

2020-2021

REPORT

# Annual



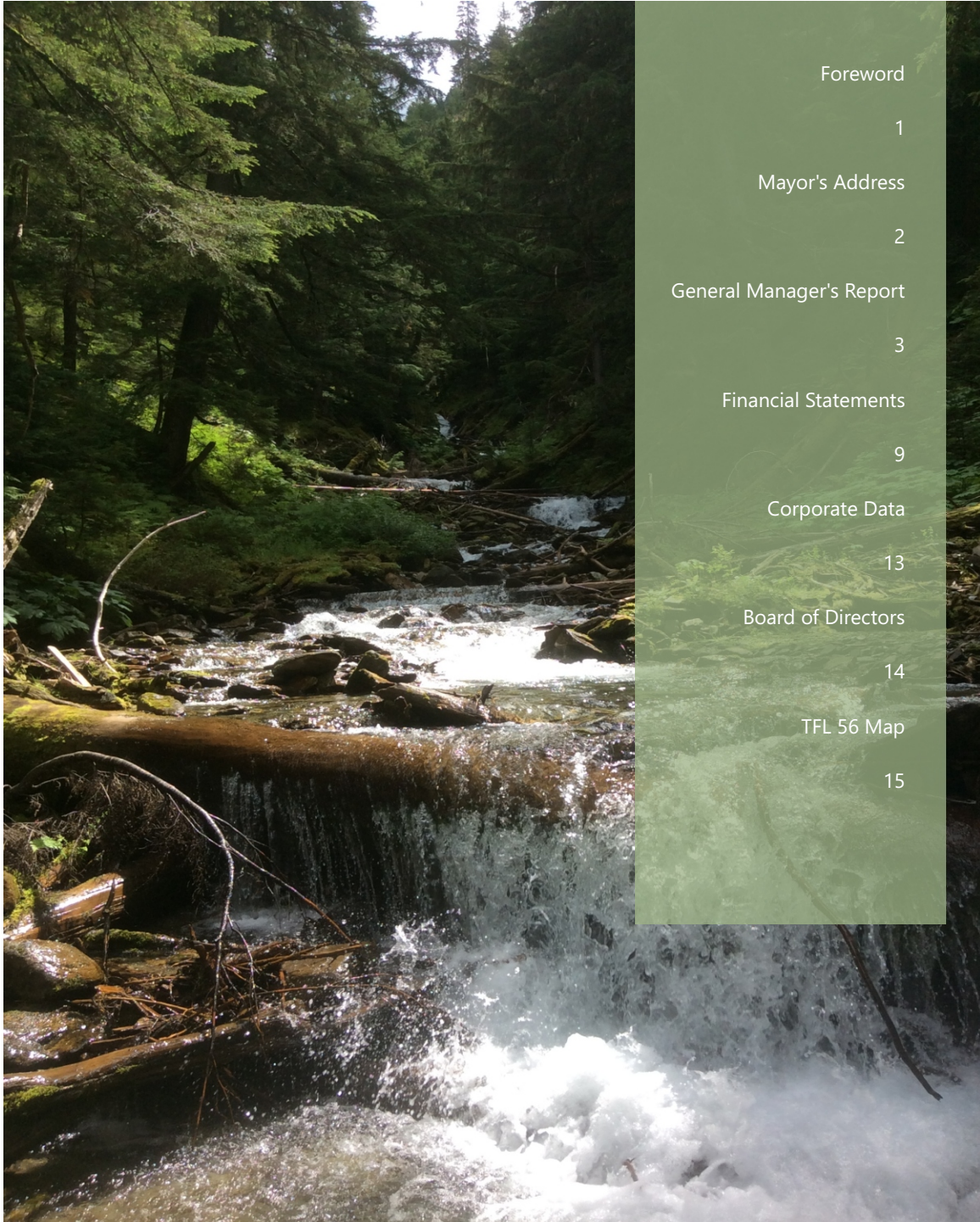
RCFC Holding Company Ltd  
Revelstoke Community Forest Corporation

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2020-2021

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RCFC Holding Co. Ltd. Annual Report



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The Revelstoke Community Forest Corporation (RCFC) is a community-owned enterprise that owns and manages a Tree Farm Licence North of Revelstoke. The history of RCFC is well documented on the RCFC website ([www.rcfc.bc.ca](http://www.rcfc.bc.ca)). In short, RCFC was formed in 1993 by the City of Revelstoke in association with three local forest companies -- Downie Timber, Joe Kozek Sawmills, and Cascade Cedar.

The City's primary reason for purchasing the licence was to regain some local control of the surrounding forest resources, and to improve the standard of forest management and environmental protection in the area. In the years since inception, RCFC has been a resounding success. Profits and other benefits have been returned to the community while RCFC has striven for excellence in forest practices.

The forest land that RCFC operates on has been managed as a Tree Farm Licence continuously since about 1962. The first harvesting in our TFL database is in 1962, the first planting in 1964 -- these early stands are for the most part growing very well and can be expected to produce commercially valuable timber in about 40 more years. Revelstoke, in the heart of the interior wet belt, has some of the finest forest growth areas in the world. The young forests grow very quickly and we can expect the second growth stand to be very valuable in the future.

The forest land within the TFL is also important commercially to other users. For example, a world famous back country ski lodge and three helicopter ski operations use the TFL area. The community of Revelstoke benefits from these non-timber users and RCFC works with them to ensure that timber harvesting operations do not adversely affect their operations.



The TFL area is also important for the biological and ecological resources which bring many benefits to the community. Revelstoke's quality of life is related to healthy forest ecosystems. RCFC has worked to ensure that large areas of forest land have been reserved from harvest to preserve examples of old growth forest and provide adequate habitat for the species in the area.

The residents of Revelstoke can be proud of RCFC and are encouraged to take part in management of the TFL by expressing concerns and views about management of the area.



On behalf of City Council and the citizens of Revelstoke, I am happy to receive the 28th Annual Report for the Revelstoke Community Forest Corporation and its associated company, RCFC Holding Company Ltd.

Still reeling from the recession of the 1980s, the City of Revelstoke purchased TFL 56 in 1993 to ensure that local citizens and companies benefitted from nearby forestry resources. The RCFC was formed shortly after to manage and operate TFL 56 and continues to this day to put the benefit of local citizens and local industry at the forefront of its operations.

RCFC continues to contribute to our local economy by providing better than living wage employment to our

citizens as well as economic opportunities for community businesses, such as contractors and suppliers. RCFC understands its role as a respected forestry industry leader and takes its responsibility to operate in a sustainable manner seriously. This includes diligent silviculture practices that include climate change adaptations, maintaining an excellent Sustainable Forest Certification record and working with local consultants to develop sustainable timber harvesting plans.

As the RCFC approaches its 30th anniversary in 2023, it's clear that the visionary steps taken in 1993 to establish TFL 56 and the RCFC have played a huge role in the continued economic success of Revelstoke and its citizens. Revelstoke was at the forefront of the Community Forest movement, which has since been successfully implemented in various communities throughout the province. I am proud of the contributions that RCFC continues to make to the health of our community - economically, environmentally, and socially. As we move forward, we know that forest practices will change and RCFC is already on the forefront of that movement. RCFC is an important economic driver in our community, and its ongoing success is vital to the economic diversity of Revelstoke. I would like to thank our Board of Directors, staff, industry partners and the residents of Revelstoke for their hard work and ongoing support of the Revelstoke Community Forest Corporation.

Gary Sulz  
Mayor, City of Revelstoke

2020-2021

# General Manager's REPORT



## **REVIEW OF THE 2020/2021 OPERATING YEAR**

Even though the Covid-19 pandemic continued through this operating year, its effects to RCFC were minimal. Covid safety plans implemented for RCFC staff as well as

RCFC contractors have added costs to conducting business. This increased cost is well worth the health and safety of our employees and the community. Our harvesting operations were less than we planned, mostly due to a small contracting force, difficult terrain and short operating season. Even with those issues we were able to achieve a healthy net income of **\$424,217**.

We had expected to fully engage in Caribou Herd Planning but there has been little to no progress on this issue. In addition to Caribou, RCFC met with a team of Foresters appointed by Government to report on the state of Old Growth in BC. Our forests are predominately Old Growth but our TFL has 68% of the landbase already in some form of protection. However, these issues may potentially have an impact on TFL 56. We are very aware of these issues and

address them in our forest planning operations to the best of our abilities, therefore I believe we are well positioned to address any new constraints.

Each year I am pleased to award the RCFC Scholarship to one or more of our deserving high school graduates. The recipients were: Maya McDowell Stupnikoff \$1000 and Krystal Kinoshita \$1000, congratulations to them both!

The following is my operational report.

## **LOG SALES AND MARKETING**

Many value added manufactures in BC do not have timber rights. These companies depend on sourcing the right log to their mills by purchasing it on the open market. Small manufactures that only need a specific type of log find this to be extremely difficult to do. RCFC is unique by which we operate a sort yard where we can manufacture our logs to customer needs; thereby creating their highest potential value. Not all logs can be upgraded, these are sold direct to commodity mills and never enter our yard. This means fewer logs in the sort yard to amortize our fixed costs over. I am looking at ways to increase the activity in the sort yard, either offering our services to small business loggers or potentially bidding on sales and running the logs through our sort yard.



The table below shows Average Selling price of sawlogs sold in RCFC sort yard over the last 6 years.

### **ANNUAL AVERAGE SELLING PRICE RCFC SORT YARD (/M3)**

<b>Species</b>	<b>2020/2021</b>	<b>19/20</b>	<b>18/19</b>	<b>17/18</b>	<b>16/17</b>	<b>15/16</b>
Cedar	140.25	139.58	120.29	145.47	143.86	117.26
Spruce/Balsam	105.80	104.27	113.96	107.98	75.52	83.14
Hemlock	75.63	65.76	65.00	68.85	55.44	49.88
Douglas Fir	127.27	125.47	123.62	96.33	na	90.29
White Pine	88.85	N/A	100.00	100.00	126.71	106.67
<b>Average All</b>	<b>132.48</b>	<b>128.84</b>	<b>119.94</b>	<b>128.04</b>	<b>126.71</b>	<b>104.62</b>

The table below shows the 6 year delivered log costs, which include the loss on pulp log sales.

<b>Year</b>	<b>2020/2021</b>	<b>19/20</b>	<b>18/19</b>	<b>17/18</b>	<b>16/17</b>	<b>15/16</b>
Cost/m3	111.00	100.00	90.00	84.00	92.00	83.00

### **TIMBER DEVELOPMENT, HARVESTING**

Each year RCFC hires local consultants to compete field work to identify new cut blocks and locate roads required to harvest these new blocks. This takes the engineering crew many hours to ensure the blocks are accurately mapped and can be safely harvested either by ground based equipment or cable harvesters. We also timber cruise each block so we can estimate the volume, species and grade of the logs. This cruise information is also required by the Ministry of Forest to generate a stumpage rate. The stumpage rate is the fee the Government charges RCFC for the logs. This year we spent \$61,603 on layout activities, this was somewhat less than previous years as RCFC staff undertook some of the layout works.

Much of the Tree Farm Licence operable drainages are now roaded. In the future, our road building will consist of shorter branch roads that will access one or two blocks. This is a positive situation as we will be spending less cash on development. However, some of this is offset by higher maintenance cost. This year, most of the built road will be used to log within the scheduled harvest block. These roads are treated as an expense. When we build roads that are used for more than one year we treat them as capital assets

and amortize the costs over the total volume they access. This year we spent \$219,807 building mid-long term roads.

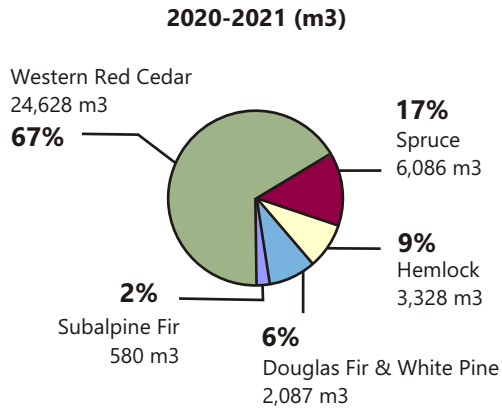


### **LOG DELIVERIES BY CONTRACTOR**

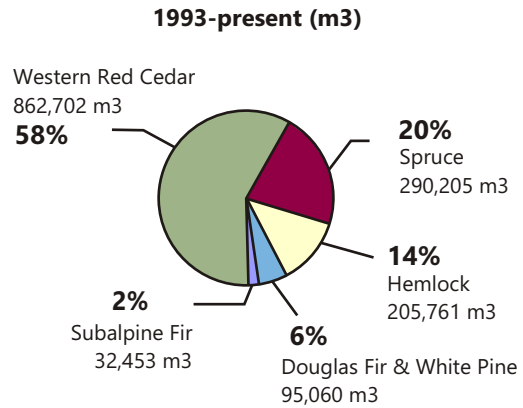
<b>Contractor</b>	<b>Volume Logged (m3)</b>
Green Timber Contracting	26,579
Two Guys Logging	11,304
R Lang Cedar Ltd	13,500
1013035 BC Ltd	1,378
<b>Total</b>	<b>52,761</b>



### SAWLOG DELIVERIES BY SPECIES (%)

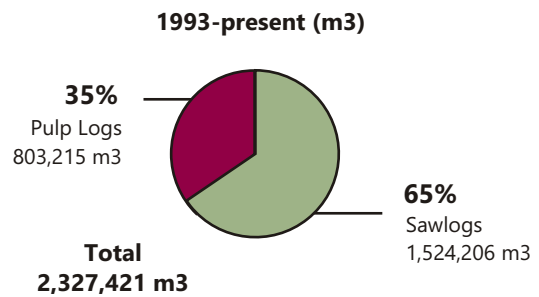
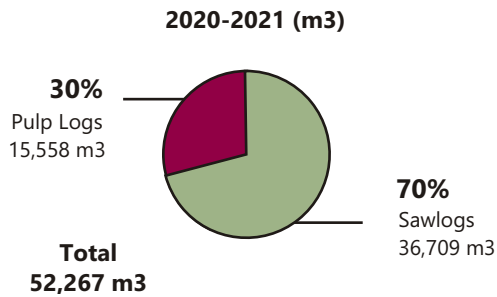


**Total Sawlogs 36,709 m3**  
**Total Pulp 15,558 m3**



**Total Sawlogs 1,486,181 m3**  
**Total Pulp 803,215 m3**

### SAWLOG VS PULP-LOG BREAKDOWN



*Cedar sawlog includes volume from Post/Rail sort*

### SAWLOG DESTINATION SUMMARY

Destination	Volume	%
Revelstoke	18,430.01	69%
West Kootenay	6882.59	26%
Other	28	0%
Sicamous/Salmon Arm	385.15	1%
Okanagan/Enderby	645.77	2%
East Kootenay	151.55	1%
<b>Total</b>	<b>26,523.07</b>	<b>100%</b>



## **FOREST MANAGEMENT PLANNING**

RCFC's Management Plan can be found on our website ([www.rcfc.bc.ca](http://www.rcfc.bc.ca)). This document was last updated in 2019-2020 and is the guiding higher level plan over the next decade. RCFC staff submitted Management Plan #5 which was accepted by the Deputy Chief Forester. The Deputy Chief Forester made a determination dated May 4th, 2021 which maintained the Allowable Annual Cut on the TFL at 90,000m<sup>3</sup>.

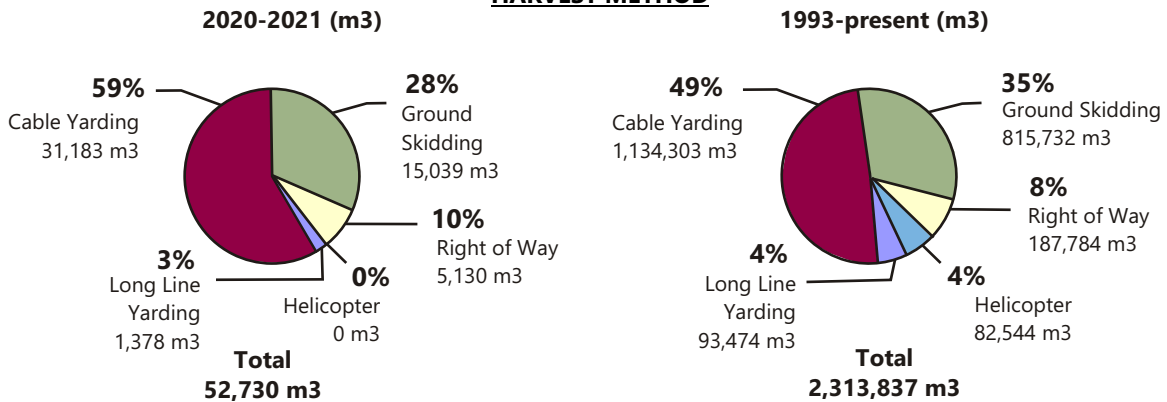
The other major document governing RCFC's operation is the Forest Stewardship Plan (FSP), RCFC's FSP was one of the first approved in the Province. Our Operations Forester (Kevin Bollefer), is currently working on a new FSP and will be advertising it for public comment as well as sharing it with first nations and stakeholders. We expect approval of the new plan



in early 2022. The draft plan can be found on our website.

These documents guide Kevin as he plans and develops new areas to harvest in the upcoming years.

## **HARVEST METHOD**







Following planting, brushing is often required to ensure survival and good early growth. RCFC completed brushing on 111.0 hectares of plantations. Throughout the reforestation process, silviculture surveys are needed to check on plantation progress. RCFC carried out silviculture surveys on 417.3ha. To date, 8,360 hectares have been declared free growing the point where RCFC has completed its obligation to ensure a new crop is securely established. Once harvesting has begun, the RCFC average is 2.0 years to achieve regeneration on that site and 12.5 years to achieve free growing status.

## SILVICULTURE

RCFC continues with diligent silviculture practices by, for example, preparing the more difficult sites for successful planting, planting as soon as possible after harvesting with mixed species on a microsite basis with an eye to climate change adaptation, and intensive monitoring with follow up treatments that promote tree growth and survival.

If site preparation is deemed necessary, the methods can include burning or piling slash, mechanical mounding or screening and reducing root pathogens by stump removal. RCFC completed 141.8 hectares of site preparation in 2020. This included 49.0ha of mounding/piling as well as 92.8ha burning of landing and in-block piles. The next step is planting RCFC planted 130.7 hectares with 188,000 seedlings. Tree species planted are noted in following table.

Species	# of Seedlings	%
Western Red Cedar	45,300	24%
Engelmann Spruce	66,566	35%
Douglas-Fir	46,494	25%
Western White Pine	26,987	14%
Sub Alpine Fir	0	0%
Western Hemlock	0	0%
Mountain Hemlock	0	0%
Western Larch	2,640	1%
<b>Total</b>	<b>187,987</b>	<b>100%</b>

## SUSTAINABLE FOREST CERTIFICATION/ ENVIRONMENTAL ISSUES



RCFC maintains a program that is certified to the Sustainable Forestry Initiative (SFI) standard. SFI certification

assures RCFC customers and shareholders the citizens of Revelstoke - that the forest resources on TFL 56 are being managed in a responsible and sustainable manner. Each year a third party independent audit team evaluates RCFC's forest practices against the SFI standard.

This year our operations underwent a Surveillance Audit, October 26 to 28th, 2020 to ensure we are achieving the requirements under the 15 objectives set out in the 2015-2019 SFI Forest Management Standard. I'm pleased to report RCFC only had a minor non-conformance in a record keeping situation and was easily corrected. A copy of the Audit results is available on our website under the Environment Tab Forest Certification.

Further information on the SFI program can be obtained from the RCFC office or at [www.sfiprogram.org](http://www.sfiprogram.org).

2020-2021

# General Manager's REPORT



## **WOODLANDS SAFETY**

Safety continues to be a priority for RCFC and our contractors, which is evident in the fact that there were no reportable incidents in 2020. With engineering, road construction, harvesting, planting, and stand tending operations, there are thousands of person days of work done on our TFL annually with no accidents. I wish to thank our employees and contractors for their hard work and diligence regarding a safe work place.

## **CONCLUSIONS**

This fiscal year was a success and we achieved the goals the Board of Directors set for the Corporation. Strategically we foresee a challenge to hire enough local contractors with the harvesting equipment to meet our annual harvesting plans. The harvesting business is challenging, very high capital costs and the

lack of skilled or even unskilled labour is having a big impact locally. RCFC will have to be innovative to address this in the short and longer term. Uncertainty regarding the Covid 19 pandemic and what it might mean to RCFC, the Forest Industry and Revelstoke is still a concern. Even with all these issues I am optimistic RCFC will we continue to meet its objectives to provide stable local employment, provide leadership in forest management and educate the community on all thing's forestry.

I can say I very much appreciate the opportunity to manage RCFC with a talented staff and contractors as well as a supportive Board of Directors. We all continue to strive to provide you the best forest management of your Tree Farm Licence.

RCFC has an open door policy. We welcome your input and encourage the citizens to visit our website or drop into our office.

Respectfully submitted,

Michael Copperthwaite R.P.F.  
General Manager



2020-2021

# Financial

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## ANNUAL LOG SALES AVERAGES

Species	Sort Name	2020/21 Avg. \$/m3	2019/20 Avg. \$/m3	2018/2019 Avg. \$/m3	2017/2018 Avg. \$/m3	2016/20172 Avg. \$/M3	2015/2016 Avg \$/m3
<b>CEDAR</b>	Large select	\$276.76	\$200.29	\$214.27	\$248.08	\$224.60	\$201.69
	Large sawlog	180.80	159.78	166.70	160.07	137.09	134.74
	Small sawlog	157.44	147.05	143.23	139.93	135.60	119.34
	Poles	274.85	267.34	300.00	259.63	229.29	244.13
	House logs	256.18	50.52	256.57	253.19	229.01	241.66
	Shake	97.96	96.88	113.07	128.62	153.10	94.28
	High grade	200.00	-	235.00	231.02	-	-
	Small select	136.65	125.19	181.00	152.04	-	142.12
	Slabs	-	-	-	-	-	-
	<b>Average all cedar</b>	<b>\$140.25</b>	<b>\$139.58</b>	<b>\$120.29</b>	<b>\$145.57</b>	<b>\$143.86</b>	<b>\$ 132.05</b>
<b>SPRUCE/ BALSAM</b>	Tonewood	-	\$325.00	-	\$311.64	-	\$225.00
	High grade	-	150.00	144.44	146.49	131.26	133.47
	Sawlogs	105.80	101.76	112.51	92.71	77.50	76.95
	Sawlogs (Balsam)	91.86	60.00	-	80.16	63.29	-
	<b>Average all spruce</b>	<b>\$105.80</b>	<b>\$104.27</b>	<b>\$113.96</b>	<b>\$107.98</b>	<b>\$75.52</b>	<b>\$85.62</b>
<b>HEMLOCK</b>	Sawlogs	\$75.63	\$65.76	\$65.00	\$68.85	\$55.44	\$49.97
	<b>Average all sorts</b>	<b>\$75.63</b>	<b>\$65.76</b>	<b>\$65.00</b>	<b>\$68.85</b>	<b>\$55.44</b>	<b>\$49.97</b>
<b>DOUGLAS FIR</b>	High grade	\$169.99	\$164.96	\$160.00	\$177.32	-	\$150.00
	House logs	-	180.00	-	-	-	-
	Sawlogs	112.84	113.31	116.25	90.49	-	76.80
	<b>Average all fir</b>	<b>\$127.27</b>	<b>\$125.47</b>	<b>\$123.62</b>	<b>\$96.33</b>	<b>\$0.00</b>	<b>\$78.32</b>
<b>WHITE PINE</b>	High grade	100.00	-	-	-	\$100.00	\$125.00
	Sawlogs	81.39	-	100.00	\$100.00	-	\$82.81
	<b>Average all sorts</b>	<b>\$88.85</b>	<b>-</b>	<b>\$100.00</b>	<b>\$100.00</b>	<b>\$100.00</b>	<b>\$106.67</b>

2020-2021

# Financial REPORT



### ALLOCATION OF SAW LOGS (m3)

May 1, 2020 - April 30, 2021

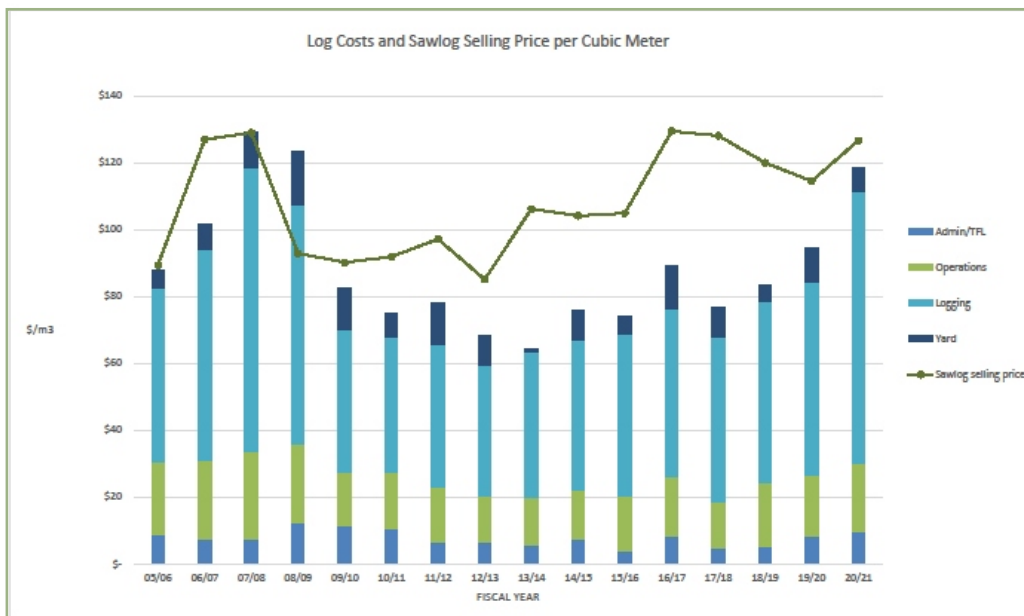
Company	Delivered Volume	Entitled Volume
Cascade Cedar	3720	3,720
Downie Timber	11,924	11,161
RCFC	21,558	22,322
<b>Total</b>	<b>37,203</b>	<b>37,203</b>

### ALLOCATION OF SAW LOGS (m3)

June 1, 1993 - April 30, 2021

Company	Delivered Volume
Cascade Cedar	151,638
Downie Timber	472,294
RCFC	900,284
<b>Total</b>	<b>1,524,206</b>

### FINANCIAL DATA



2020-2021

# Financial

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## CONSOLIDATED BALANCE SHEET

April 30	2021	2020	2019	2018
<b>Assets</b>				
<b>Current</b>				
Cash and short-term deposit	\$ 2,465,972	\$ 2,143,587	\$ 2,999,655	\$ 2,227,474
Accounts receivable	470,165	238,384	203,133	358,026
Inventories	244,120	295,937	90,443	51,799
Prepaid expenses	620,361	594,730	543,325	621,226
Current portion of deferred charges	111,813	77,746	98,988	124,327
	<u>3,912,431</u>	<u>3,350,384</u>	<u>3,935,544</u>	<u>3,382,852</u>
<b>Deferred charges</b>	<b>294,029</b>	<b>346,232</b>	<b>363,141</b>	<b>366,865</b>
<b>Due from Revelstoke Community Energy Corp</b>	<b>1,200,271</b>	<b>1,224,538</b>	<b>1,231,940</b>	<b>1,238,828</b>
<b>Property and equipment</b>	<b>1,156,882</b>	<b>1,219,075</b>	<b>1,380,332</b>	<b>1,792,281</b>
<b>Long term investments</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Other</b>	<b>900,000</b>	<b>975,000</b>	<b>1,050,000</b>	<b>1,125,000</b>
	<u>\$ 7,463,614</u>	<u>\$ 7,115,230</u>	<u>\$ 7,960,958</u>	<u>\$ 7,905,827</u>
<b>Liabilities and Shareholder's Equity</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	\$ 283,969	\$ 264,088	\$ 502,070	\$ 480,285
Dividend Payable	\$ 0	0	700,000	-
Current portion of accrued silviculture	357,550	279,387	435,505	462,260
Current portion of deferred revenue	31,684	31,684	31,684	31,684
<b>Income From Operations</b>	<b>673,203</b>	<b>575,159</b>	<b>1,669,259</b>	<b>974,229</b>
<b>Accrued silviculture</b>	<b>514,893</b>	<b>657,086</b>	<b>749,966</b>	<b>758,891</b>
<b>Deferred revenue</b>	<b>325,249</b>	<b>356,933</b>	<b>388,617</b>	<b>420,301</b>
	<u>1,513,345</u>	<u>1,589,178</u>	<u>2,807,842</u>	<u>2,153,421</u>
<b>Shareholder's equity</b>				
Share capital	1	1	1	1
Retained earnings	5,950,268	5,526,051	5,153,115	5,752,405
	<u>5,950,269</u>	<u>5,526,052</u>	<u>5,153,116</u>	<u>5,752,406</u>
	<u>\$7,463,614</u>	<u>\$ 7,115,230</u>	<u>\$ 7,960,958</u>	<u>\$ 7,905,827</u>



## CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended April 30	2021	2020	2019
<b>Revenue</b>			
Timber sales	\$ 5,488,095	\$ 5,388,373	\$ 7,666,336
Amortization of deferred revenue	31,684	31,684	31,684
Other	79,727	41,643	26,095
Interest income	50,027	59,152	63,980
	<u>5,649,533</u>	<u>5,520,852</u>	<u>7,788,095</u>
<b>Cost of goods sold</b>			
Opening log inventory	295,937	90,443	51,799
Logging costs	3,280,194	3,409,743	4,669,918
Operating expenses	928,416	937,722	1,209,279
Tree farm management	60,449	99,126	123,653
Amortization of tree farm license	75,000	75,000	75,000
Amortization of roads	143,103	154,362	239,188
Closing log inventory	(244,120)	(295,937)	(90,443)
	<u>4,538,979</u>	<u>4,470,459</u>	<u>6,278,394</u>
<b>Gross profit</b>	<u>1,110,554</u>	<u>1,050,393</u>	<u>1,509,701</u>
<b>1,509,701</b>			
<b>Expenses</b>			
Log sortyard operations	(111,059)	(97,754)	(138,885)
Amortization - log sortyard equipment	43,389	43,759	43,759
Administrative expenses	748,168	723,443	714,479
Amortization - office equipment	5,839	8,379	8,576
	<u>686,337</u>	<u>677,457</u>	<u>627,929</u>
<b>Income from operations</b>	<u>424,217</u>	<u>372,936</u>	<u>881,772</u>
<b>Other Income</b>			
Gain on disposal of property, plant and equipment	-	-	(181,062)
<b>Net income for the year</b>	<u>424,217</u>	<u>372,936</u>	<u>700,710</u>
<b>Retained earnings, beginning of year</b>	<u>5,526,051</u>	<u>5,153,115</u>	<u>5,752,405</u>
Dividends	-	-	(1,300,00)
<b>Retained earnings, end of year</b>	<u>5,950,268</u>	<u>\$ 5,526,051</u>	<u>\$ 5,153,115</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 should anyone wish to view them.



2020-2021

# Corporate DATA



## **CORPORATE DATA**

### **Banker**

Revelstoke Credit Union  
Revelstoke, BC

### **Auditors**

BDO Canada LLP  
Revelstoke, BC

### **Executive Office**

P.O. Box 3199  
#200 - 103 Second St. E.  
Revelstoke, BC  
VOE-2S0

Telephone (250) 837-5733  
Fax (250) 837-5988

Email: [info@rcfc.bc.ca](mailto:info@rcfc.bc.ca)

## **RCFC STAFF**

### **General Manager**

Michael Copperthwaite, RPF

### **Operations Forester**

Kevin Bollefer, RPF, RPBio

### **Controller**

Ann Hoolsema

Website: [www.rcfc.bc.ca](http://www.rcfc.bc.ca)

2020-2021

BOARD OF  
*Directors*



**PRESIDENT**

Gary Sulz

**DIRECTORS**

Nicole Charlet

Loni Parker

Rob Elliott

Jackie Rhind

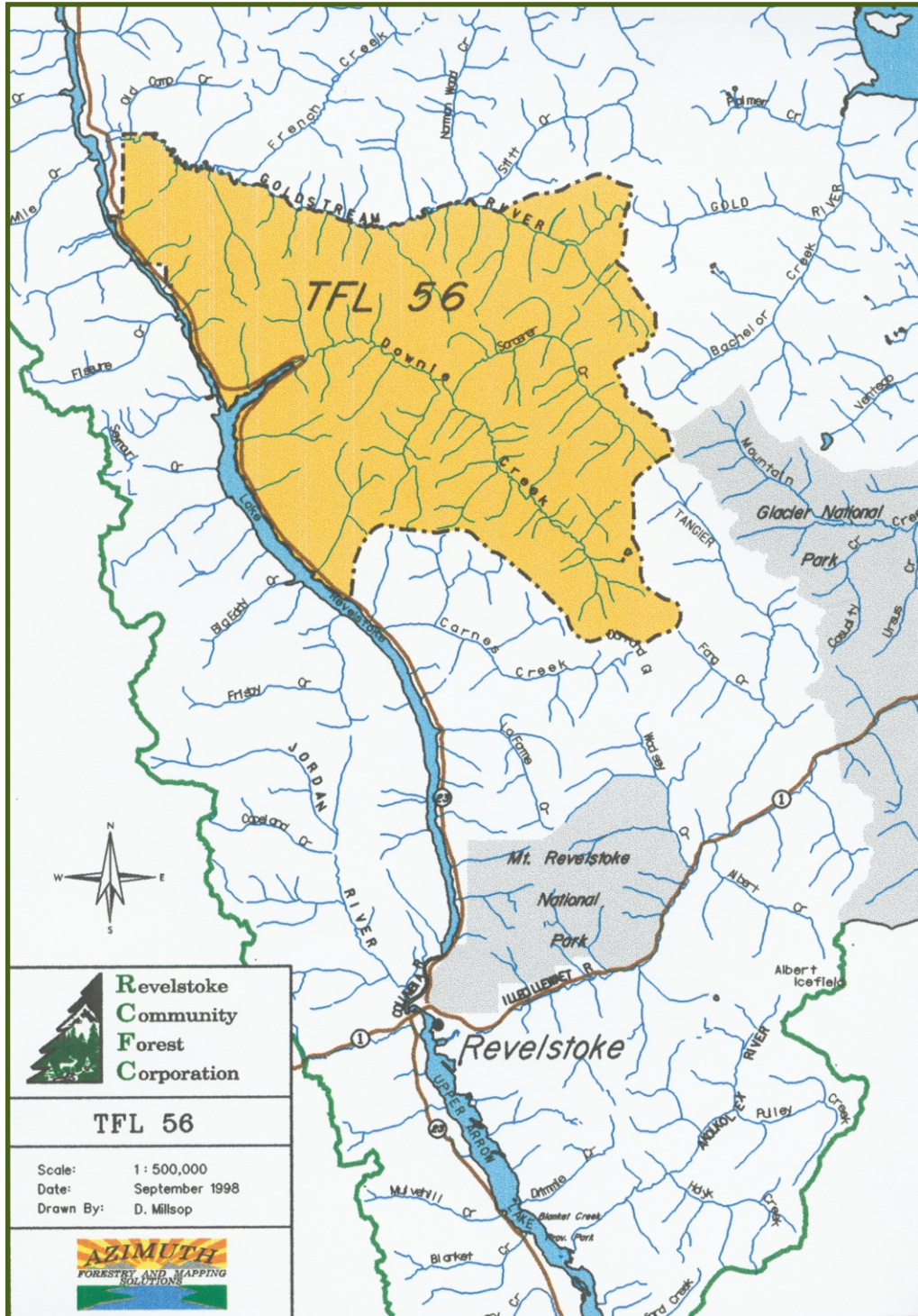
Bill Beard



2020-2021

# Map

TFL 56



**RCFC** HOLDING COMPANY LTD. &  
THE REVELSTOKE COMMUNITY FOREST CORPORATION



## Managing the Forest Resource for the benefit of Revelstoke's Citizens.

In 1993 the citizens of Revelstoke voted to start their own forest company with the purchase of Tree Farm Licence 56 from Westar Timber. Since that time RCFC has endeavored to provide high quality logs to the sawmill industry, safe stable employment for local workers and contractors, and superior forest management and environmental protection.



P.O. Box 3199  
Revelstoke BC V0E 2S0  
Phone: 250-837-5733  
Fax: 250-837-5988



website: [www.rcfc.bc.ca](http://www.rcfc.bc.ca)

Revelstoke Community Forest Corporation  
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