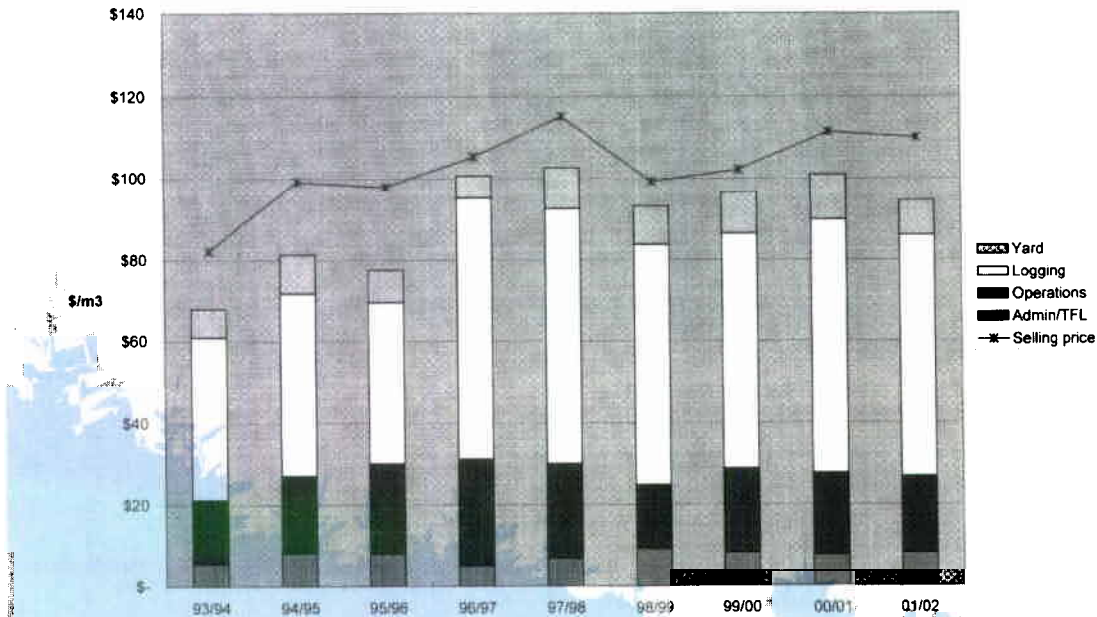
Company	Delivered Volume	Entitled Volume
Cascade Cedar	5,237.7	5,308
Kozek Sawmills	6,390.2	5,730
Downie Timber	17,623.0	17,027
RCFC	27,297.4	28,483
Total	56,548.3	56,548

ALLOCATION OF SAWLOGS (cubic meters)

Start up 1993 - April 30, 2002

Company	Delivered Volume	Entitled Volume
Cascade Cedar	60,863.3	60,933.3
Kozek Sawmills	61,593.7	60,933.3
Downie Timber	183,405.4	182,799.8
RCFC	303,470.2	304,666.2
TOTAL	609,332.6	609,332.6

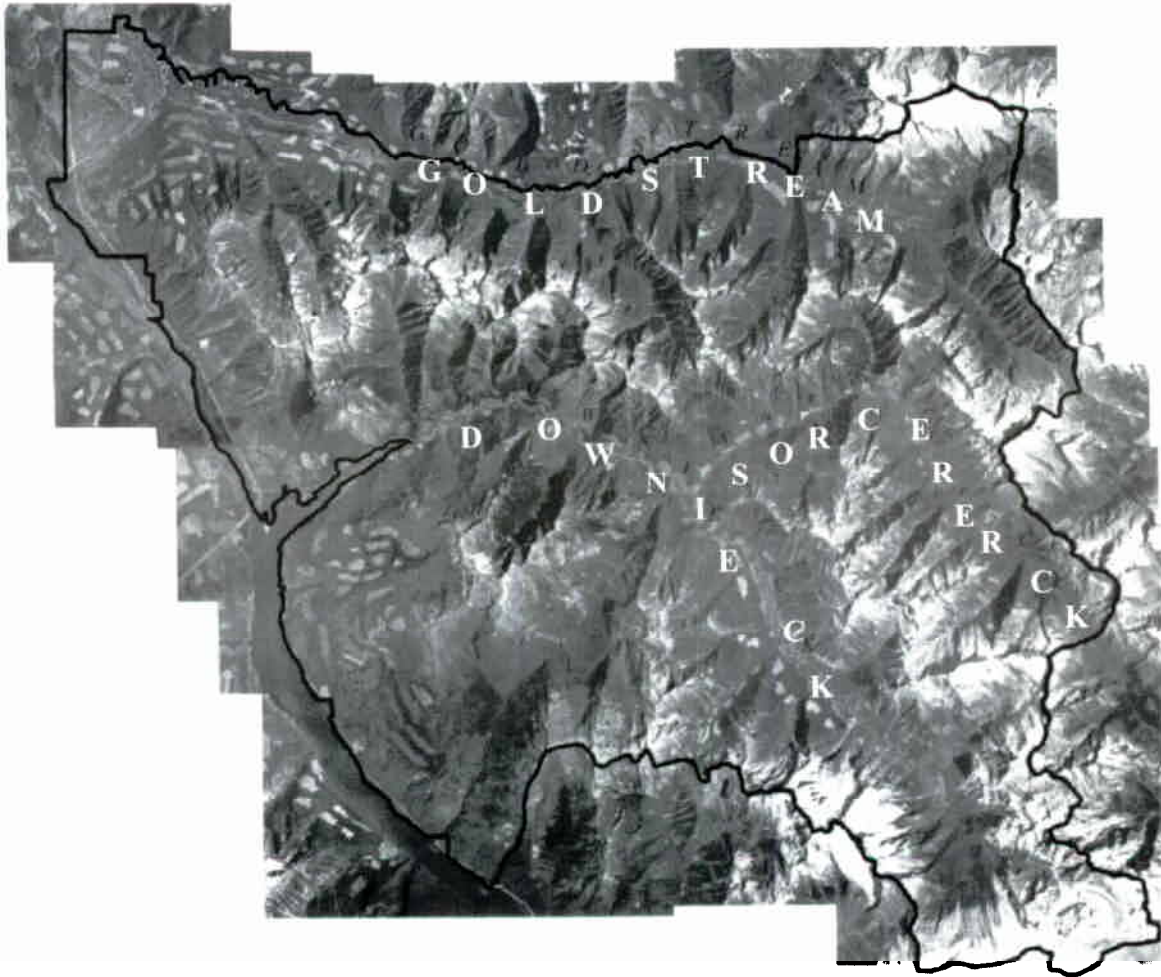
Financial Data



DELIVERED LOG COSTS VS LOG SALE PRICES

RCFC HOLDING COMPANY LTD. &
THE REVELSTOKE COMMUNITY FOREST CORPORATION

DIGITAL ORTHOPHOTO OF TFL 56



Digital Orthophoto of TFL 56: July 28, 1998 Aerial photographs are taken from a high elevation aircraft and the photos are digitally transferred to a computer where they are rectified to a map base. They can then be accurately reproduced at any scale. These accurate photo-maps have been very useful in forest management planning and are updated every 5 years.

RCFC
HOLDING COMPANY LTD.



Consolidated Balance Sheet (Unaudited)

April 30	2002	2001
Assets		
Current		
Cash and short-term deposit	\$ 1,132,931	\$ 776,743
Accounts receivable	239,906	584,685
Inventories	487,720	283,965
Income taxes receivable	421	2,037
Prepaid expenses	591,632	352,845
Current portion of agreement receivable	50,083	38,564
	2,502,693	2,038,839
Agreement receivable	254,945	313,015
Capital assets	2,010,129	1,850,832
Deferred charges	602,761	843,776
Other	2,325,000	2,400,000
	\$ 7,695,528	\$ 7,446,462
Liabilities and Shareholder's Equity		
Current		
Accounts payable	\$ 916,466	\$ 731,739
Current portion of long-term debt	88,901	65,861
	1,005,367	797,600
Due to shareholder	532,189	544,250
Accrued silviculture	949,632	1,172,706
Deferred revenue	1,231,064	1,270,670
Long-term debt	459,937	563,254
	4,178,189	4,348,480
Shareholder's equity		
Share capital	1	1
Retained earnings	3,517,338	3,097,981
	3,517,339	3,097,982
	\$ 7,695,528	\$ 7,446,462

RCFC HOLDING COMPANY LTD. &
THE REVELSTOKE COMMUNITY FOREST CORPORATION



Consolidated Statement of Operations and Retained Earnings (Unaudited)

For the year ended April 30	2002	2001
Revenue		
Timber sales	\$ 5,745,557	\$ 6,996,973
Amortization of deferred revenue	39,605	39,605
Other	53,884	16,929
	<u>5,839,046</u>	<u>7,053,207</u>
Cost of goods sold		
Opening log inventory	65,944	-
Logs	3,366,260	4,045,421
Operating expenses	1,411,644	1,813,279
Tree farm management	60,253	113,502
Closing log inventory	(294,339)	(65,944)
	<u>4,609,762</u>	<u>5,906,258</u>
Gross profit	<u>1,229,284</u>	<u>1,146,949</u>
Logyard operations	244,216	219,601
Administrative expenses	<u>602,764</u>	<u>637,601</u>
Income from operations	<u>382,304</u>	<u>289,747</u>
Other revenue		
Interest income	37,053	63,554
Net income for the year	<u>419,357</u>	<u>353,301</u>
Retained earning, beginning of year	<u>3,097,981</u>	<u>2,744,680</u>
Retained earnings, end of year	<u>\$ 3,517,338</u>	<u>\$ 3,097,981</u>

Since the audited financial statements of the two companies involved in our operations do not provide useful information for these purposes, we have internally produced the above statements using the information provided by the audited statements. The audited statements of Revelstoke Community Forest Corporation and of RCFC Holding Company Ltd. are available at our office in City Hall should anyone wish to view them.

Photo: Truck weigh scale in the RCFC sort yard.



Corporate Data

Executive Office

P.O. Box 3199
Revelstoke, B.C.
VOE-2S0

Telephone (250) 837-5733
Fax (250) 837-5988
E-mail: diane@rcfc.bc.ca
Website: www.rcfc.bc.ca

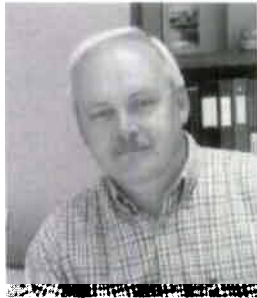
Banker

C.I.B.C.
Revelstoke, B.C.

Auditors

BDO Dunwoody
Revelstoke, B.C.

RCFC Staff



Bob Clarke RPF
General Manager



J.D. Green
Woodlands Supervisor



Diane O'Brien
Administrative Assistant



Louise Thrale CMA
Accountant



Del Williams RPF
Operations Forester

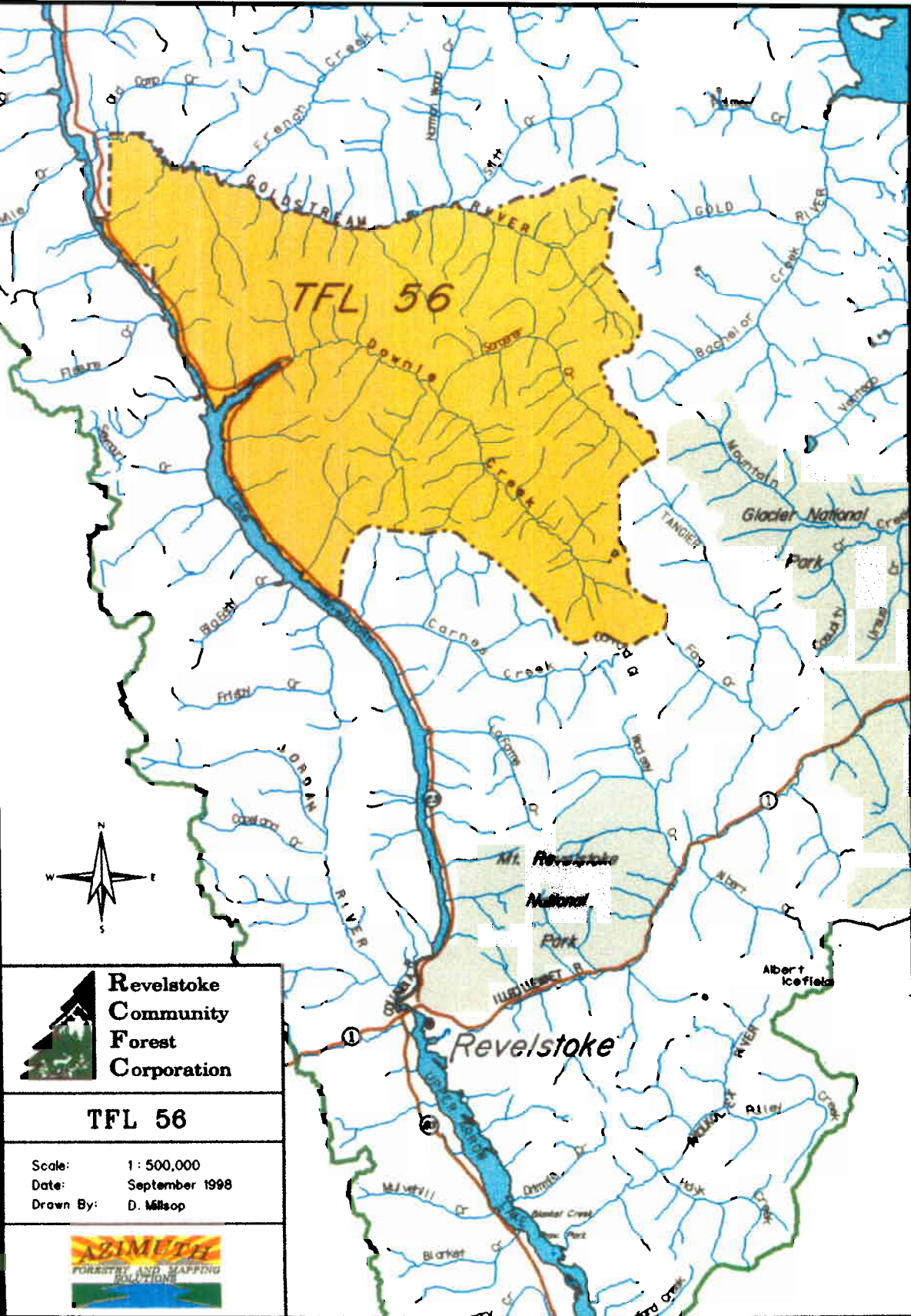
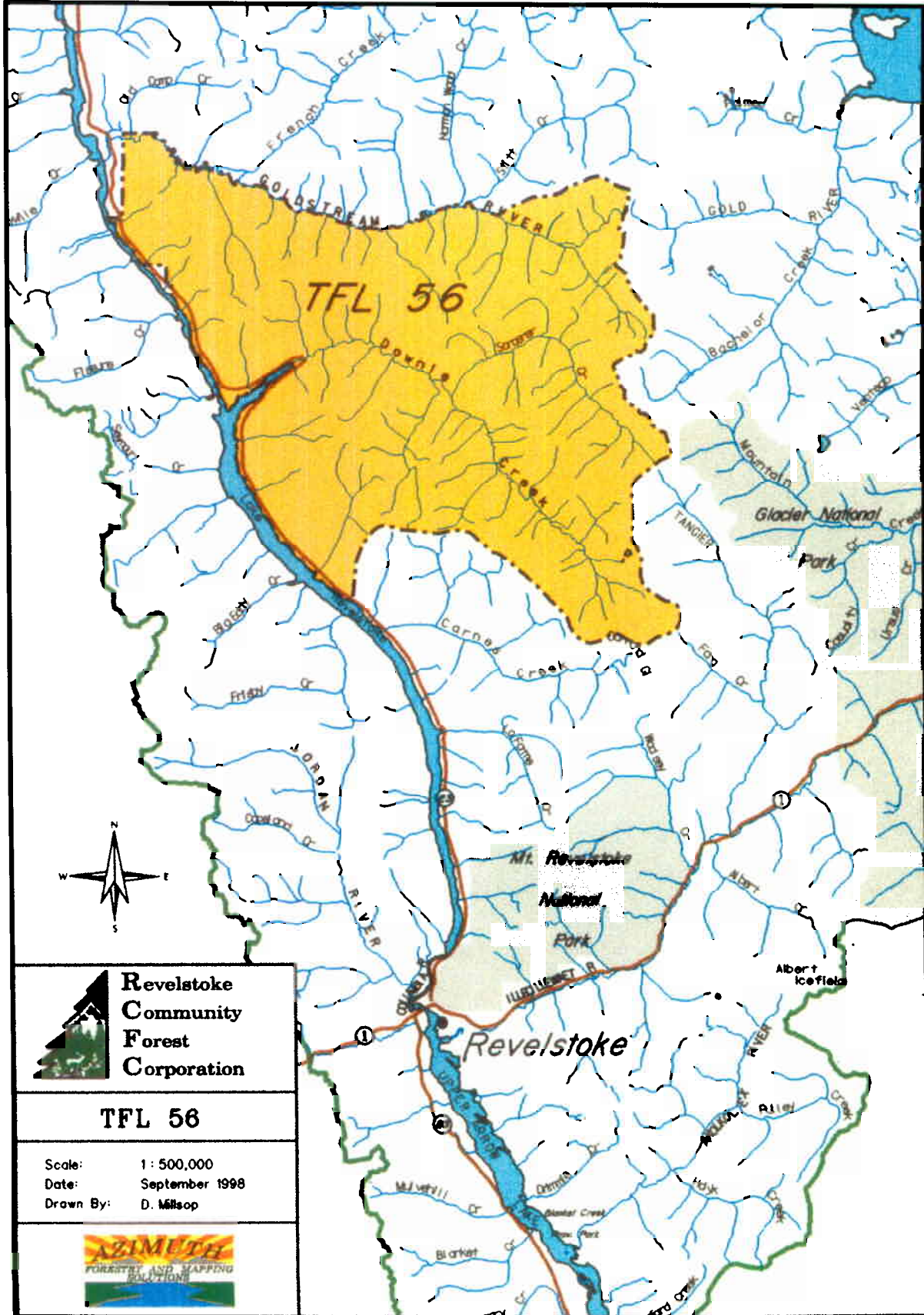


Board of Directors



Left to Right: Rob Lenzi, Loni Parker, Bill MacFarlane
Sitting: Don DeGagne, Geoffrey S. Battersby, Martin Fransen
Missing: Gail Bernacki

Rob Lenzi <i>Director</i>	Loni Parker <i>Director</i>	Bill MacFarlane <i>Secretary Treasurer & Director</i>
Don DeGagne <i>Director</i>	Geoffrey S. Battersby <i>President</i>	Martin Fransen <i>Director</i>
Gail Bernacki <i>Director</i>		





***Revelstoke Community Forest Corporation
a division of RCFC Holding Company Ltd.***

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