

Management's Responsibility

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

Director - District of Hope

Director - Fraser Valley Regional District

Director - Yale First Nation

Independent Auditors' Report

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
Financial assets		
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
	1,182,628	546,993
Liabilities		
Accounts payable and accruals (Note 4)	94,979	16,400
	1,087,649	530,593
Net financial assets		
	1,087,649	530,593
Non-financial assets		
Total non-financial assets	-	-
	1,087,649	530,593
Partners' capital (Note 7)		
	1,087,649	530,593

Approved on behalf of the Board

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

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

	2016 Budget	2016	2015
Revenue			
Logging revenue	663,360	860,906	429,925
Interest income	-	639	249
	663,360	861,545	430,174
Expenses			
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	-
	614,200	304,489	42,843
Operating surplus before transactions with partners	49,160	557,056	387,331
Transactions with partners			
Allowable expenses of the general partner	-	-	(937)
Operating surplus to be allocated to partners	49,160	557,056	386,394
Partners' capital, beginning of year	-	530,593	144,199
Partners' capital, end of year	49,160	1,087,649	530,593

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

	2016 Budget	2016	2015
Operating surplus to be allocated to partners	49,160	557,056	386,394
Net financial assets, beginning of year	530,594	530,593	144,199
Net financial assets, end of year	579,754	1,087,649	530,593

The accompanying notes are an integral part of these financial statements