



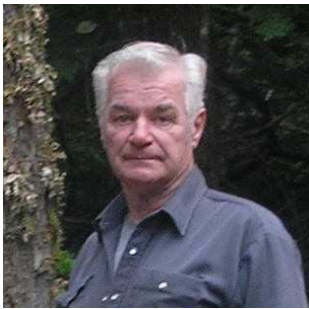
2016 ANNUAL REPORT

Presented at the Annual General Meeting,
March 29, 2017.

President's Report

I am very pleased to present the 2016 Annual Report for Bella Coola Community Forest Ltd.

Although it may not have seemed like it here in the valley, 2016 was actually our busiest year ever and our



contractors logged over 36,000 m³. 2016 was also noteworthy in that we worked out a contract with Nuxalk Forestry LP to manage their logging at Camp 2 Bay in South Bentinck where over 33,000 m³ were logged. This

project generated a lot of local employment and revenue; however, it was a drain on our local capacity and so only 3,544 m³ were logged on the Bella Coola Community Forest. This was not enough to cover our fixed costs, resulting in a net loss of \$45,290 for the year. Despite this, the Board strongly feels that the year was a success as the broader community benefited greatly from the economic activity and the employment generated.

- Highlights (2016 includes Camp 2 Bay)

	2016	2015	2014
Employment – md	2488	1,725	1448
local	95%	88%	97%
Harvest – m ³	36,904	21,337	12,627
Local sales – m ³	954	1,708	894
Area harvested - ha	59.0	44.5	21.3
Roads built -km	4.3	3.7	0.4
Maintained -km	27.7	30	29
Trees planted	54,360	26,295	21,100
Gov' Fees & tax -	\$25,959	\$99,410	\$103,717
Contractor Pay - \$	2.25 mil	1.90 mil	1.66 mil
Local	85%	71%	80%

The logging that was done on the Bella Coola Community Forest was block NUS 15 in the East Nusatsum. We didn't finish this block and so that is where we will start in spring 2017.

Other noteworthy events were the refurbishment of the booming ground in front of the dry land sort at Clayton Falls and the purchase of a property in Hagensborg that will serve as the home for the community forest. Currently, the office is housed in the existing trailer home, but the goal is to build a permanent structure that will feature community forest wood and local building talent.

Looking ahead, 2017 looks promising and we expect our crews will be back at work as soon as snow conditions allow. The US housing market continues to improve and the demand for cedar remains strong. However, impending Softwood Lumber Agreement duties and their effect on log prices is cause for some concern. Meanwhile, Asian markets are improving and a low Canadian dollar may offset any duty headwinds.

On behalf of the Directors, thank you for your continued support as we work for economic development in Bella Coola.

Oran Hoppe, President



BCCFL Board of Directors

The Board is very much involved in directing the management of the Community Forest. The 2016/17 Board consisted of Oran Hoppe, President; Troy Gurr, VP; Ron Nygaard Treasurer, Ed Willson, Rod Krimmer, Wayne Bittner and the Bella Coola Resource Society designated Director was Neil Osborne.

Operations

Safety & Environment: For the most part, 2016 was a safe year again on the Community Forest; however, there was one serious injury and incident when a hydraulic log loader caught fire and the operator broke his shin bone when he jumped from the machine. The injured worker was transported quickly to hospital and after several months of recuperation and therapy, the leg is healing well.

Safe Certification was retained in 2016 and there were no significant environmental issues to report.

Operations: Managing ‘in town and out of town’ operations was a logistical challenge in 2017. Crews traveled by boat to Camp 2 Bay everyday which made for long days. Most of the wood at Camp 2 Bay came from a very impressive second growth stand that was originally logged in 1910 era. There are areas there now that have 3rd generation saplings growing on it.



Next year’s operations will be in Noosgulch and Salloompt. Beyond that, we will be focusing on the area west of Noomst, on the south side of the Bella Coola River

towards Firvale and in Nookliklonic valley.

Silviculture: Over 54,000 trees were planted in 2016, which is a record for us. SAMS Outdoor Education class helped with some of it. The dry spring and summers in previous years have caused higher than usual mortality in our younger plantations. These under-stocked areas were also fill-planted in spring, 2016.



Community: It is clear that we need to

communicate and engage the community more regarding forest management and our activities. First step is to launch our website: bccfl.com. Please check it out and provide comments.



Summarized Financial Statement

The following summary is from the year-end financial report prepared by PMT Chartered Accountants.

Summarized Income and Retained Earnings

	Dec 31,	2016	2015
Revenue		\$2,412,437	\$2,811,437
Direct cost		2,248,508	2,328,557
Gross Profit		163,929	482,880
Gen Expense		224,123	137,911
Income from Ops		(60,194)	344,969
Other Income		8,707	14,055
Income Before Tax		(51,487)	330,914
Tax (recovered)		(6,197)	44,989
Net Income (loss)		(45,290)	285,925
Earnings start of year		258,634	(\$22,766)
Net Pd/Accrued divds		(41,912)	(4,525)
Retained earnings		<u>\$171,432</u>	<u>\$258,634</u>
End of year			

Summarized Balance Sheet

	Dec 31,	2016	2015
Current Assets		1,050,215	\$785,528
Other Assets		194,199	93,314
Assets		\$1,244,414	\$878,842
Current Liabilities		\$593,297	\$159,718
LT debt & liability		158,061	207,484
Liability		\$819,976	\$367,202
Share capital		253,006	253,006
Retained Earnings		171,432	258,634
Shareholder Equity		424,438	511,640
		\$1,244,414	\$878,842