



CASCADE LOWER CANYON  
**COMMUNITY FOREST**

**2015 ANNUAL GENERAL MEETING of the CASCADE LOWER  
CANYON COMMUNITY FOREST GENERAL PARTNER CORP**

Date & Time: Wednesday, September 30, 2015 @ 6:30 p.m.

Location: Hope & District Recreation Centre – Conference Room, 2<sup>nd</sup> Floor, 1005  
6th Ave, Hope, BC

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**AGM MEETING AGENDA**

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**1. CALL TO ORDER**

**2. INTRODUCTIONS, MEETING SAFETY & CONDUCT, SIGN-IN  
ATTENDANCE SHEET**

**3. APPROVAL OF AGENDA**

**4. TOPICS**

4.1. Board of Directors' Report (verbal)

4.2. General Manager's Report (verbal)

4.3. Financial Report (verbal) and Audited Financial Statements (attached)

4.4. Annual Report for Fiscal Year from April 1, 2014 to March 31, 2015 (attached)

4.5. Current and Future Operational and Planning Activities (attached):

4.5..1. Mission and Vision Statements

4.5..2. CLCCF Website Information Available

4.5..3. Policies Approved

4.5..4. Major Plans and Agreements

4.5..5. Budget Overview for 2015-16 fiscal year

4.5..6. 2015 Harvesting Plans

4.5..7. Expiry of Tenure Management and Timber Purchase Agreement with Tolko Industries  
and 2016 Management Model Structure

4.5..8. Past and Current Strategic Direction

4.5..9. Inventories and Analyses Done Recently or Currently Being Done

4.5..10. Planning for Future Harvest Activities

4.6. Auditors for Next Fiscal Year – report by Directors

4.7. New Business

4.8. Appointment of Directors - by Shareholders

**5. QUESTIONS FROM THE FLOOR (relative to the Agenda)**

**6. ADJOURNMENT**

**Cascade Lower Canyon Community  
Forest General Partner Corp.  
Financial Statements**

*March 31, 2015*

*(Unaudited - see Notice to Reader)*

## Notice To Reader

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On the basis of information provided by management, we have compiled the balance sheet of Cascade Lower Canyon Community Forest General Partner Corp. as at March 31, 2015 and the statement of loss and deficit for the year then ended. We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon. Readers are cautioned that these statements may not be appropriate for their purposes.

Hope, British Columbia

July 14, 2015

*MNP LLP*

Chartered Professional Accountants

**Cascade Lower Canyon Community  
Forest General Partner Corp.**

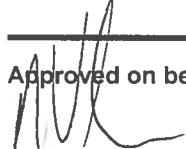
**Balance Sheet**


*As at March 31, 2015*

*(Unaudited - see Notice to Reader)*

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
<b>Current</b>		
Cash	-	173,425
Receivable from shareholders	3	3
	<b>3</b>	<b>173,428</b>
<b>Liabilities</b>		
<b>Current</b>		
Trade and other payables	1,500	751
Due to Partnership	2,449	174,949
	<b>3,949</b>	<b>175,700</b>
<b>Shareholders' Deficit</b>		
Share capital	3	3
Deficit	(3,949)	(2,275)
	<b>(3,946)</b>	<b>(2,272)</b>
	<b>3</b>	<b>173,428</b>

Approved on behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

**Cascade Lower Canyon Community  
Forest General Partner Corp.  
Statement of Loss and Deficit**

*For the year ended March 31, 2015  
(Unaudited - see Notice to Reader)*

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	2015	2014
<b>Revenue</b>		
Share of partnership earnings	13	4
<b>Expenses</b>		
Professional fees	1,687	1,695
<b>Net loss</b>	<b>(1,674)</b>	<b>(1,691)</b>
<b>Deficit, beginning of year</b>	<b>(2,275)</b>	<b>(584)</b>
<b>Deficit, end of year</b>	<b>(3,949)</b>	<b>(2,275)</b>

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**Cascade Lower Canyon  
Community Forest  
Limited Partnership  
Non-Consolidated Financial Statements**  
*March 31, 2015*

**Cascade Lower Canyon Community Forest  
Limited Partnership  
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*For the year ended March 31, 2015*

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## Management's Responsibility

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To the Partners of Cascade Lower Canyon Community Forest Limited Partnership:

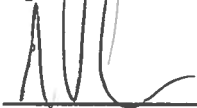
Management is responsible for the preparation and presentation of the accompanying non-consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the non-consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

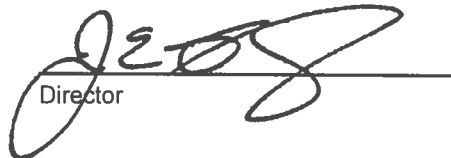
The Board of Directors is composed entirely of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the partners to audit the non-consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

August 12/2015



Director



Director

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## Independent Auditors' Report

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To the Partners of Cascade Lower Canyon Community Forest Limited Partnership:

We have audited the accompanying non-consolidated financial statements of Cascade Lower Canyon Community Forest Limited Partnership, which comprise the non-consolidated statement of financial position as at March 31, 2015, and the non-consolidated statements of operations and partners' capital, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Non-consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian public sector accounting standards, 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of Cascade Lower Canyon Community Forest Limited Partnership as at March 31, 2015 and the results of its non-consolidated operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis of Accounting and Restriction on Distribution and Use*

Without modifying our opinion, we draw attention to Note 2 to the non-consolidated financial statements, which describes the basis of accounting. The non-consolidated financial statements are prepared to assist the Partners to evaluate and incorporate the partnership earnings into their separate annual audited statements which are prepared under the Canadian public sector accounting standards framework. The limited partnership should report under International Financial Reporting Standards. As a result, the non-consolidated financial statements may not be suitable for another purpose. Our report is intended solely for the Partners and should not be distributed to or used by parties other than the Partners.

Hope, British Columbia

August 12, 2015

*MNP LLP*

Chartered Professional Accountants

**Cascade Lower Canyon Community Forest  
Limited Partnership**  
**Non-Consolidated Statement of Financial Position**  
*As at March 31, 2015*

	2015	2014 <i>(Note 10)</i>
<b>Financial assets</b>		
Cash	421,233	-
Accounts receivable	123,298	33,587
Due from Cascade Lower Canyon Community Forest General Partner Corp. <i>(Note 3)</i>	2,462	173,425
	546,993	207,012
<b>Liabilities</b>		
Accounts payable and accruals <i>(Note 4)</i>	16,399	20,312
Grants payable	-	42,500
	16,399	62,812
<b>Net financial assets</b>	530,594	144,200
<b>Subsequent events</b> <i>(Note 9)</i>		
<b>Non-financial assets</b>		
Total non-financial assets	-	-
<b>Partners' capital</b> <i>(Note 5)</i>	530,594	144,200

Approved on behalf of the Board



Director -  
District of Hope

Director - Yale  
First Nation



Director -  
Fraser Valley  
Regional  
District

**Cascade Lower Canyon Community Forest  
Limited Partnership**  
**Non-Consolidated Statement of Operations and Partners' Capital**  
*For the year ended March 31, 2015*

	<i>2015 Budget</i>	<i>2015</i>	<i>2014 (Note 10)</i>
<b>Revenue</b>			
Logging revenue	450,000	429,925	266,666
Interest income	-	249	96
	<b>450,000</b>	<b>430,174</b>	<b>266,762</b>
<b>Expenses</b>			
Advertising	1,200	975	580
Community grants	200,000	-	114,300
Contracted services	15,000	16,538	6,256
Directors' expenses	2,000	-	-
Donations	15,000	-	-
Forest inventories	20,000	-	-
Insurance	1,300	1,234	1,224
Land rent	-	2,287	2,296
Memberships	1,000	-	-
Office supplies and expenses	2,300	1,309	1,097
Operational capital	142,700	-	-
Other forestry expenses	10,000	-	-
Professional fees	10,000	10,289	8,676
Rent	-	2,900	724
Road access payments	5,000	-	-
Silviculture, intensive forestry	10,000	-	-
Telephone and website	-	7,311	-
Trail maintenance	14,000	-	-
Travel	500	-	-
	<b>450,000</b>	<b>42,843</b>	<b>135,153</b>
<b>Operating surplus before transactions with partners</b>	-	<b>387,331</b>	<b>131,609</b>
<b>Transactions with partners</b>			
Allowable expenses of the general partner	-	(937)	(1,695)
<b>Operating surplus to be allocated to partners</b>	-	<b>386,394</b>	<b>129,914</b>
<b>Partners' capital, beginning of year, as previously stated</b>	-	<b>112,212</b>	<b>14,286</b>
Correction of an error <i>(Note 10)</i>	-	31,988	-
<b>Accumulated operating surplus, beginning of year, as restated</b>	-	<b>144,200</b>	<b>14,286</b>
<b>Partners' capital, end of year</b>	-	<b>530,594</b>	<b>144,200</b>

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

**Cascade Lower Canyon Community Forest  
Limited Partnership**  
**Non-Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2015*

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	<i>2015 Budget</i>	<i>2015</i>	<i>2014 (Note 10)</i>
Operating surplus to be allocated to partners	-	386,394	129,914
Net financial assets, beginning of year	144,200	144,200	14,286
Net financial assets, end of year	144,200	530,594	144,200

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

**Cascade Lower Canyon Community Forest  
Limited Partnership**  
**Non-Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2015*

	2015	2014 <i>(Note 10)</i>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Operating surplus to be allocated to partners	386,394	129,914
Changes in working capital accounts		
Accounts receivable	(89,711)	(33,587)
Accounts payable and accruals	(3,913)	11,218
Due from General Partner Corporation	170,963	(150,045)
Grants payable	(42,500)	42,500
<b>Increase in cash resources</b>	<b>421,233</b>	<b>-</b>
<b>Cash resources, beginning of year</b>	<b>-</b>	<b>-</b>
<b>Cash resources, end of year</b>	<b>421,233</b>	<b>-</b>

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

**Cascade Lower Canyon Community Forest  
Limited Partnership**  
**Notes to the Non-Consolidated Financial Statements**  
*For the year ended March 31, 2015*

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**1. Operations**

The Cascade Lower Canyon Community Forest Limited Partnership (the "Partnership") is located in the province of British Columbia, made up of four partners including: the District of Hope, the Fraser Valley Regional District, Yale First Nation, and the Cascade Lower Canyon Community Forest General Partner Corporation. The Partnership's mission is to promote sustainable community forest management, and share the economic benefits with the community.

The Partnership's vision is to invest in and benefit the local community while remaining committed to culturally, ecologically, and economically sustainable forestry.

The Cascade Lower Canyon Community Forest General Partner Corporation (the general partner) holds one partnership unit, with the limited partners (the District of Hope, the Fraser Valley Regional District, and Yale First Nation) each holding 10,000 units. The partners are allocated the annual surplus or deficit as based on their proportional share of partnership holdings.

**2. Significant accounting policies**

These non-consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

***Revenue recognition***

Revenue is recognized as it becomes receivable from the contract fees resulting from the logging operations performed by Tolko Industries. The Partnership's 20% share of revenue from Tolko Industries' log sales harvested from the Partnership's forest lands is recognized when the logs are sold in external markets. These funds are reported on the statement of operations in the year of receipt.

Revenues from sale of logs harvested from the cut blocks are recognized in the period in which they are cut.

***Measurement uncertainty (Use of estimates)***

The preparation of non-consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the non-consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary.

***Net financial assets (net debt)***

The Organization's non-consolidated financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the Organization is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus (deficit).

***Basis of non-consolidation***

The Cascade Lower Canyon Community Forest General Partner Corporation is a variable interest entity of the Partnership. As such, the financial position and operations of the Corporation should be consolidated into the financial statements of the Partnership. Management has elected to not consolidate the two entities and accounts for transactions with the Corporation at cost.

**Cascade Lower Canyon Community Forest  
Limited Partnership**  
**Notes to the Non-Consolidated Financial Statements**  
*For the year ended March 31, 2015*

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**3. Due from Cascade Lower Canyon Community Forest General Partner Corp.**

The General Partner Corporation conducts management of the operations and in doing so incurs expenses which are paid by the Partnership as the General Partner does not have a separate bank account. This account reflects those costs incurred by the General Partner and paid by the Partnership.

The custody of the bank account was transferred from the General Partner to the Partnership in fiscal 2015. This resulted in a significant decrease in the balance.

**4. Accounts payable and accruals**

Included in accounts payable and accruals are government remittances of \$5,612 relating to GST.

**5. Partners' capital**

The Partners' capital account is made up of the four individual Partner accounts. Each Partner's account consists of:

	2015	2014
<b>Cascade Lower Canyon Community Forest General Partner Corp.</b>		
Balance, beginning of year	(352)	(357)
Correction of error (note 10)	-	1
Share of income	12	4
	(340)	(352)
<b>District of Hope</b>		
Balance, beginning of year	47,184	3,881
Correction of error (note 10)	-	10,662
Share of income	128,794	32,641
	175,978	47,184
<b>Fraser Valley Regional District</b>		
Balance, beginning of year	50,184	6,881
Correction of error (note 10)	-	10,662
Share of income	128,794	32,641
	178,978	50,184
<b>Yale First Nation</b>		
Balance, beginning of year	47,184	3,881
Correction of error (note 10)	-	10,662
Share of income	128,794	32,641
	175,978	47,184
	530,594	144,200



**Cascade Lower Canyon Community Forest  
Limited Partnership**  
**Notes to the Non-Consolidated Financial Statements**  
*For the year ended March 31, 2015*

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**6. Economic dependence**

Cascade Lower Canyon Community Forest Limited Partnership receives substantially all of its revenue from contract fees and log sales resulting from the logging operations performed by Tolko Industries on the lands granted to the Partnership by the BC Ministry of Forests.

**7. Financial Instruments**

The Organization as part of its operations carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

**8. Budget information**

The disclosed budget information has been approved by the Board of the Cascade Lower Canyon Community Forest Limited Partnership at the meeting held on June 6, 2014.

**9. Subsequent event**

Subsequent to the year end, Tolko Industries has informed the Partnership that it will not exercise the two year extension option of the forest management contract agreement set to expire at the conclusion of the three year term on December 31, 2015.

**10. Correction of an error**

During the year, the Organization determined that \$31,987.47 of logging revenue and \$1,599.37 of GST was receivable as at March 31, 2014. For 2015 and 2014 the impact of this correction has resulted in an increase of \$33,586.84 in accounts receivable, an increase of \$1,599.37 in GST payable, an increase of \$31,987.47 in net financial assets, an increase of \$31,987.47 of operating surplus for the fiscal year ended March 31, 2014, and an increase in Partners' capital of \$31,987.47 allocated proportional to partnership holdings.



CLCCF Annual Report (to March 31, 2015)  
and 2015 Current and Future Vision, Operational Projects and Planning

**Annual Report**

**(for April 1, 2014 to March 31, 2015)**

The allowable annual cut (AAC) approved by the Ministry of Forests, Lands and Natural Resource Operations (MFLNRO) for the CLCCF is 30,900 cubic metres (m<sup>3</sup>). From April 1, 2014 to March 31, 2015, the MFLNRO Harvest Billing System (HBS) records show that 37,425.2 m<sup>3</sup> were harvested from the CLCCF operations. This volume was logged via the current Tenure Management and Timber Purchase Agreement with Tolko Industries.

In the previous fiscal year (April 1, 2013 to March 31, 2014) the HBS records show that 20,373.6 m<sup>3</sup> were harvested, making a total of 57,798.8 m<sup>3</sup> since the first logging was done in September 2013 in the CLCCF. The CLCCF's first 5-year cut control period began in 2011 and expires at the end of 2015 and allows for a total cut volume of 154,500 m<sup>3</sup> in the CLCCF from 2011 to the end of 2015. This means that there is a potential of 96,701 m<sup>3</sup> to harvest by the end of 2015, of which Tolko is expected to make arrangements to log much or all of the remaining volume by then.

As of March 31, 2014, the CLCCF had \$421,233 net cash assets with an additional account receivable from BC Hydro of \$123,298. Full financial statements, including auditor comments, for the year ending March 31, 2015 are attached.

Forest health issues in the CLCCF did not appear significant for the past year.

The following section titled 'Current and Future Vision, Operational Projects and Planning' discusses projects and planning for later 2015 and beyond.

**Current and Future Vision, Operational Projects and Planning:**

1. CLCCF Mission Statement: *to provide an economic, social and cultural legacy for our local and regional communities and residents by managing the Cascade Lower Canyon Community Forest utilizing the principles of integrated use, economics, environmental stewardship, sustainability and social aspirations.*
2. CLCCF Vision Statement: *excellent sustainable community forestry values and practices will be developed and delivered efficiently in the Cascade Lower Canyon Community Forest. Hope and surrounding communities and their residents will be proud of the CLCCF and can expect an ongoing variety of economic, social and cultural benefits available from their community forest.*
3. CLCCF Website Information: comprehensive information, plans and maps are available at <http://clccf.ca> and its various menu pages. There is also information about management and Directors.

4. Policies Approved: The following policies are approved and are available for viewing on the website at <http://clccf.ca/publications-plans/>:

- a. Corporate Governance Policy: to provide comprehensive guidance and set the conditions, constraints and limitations within which the Board, management, staff and volunteers are to operate in carrying out their roles. Director and management responsibilities and duties are detailed.
- b. Tendering Policy: to guide and control how the CLCCF will enter into significant contracts for goods and services.

Other financial policies are expected to be approved imminently. These include a Financial Planning Policy (sets annual process), a Financial Reporting and Partnership Communication Policy (sets reporting targets and communication protocol with partnership), a Reserve Policy (sets target levels, allowable expenditures, process to remove) and an Investment Policy (sets guidelines for allowable investments and maximums).

More policies are contemplated to be developed in the coming months for topics such as log marketing, recreation, complaints, environmental strategies and community engagement.

5. Major Plans and Agreements: The following major plans and agreements are available for viewing on the website at <http://clccf.ca/publications-plans/>:

- a. Community Forest Agreement (December 14, 2011): a 25 year replaceable agreement with the Ministry of Forests, Lands and Natural Resource Operations that regulates the provincial rules, legislation and requirements for the community forest operation.
- b. CLCCF Management Plan: contains many management goals and objectives for various timber and non-timber forest resources, information about resource inventories and allowable annual cut information.
- c. Forest Stewardship Plan: contains stewardship objectives, strategies or results for various forest resources including timber, wildlife, water, fish biodiversity, cultural heritage, recreation and visual quality as well as stocking standards, measures to prevent the spread of invasive plants and natural range barriers.
- d. Timber Supply Analysis: a comprehensive analysis showing the various factors, assumptions, and projections used to determine the allowable annual cut for the community forest.

6. Budget Overview for the 2015-16 fiscal year:

• Total Revenue budgeted:	+ \$663,360
• Total Administration expenditures budgeted:	- \$147,800
• Total Operations expenditures budgeted:	- \$466,400*
• Net cash as of March 31, 2015:	+ \$421,233
• Account receivable from BC Hydro for last fiscal:	+ \$123,298 (for hydro line logs)
• = total net cash assets forecast for March 31, 2016:	= \$593,691**

\* See sections 10 and 11 of this report for details of major projects in this category.

\*\* Assuming all budget estimates and assumptions.

7. 2015 Harvesting Plans: MFLNRO HBS records show a total of 57,798.8 m<sup>3</sup> since the first logging was done in September 2013 in the CLCCF. The current 5-year cut control period began in 2011 and expires at the end of 2015 and allows for a total volume of 154,500 m<sup>3</sup> in the CLCCF from 2011 to the end of 2015.

This means that there is a potential of 96,701 m<sup>3</sup> to harvest by the end of 2015. In this regard, in the first half of 2015, Tolko arranged with Probyn Log Ltd. to do helicopter logging of about 13,000 m<sup>3</sup>. Tolko has made further arrangements to log more in the fall of 2015 for volumes that could be from 45,000 m<sup>3</sup> to 84,000 m<sup>3</sup>. The actual volume logged will depend on factors such as length of fire season, contractor capacity and log markets.

8. Expiry of Tenure Management and Log Purchase Agreement with Tolko Industries and 2016 Management Model Structure:

A Tenure Management and Log Purchase Agreement has been in place with Tolko Industries since late 2012. Under this agreement, Tolko has provided certain tenure management services, including logging and has also purchased the CLCCF logs for set rates. This agreement will expire on December 31, 2015 and both parties have mutually agreed to not extend or renew the agreement. Existing related commitments such as reforestation in areas logged up to the end of 2015 will continue to be done by Tolko until the plantations reach free-to-grow status.

January 1, 2016 is the start of a new 5-year cut control period that will allow another 154,500 m<sup>3</sup> of logging up to the end of 2020. Log markets had been fairly strong in 2014 but declined in 2015 due mainly to a softening of demand from China. Log market forecasts for late 2015 and beyond see the US market continuing to rise slowly, with Japan steady and the probability that the market to China will again climb. If the market behaves this way and interest rates don't rise much, then log prices are forecast to be reasonable.

Discussions have been held to determine a preferred management model for the CLCCF for 2016 and beyond. Options range from hiring staff for the CLCCF to conduct many core management, professional, technical, supervisory and clerical tasks, or to engage another company to provide most of the management services or a combination of staffing and use of consultants. However, no decisions have been made at this point and are not anticipated to be made until a significant amount of planning and information data has been gathered. This would then allow a more accurate look at the longer-term sustainable, strategic and financial plan for the whole operation, which would help form the basis for making appropriate management model decisions.

In the meantime, the General Manager, who started in May 2015, will continue on a part-time basis providing overall guidance as well as oversight to the consulting planning and inventory projects currently being done.

9. Past and Current Strategic Direction: previous Boards up to November 2014 realized there was little seed money to start operations with, whether it be for management, inventories or for road/logging and other operations. They desired to establish the CLCCF in a matter that enabled future proper management and establish some funding for future projects. With this in mind, they formulated a successful strategy of having a RFP for tenure management, logging and log purchase. The successful proponent was Tolko Industries and operations commenced in 2013 as planned in some of the most accessible, better timber areas of the CLCCF.

While this initial strategy did create net revenue, it was recognized that it would not be sustainable to carry on with harvesting the easiest areas beyond about the initial 3-5 year period. In early

2015, a strategy was developed to use some of the existing net revenue to determine the knowledge gaps and work to address them prior to doing any more logging in 2016 or beyond.

The following sections detail the projects which are currently underway to address the current knowledge, planning and permitting gaps. Once these projects are complete, it is envisaged that the CLCCF can then formulate a more accurate sustainable (physical, environmental and financial) strategic plan for future operations.

#### 10. Inventories and Analyses Done Recently or Currently Being Done:

- a. LIDAR (remote sensing laser technology): Chartwell Consultants have recently completed a LIDAR project covering the entire CLCCF operation. The results include very accurate digital terrain modeling and tree height information for the operation. This information will be quite valuable for use in future forest engineering, planning and inventory projects by both increasing the accuracy of these projects and producing more efficient and cost-effective results. Cost is about \$68,000.
- b. Vegetation Resources Inventory and Terrestrial Ecosystem Mapping: a RFP process concluded on August 21, 2015 which resulted in Ecora Engineering and Resource Group Ltd. being awarded a contract to update and upgrade the Vegetation Resources Inventory and the Terrestrial Ecosystem Inventory for the community forest. The existing information for both products is outdated, below standard and not producing accurate enough information. The value of the contract is about \$161,000 and the work is anticipated to be complete by mid-2016.

#### 11. Planning for Future Harvest Activities:

- a. Forest Engineering and Planning: a RFP process concluded on August 21, 2015 which resulted in Cascadia Environmental Services Ltd. being awarded a contract to conduct significant forest engineering, reconnaissance and planning work for the community forest. This is required to be able to produce a longer-term sustainable logging plan with options and accurate information on access costs, logging methods, timber type and value and budget information. The new LIDAR information will be used extensively for efficiency and accuracy for this work. This work will also involve producing additional cutting permit areas for future logging as well as looking into the potential for a more efficient single cutting permit system. This is a two-year contract with the value over the next year being about \$122,000.
- b. The CLCCF will purchase some excess engineering reconnaissance and planning information from Tolko when their contract expires, that is surplus to the Tolko contract obligations. The amount purchased depends on what the actual 2015 harvest turns out to be but currently the budget shows \$34,500 for this.

Summary: Assuming the current planned logging and projects mentioned above are completed as forecast, by mid-2016 it is foreseen that the CLCCF will have net cash assets of > \$500,000, modern timber and ecosystem mapping inventories, full LIDAR inventory, multiple years of forest engineering reconnaissance, areas permitted for logging and more accurate budget figures for future operational access and development. All these should help ensure that the CLCCF is well poised to have a long-term sustainable strategic plan for the future.