

**Cascade Lower Canyon  
Community Forest  
Limited Partnership  
Non-Consolidated Financial Statements**  
*March 31, 2016*

**Cascade Lower Canyon Community Forest  
Limited Partnership  
Contents**

*For the year ended March 31, 2016*

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**Page**

**Management's Responsibility**

**Independent Auditors' Report**

**Non-Consolidated Financial Statements**

Non-Consolidated Statement of Financial Position.....	1
Non-Consolidated Statement of Operations and Partners' Capital.....	2
Non-Consolidated Statement of Change in Net Financial Assets.....	3
Non-Consolidated Statement of Cash Flows.....	4
<b>Notes to the Non-Consolidated Financial Statements.....</b>	<b>5</b>

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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 Board 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.

June 20, 2016

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Director - District of Hope

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Director - Fraser Valley Regional District

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Director - Yale First Nation

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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, 2016, and the 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 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 financial non-consolidated 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 financial position of Cascade Lower Canyon Community Forest Limited Partnership as at March 31, 2016 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

June 20, 2016

*MNP LLP*

Chartered Professional Accountants

**Cascade Lower Canyon Community Forest  
Limited Partnership**  
**Non-Consolidated Statement of Financial Position**  
*As at March 31, 2016*

	2016	2015
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<b>Financial assets</b>		
Cash	1,176,721	421,233
Accounts receivable	2,080	123,298
Due from Cascade Lower Canyon Community Forest General Partner Corp. (Note 3)	3,827	2,462
	<hr/>	<hr/>
	1,182,628	546,993
 <b>Liabilities</b>		
Accounts payable and accruals (Note 4)	94,979	16,400
	<hr/>	<hr/>
<b>Net financial assets</b>	1,087,649	530,593
 <b>Non-financial assets</b>		
<b>Total non-financial assets</b>	-	-
	<hr/>	<hr/>
<b>Partners' capital (Note 7)</b>	1,087,649	530,593
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Approved on behalf of the Board

	Director - District of Hope			Director - Fraser Valley Regional District
	Director - Yale First Nation			

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

**Cascade Lower Canyon Community Forest  
Limited Partnership**  
**Non-Consolidated Statement of Operations and Partners' Capital**  
*For the year ended March 31, 2016*

	<b>2016 Budget</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Logging revenue	663,360	860,906	429,925
Interest income	-	639	249
	<b>663,360</b>	<b>861,545</b>	<b>430,174</b>
<b>Expenses</b>			
Advertising	4,000	2,356	975
Contracted services	369,500	175,012	16,538
Donations	-	1,429	-
Management fees	98,000	71,272	-
Miscellaneous	50,000	-	-
Insurance	3,000	1,244	1,234
Land rent	11,400	9,146	2,287
Memberships	6,500	6,210	-
Office supplies and expenses	15,600	4,828	1,309
Repairs and maintenance	23,500	20,704	-
Professional fees	15,000	9,601	10,289
Rent	2,400	580	2,900
Silviculture, intensive forestry	10,000	-	-
Telephone and website	-	-	7,311
Travel	5,300	2,107	-
	<b>614,200</b>	<b>304,489</b>	<b>42,843</b>
<b>Operating surplus before transactions with partners</b>	<b>49,160</b>	<b>557,056</b>	<b>387,331</b>
<b>Transactions with partners</b>			
Allowable expenses of the general partner	-	-	(937)
<b>Operating surplus</b>	<b>49,160</b>	<b>557,056</b>	<b>386,394</b>
<b>Partners' capital, beginning of year</b>	<b>-</b>	<b>530,593</b>	<b>144,199</b>
<b>Partners' capital, end of year</b>	<b>49,160</b>	<b>1,087,649</b>	<b>530,593</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, 2016*

	<b>2016 Budget</b>	<b>2016</b>	<b>2015</b>
<b>Operating surplus</b>	<b>49,160</b>	<b>557,056</b>	386,394
<b>Net financial assets, beginning of year</b>	<b>530,594</b>	<b>530,593</b>	144,199
<b>Net financial assets, end of year</b>	<b>579,754</b>	<b>1,087,649</b>	530,593

*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, 2016*

	<b>2016</b>	<b>2015</b>
<hr/>		
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Operating surplus	557,056	386,394
Changes in working capital accounts		
Accounts receivable	121,218	(89,711)
Accounts payable and accruals	78,580	(3,913)
Due from General Partner Corporation	(1,366)	170,963
Grants payable	-	(42,500)
<hr/>		
<b>Increase in cash resources</b>	<b>755,488</b>	<b>421,233</b>
<b>Cash resources, beginning of year</b>	<b>421,233</b>	<b>-</b>
<hr/>		
<b>Cash resources, end of year</b>	<b>1,176,721</b>	<b>421,233</b>
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*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, 2016*

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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 a logging contractor. The Partnership's 20% share of revenue from the contractor's 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.

### 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.

**Cascade Lower Canyon Community Forest  
Limited Partnership**  
**Notes to the Non-Consolidated Financial Statements**  
*For the year ended March 31, 2016*

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**4. Accounts payable and accruals**

Included in accounts payable and accruals are government remittances of \$35,202 (2015 - \$5,612) relating to GST.

**5. 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 a logging contractor on the lands granted to the Partnership by the BC Ministry of Forests.

**6. 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 August 12, 2015.

**7. Partners' capital**

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

	<b>2016</b>	<b>2015</b>
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Cascade Lower Canyon Community Forest General Partner Corp.		
Balance, beginning of year	(340)	(352)
Share of income	18	11
	<hr/>	<hr/>
	<b>(322)</b>	<b>(341)</b>
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District of Hope		
Balance, beginning of year	175,978	47,184
Share of income	185,679	128,794
	<hr/>	<hr/>
	<b>361,657</b>	<b>175,978</b>
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Fraser Valley Regional District		
Balance, beginning of year	178,978	50,184
Share of income	185,679	128,794
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	<b>364,657</b>	<b>178,978</b>
<hr/>		
Yale First Nation		
Balance, beginning of year	175,978	47,184
Share of income	185,679	128,794
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	<b>361,657</b>	<b>175,978</b>
	<hr/>	<hr/>
	<b>1,087,649</b>	<b>530,593</b>

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