



Forest Enhancement
Society of British Columbia

2020/21 Annual Service Plan Report



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Board Chair's Accountability Statement



The *Forest Enhancement Society 2020/21 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2020/21 – 2022/23 Service Plan* created in February 2020. The Board is accountable for those results as reported.

A handwritten signature in blue ink that reads "Jim Snetsinger".

Jim Snetsinger
Chair, Board of Directors
June 5, 2021

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Letter from the Board Chair

This Report covers the Service Plan period April 1, 2020, to March 31, 2021.

I am pleased to share the work accomplished through the Forest Enhancement Society of BC (FESBC) in this report. In the fiscal year ending March 2021, FESBC delivered project work totalling \$77 million, making this our most active year since our inception in 2016. This included a significant increase to our expenditure target, and an additional \$3 million in new funding which was approved to support the Provinces' [Stronger BC for Everyone: B.C.'s Economic Recovery Plan](#) in response to the COVID-19 pandemic. This work was achieved while keeping forest worker safety as a paramount priority.

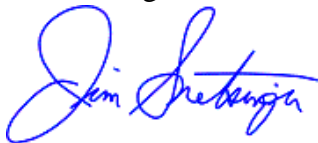
We are achieving Government's priorities established for FESBC related to the health of our forests, including:

- Increasing participation of Indigenous communities in the forest economy,
- Assisting with wildfire recovery efforts and risk reduction,
- Contributing to the achievement of greenhouse gas emission reduction targets,
- Improving habitat for wildlife,
- Improving the recovery of fibre, and
- Adding to the environmental sustainability of B.C.'s natural resources.

Now that FESBC funds are fully allocated, the focus for FESBC is to work with our partners and approved project holders to ensure the effective delivery of the projects in a manner consistent with the approved project timelines.

I want to thank the Government of B.C., FESBC Board of Directors, and the staff at FESBC for their enthusiastic commitment to our Society, which is key to the success of delivering significant benefits for British Columbians, now and for generations to come.

Jim Snetsinger



Chair, Board of Directors
Forest Enhancement Society of BC
June 6, 2021

Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed to meet the requirements of the [Budget Transparency and Accountability Act](#) (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown Corporation's Board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous year's Service Plan.

Purpose of the Organization

Established in 2016, FESBC is a non-profit society, with its enabling legislation under the [Societies Act](#).

The purpose of FESBC is to advance and advocate for the environmental and resource stewardship of British Columbia's forests by funding projects that:

- Prevent and mitigate the impact of wildfires,
- Improve damaged or low-value forests,
- Improve habitat for wildlife,
- Support the use of fibre from damaged and low-value forests, and
- Treat forests to improve the management of greenhouse gas (GHG) emissions.

FESBC provides funds to government agencies or third parties to implement projects and treatments on the land base, working closely with service delivery partners to ensure the implementation is timely, efficient, and provides value for money.

Strategic Direction

The strategic direction set by Government in 2017, and expanded upon in the Board Chair's [2019 Mandate Letter](#) from the Minister Responsible, shaped the goals, objectives, performance measures and financial plan outlined in the [2020/21 FESBC Service Plan](#) and actual results reported on in this annual report.

The global COVID-19 pandemic resulted in many shifts in priorities, structures and operations across the public sector. Any changes to FESBC goals, objectives, performance measures or financial plan to align with the strategic direction established by Government in late 2020 are presented in the 2021/22 Service Plan.

Operating Environment

In 2020/21, FESBC was focused on achieving the B.C. Government's priorities outlined in the [May 2019 Mandate Letter](#). FESBC's operations, which extend to all parts of the province, supported Government to deliver on two of the three key commitments: delivering the services that people count on and building a strong, sustainable economy that works for everyone.

The economic impacts of the COVID-19 pandemic were felt by many communities across B.C. in 2020/21. As requested by the Government, FESBC was able to support workers and communities impacted by COVID-19 by funding projects that helped meet the urgent need for fibre supply to secondary users such as pulp mills, pellet producers, and bio-energy facilities. These projects helped reduce GHG emissions by utilizing residual fibre that would otherwise have been burned. The FESBC response was instrumental in helping secondary fibre users with their fibre supply needs and supporting workers and communities.

Climate change continues to significantly influence wildfire activity in the province. As such, support for proactive fuel management treatments and [FireSmart](#) projects, which aim to mitigate the negative impact of wildfire on B.C. communities, continues to be priorities for the Board. Significant FESBC funding was allocated in 2020/21 to projects supporting wildfire recovery activities – primarily the reforestation of areas impacted by wildfires in 2017 and 2018.

Many Indigenous Nations and people seek greater participation in the forest sector economy and labour market, and this participation continued to be supported by FESBC this past year. In 2020/21 approximately 34% of active projects were either led by, or had significant involvement of, Indigenous peoples, enabling and supporting good-paying employment opportunities.

The \$238 million granted to FESBC to date is now fully committed. Therefore, FESBC's efforts are now focussed on successful project implementation and achievement of outcomes.

British Columbia's economy declined in 2020, as the negative impacts from the COVID-19 pandemic pushed economies all over the world into deep recessions. B.C.'s real GDP contraction of 3.8 per cent was the fourth smallest among provinces (behind Prince Edward Island, Nova Scotia, and New Brunswick). The decline in B.C.'s real GDP was almost entirely driven by service-producing industries, while goods-producing industries had modest declines. Output in the arts, entertainment and recreation, accommodation and food services and transportation were some of the main drivers of the decrease in the service sector. In B.C.'s goods producing sector declines in manufacturing and natural resources were partially offset by increases in the construction sector. Employment in B.C. decreased by 6.6 per cent in 2020. However, wages and salaries remained relatively stable compared to 2019 as low-wage workers accounted for the majority of job losses. Retail trade increased by 1.3 per cent in 2020, while consumer prices increased by 0.8 percent. Residential construction activity slowed but remained relatively strong, with housing starts declining in 2020 after experiencing all-time highs in 2019. In contrast, after declining for three consecutive years home sales reached record levels in late 2020. On the external front, global international trade experienced significant disruptions as the pandemic

unfolded. B.C.'s international merchandise exports contracted in 2020 reflecting a combination of weaker global demand and lower commodity prices.

Report on Performance

In 2020/21, a high priority for FESBC was to increase and accelerate the delivery of high-value forest enhancement projects to help support the Province's economic stimulus and recovery initiatives.

In early 2020 FESBC received government approval to increase planned delivery targets in 2020/21 by approximately 20% to address extra tree planting costs related to COVID-19, as well as to contribute to post COVID-19 economic recovery. In addition, \$3 million in new funding was approved in Fall of 2020 to support the Province's [Stronger BC for Everyone: B.C.'s Economic Recovery Plan](#), which enabled the approval of 14 new fibre recovery projects targeted to support immediate opportunities for utilization of secondary fibre and to support employment in rural communities impacted by the downturn in the forest sector. Expedient implementation by FESBC allowed proponents to immediately utilize forest fibre that otherwise would have been slash burned—thus avoiding GHG emissions. These projects resulted in the utilization of 200,000 cubic meters of secondary fibre, avoided carbon emissions, and helped create and maintain employment and support community stability.

The total value of all project activity completions on the ground in 2020/21 was \$77.3 million, compared to \$58.2 million in 2019/20, \$25.4 million in 2018/19, \$9.6 million in 2017/18 and \$1.1 million in 2016/17. In 2020/21, overall project expenditures were \$12.6 million more than budgeted in the 2020/21 – 2022/23 Service Plan, due to reasons outlined above.

Other 2020/21 FESBC highlights include:

- Approximately 34% of the active projects funded by FESBC were led by First Nations proponents or had significant First Nations participation,
- FESBC funding resulted in the completion of projects enabling over 40 communities (incorporated, unincorporated, Indigenous, mountain resorts) to reduce wildfire risks to their citizens, infrastructure, residential homes and commercial investments,
- Carbon sequestration projects funded by FESBC resulted in the planting of approximately 27.2 million trees,
- Future timber supply was improved through the fertilization of approximately 1,000 hectares,
- Approximately 1,200 hectares of low value forest land was improved through activities to support stand rehabilitation and growth,
- A continued partnership with the Habitat Conservation Trust Foundation to improve wildlife habitat,
- Revision and enhancement of the FESBC website content including an interactive map of project location and activities,

- Together with project partners and the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRORD), communicated the benefits of many projects to the public through 1077 (January 1 to December 31, 2020) mentions in the media province-wide ranging from stories in newsprint, radio, television, blogs, and social media.
- Zero reported safety incidents related to FESBC projects.

As of March 31, 2021, FESBC had approved 269 projects (completed and active) valued at \$238 million, including contingencies, since inception.

FESBC Priorities	Number of Projects	Committed (\$ millions)
Wildfire Risk Reduction	124	\$57.9
Improving Low Value Forests	31	\$23.9
Wildlife Habitat Improvement	15	\$8.4
Supporting the Use of Fibre	25	\$7.2
Forest Carbon Initiatives (including enhanced fibre utilization)	74	\$139.1
Contingency	-	\$1.5
TOTAL	269	\$238.0

Goal 1: Prevent and Mitigate the Impact of Wildfire

Fire is a natural and essential ecological process in British Columbia’s forests. Balancing the potential benefits with the inherent risks of wildfire is becoming increasingly challenging, especially in light of climate change. FESBC works collaboratively with Provincial agencies, local governments, First Nations, and rural communities to support both risk reduction and mitigation activities associated with wildfires.

Objective 1.1: Enhance wildfire risk reduction activities for B.C. communities and improve ecosystem resiliency

Key Highlights

- Funded 69 wildfire risk reduction projects, of which 18 were completed, and reduced wildfire risk on approximately 3,900 hectares of forest adjacent to communities and high value infrastructure.
- As a member of the BC FireSmart Committee, FESBC supported the expansion and delivery of the FireSmart program for 190 local governments (including 162 municipalities and 28 regional districts) and 208 First Nations communities across the

province. In 2020/21, over 63,000 FireSmart informational items were distributed from website orders, including 38,000 BC “FireSmart Begins at Home” manuals.

- Enabled approximately 40 communities to conduct wildfire risk reduction treatments in adjacent forested areas, reducing wildfire risks to their citizens, civic infrastructure, residential homes, and commercial investments.

Performance Measure(s)	2019/20 Actuals	2020/21 Target ¹	2020/21 Actuals ²	2021/22 Target ¹	2022/23 Target ¹
1.1a Priority area of fuel management treatments completed (hectares)	2,617 ha	3,300 ha	3,900 ha	2,200 ha	1,900 ha
1.1b Number of higher risk communities with wildfire risk reduction treatments	37	30	40	7	9

Data source: PwC financial data, FESBC Information Management System (FESIMS) Data, and FESBC Staff Input

¹ Targets were determined based on annual review of spending plans and experienced actual costs at time of Service Plan development. Targets assumed an average cost of \$5,000 per hectare.

² 2020/21 Actuals are based on fiscal year end financials and average experienced costs of \$3,100 per hectare.

Note: Targets for 2021/22 and 2022/23 have been revised in the [2021/22 Service Plan](#)

Discussion of Results

Due to the severe wildfire seasons in 2017 and 2018, there was an increased desire by B.C. communities to initiate activities that would reduce wildfire risks and protect citizens, residences, commercial values, civic infrastructure, cultural features, recreational opportunities, wildlife habitat, and emergency evacuation routes. As such, fuel management treatment projects focussed on interface areas adjacent those values continued to be a priority for FESBC.

In 2020/21 FESBC exceeded the performance target, with 3,900 hectares of priority fuel management treatments completed. There was a reduction in the availability of work crews to conduct manual treatments due to COVID-19 impacts and guidelines. However, the increase in amount and efficiency of mechanized treatments helped to reduce the overall unit costs for wildfire risk reduction treatments and resulted in more area being treated. It is anticipated that unit costs will continue to decrease as treatments become more efficient and equipment operator experience increases.

In addition, FESBC continued active collaboration as a member of the BC FireSmart Committee and in the implementation of the [Community Resiliency Initiative](#) (CRI) administered by the Union of BC Municipalities (UBCM) to mitigate wildfire threats around communities.

Goal 2: Improve Damaged or Low-Value Forests

The impacts of catastrophic disturbances and the resulting losses to timber supply are reducing the overall forest asset value in the province. FESBC supports collaborative initiatives that will ultimately improve damaged, low-value forests for the long-term lasting benefit of British Columbians.

Objective 2.1: Improve sustainable and reliable timber supply

Key Highlights

- Supported 15 stand improvement projects across the province, including in the Skeena, Cariboo-Chilcotin, Thompson Okanagan, Northeast, and West Coast regions.
- Completed several projects, focussed on rehabilitation of large areas of wildfire and mountain pine beetle-killed stands in the Cariboo and Omineca regions.
- Improved the potential growth of overly dense hemlock and amabilis fir stands in the Skeena region near Terrace, B.C. by thinning to appropriate residual densities. This will help bring these stands to a merchantable size sooner, improving the mid-term timber supply in the area.

Performance Measure(s)	2019/20 Actuals	2020/21 Target ¹	2020/21 Actuals ²	2021/22 Target ¹	2022/23 Target ¹
2.1 Area (hectares) of low-value and damaged forest enhanced through FESBC-funded projects	1,597 ha	900 ha	1,210 ha	1,300 ha	1,000 ha

Data source: PwC financial data, FESIMS Data, and FESBC Staff Input

¹ Targets were determined based on financial forecasts and spending plans at time of Service Plan development and an estimated average cost of \$4,000 per hectare.

² 2020/21 Actuals are based on data associated with current year project activities at an average experienced cost of \$3,200 per hectare and year end financials

Note: Targets for 2021/22 and 2022/23 have been revised in the [2021/22 Service Plan](#)

Discussion of Results

This performance measure demonstrates how FESBC supports the implementation of projects that improve low-value and damaged forests throughout the interior of B.C. and assists in the revitalization of B.C.'s forests. These damaged or currently low-value forest areas are important for rural sustainability and require intensive forest management activities and investments to realize their maximum benefit.

In 2020/21, FESBC-funded projects supported a variety of forest management activities and investments to improve damaged or low-value forests including the salvage harvesting of mountain pine beetle and fire-impacted stands, spacing of second growth stands and riparian restoration.

FESBC exceeded the target for 2020/21 as a result of accelerated activity, however the spend was less than forecasted due to lower average per unit costs across the spectrum of activities completed.

Goal 3: Improve Habitat for Wildlife

British Columbia’s wildlife is diverse and abundant. Some wildlife populations and their habitats, however, are in decline due to factors such as habitat loss, increasing human population, resource development, and climate change. Many of the forest enhancement projects funded by FESBC achieve multiple purposes, including wildlife habitat improvement. In addition, FESBC identifies and acts on targeted opportunities to improve wildlife populations and their habitat when funding projects of organizations with wildlife management expertise.

Objective 3.1: Improve terrestrial wildlife habitat and populations

Key Highlights

- Co-funded 36 projects with the Habitat Conservation Trust Fund (HCTF) aimed at enhancing the habitat of threatened or at-risk species in British Columbia. These co-funded projects, located across all regions of the province, helped support the enhancement of wildlife habitat for a multitude of species.
- Directly supported three additional projects focussed on habitat improvement work in Haida Gwaii, and in the Cariboo region.

Performance Measure(s)	2019/20 Actuals ²	2020/21 Target ¹	2020/21 Actuals ²	2021/22 Target ¹	2022/23 Target ¹
3.1 Funding allocated for improving wildlife populations and their habitat	\$1.4 Million	\$2.0 Million	\$3.0 Million	\$1.0 Million	\$0.7 Million

Data Source: PwC financial data, HCTF financial data, and FESIMS data

¹ Targets are determined based on anticipated HCTF project cost projections, FESBC financial forecasts, and spending plans at time of Service Plan development.

² Actuals are based on HCTF fiscal year expenditure reports and FESBC year end financial reports.

Note: Targets for 2021/22 and 2022/23 have been revised in the [2021/22 Service Plan](#)

Discussion of Results

FESBC improves wildlife populations and their habitat in B.C.’s forests by partnering with the HCTF on a wide range of projects that provide multiple benefits towards the enhancement of wildlife habitat in British Columbia. The HCTF and FESBC have a shared objective in the enhancement of wildlife habitat in British Columbia and both organizations provide funding to third parties to help achieve this shared objective.

In 2020/21, 39 projects were funded across all regions of the province which enhanced the habitat for a variety of species at risk including Goshawk and Roosevelt Elk (southwestern B.C.), Bighorn Sheep and Grizzly bear (central B.C.), Lynx and Caribou (northeastern B.C). FESBC commits to an amount of funding each year to HCTF to co-fund project delivery, and as such results for this measure are dependant on actual spending by HCTF project proponents.

Performance measure targets were exceeded by \$1 million primarily as a result of more project work being completed than anticipated.

Goal 4: Support the Use of Fibre from Damaged or Low-Value Forests

Supporting the use of post-harvest fibre can help reduce GHG emissions, encourage job opportunities for forest workers in rural economies, and promote economic innovation and diversification.

Objective 4.1: Encourage diverse and innovative utilization of fibre to support employment and reduce GHG emissions

Many fibre recovery projects will result in net GHG reductions by 2030 and 2050 and therefore are eligible for carbon funding under Goal 5. However, fibre recovery projects that don't meet the threshold requirements under Goal 5 are accounted for under Goal 4.

Key Highlights

- Supported 19 active projects that utilized residual fibre which would otherwise have been burned. The fibre utilized was bio-energy fibre (wood pellets and hog fuel for generation of electricity), and pulp for use in various products including longer lasting products such as cement-board siding for residential homes.
- Fully delivered an incremental \$3 million funding allocation in the last three months of the fiscal year to increase fibre utilization and support jobs in B.C.

Performance Measure(s)	2019/20 Actuals	2020/21 Target ¹	2020/21 Actuals ²	2021/22 Target ¹	2022/23 Target ¹
4.1 Volume of residual fibre utilized	185,141 m ³	100,000 m ³	387,747 m ³	-	-

Data Source: PwC financial data, FESIMS Data, and FESBC Staff Input

¹ Targets were determined based on financial forecasts and spending plans at time of Service Plan development and an estimated average cost of \$14/m³ of delivered fibre.

² 2020/21 Actuals are based on data associated with fiscal year project activities with an average experienced cost of \$17.46/m³

Note: Targets for 2021/22 and 2022/23 have been revised in the [2021/22 Service Plan](#)

Discussion of Results

To support communities and encourage diverse and innovative economies throughout B.C., FESBC supports the implementation of fibre recovery and utilization within feasible projects throughout the province. This performance measure tracks the volume of fibre utilized through those activities.

In 2020/21, FESBC projects supported utilization of approximately 388,000 m³ of residual fibre that would have otherwise been burned, resulting in benefits such as the reduction of residual wood pile burning, increased bio-energy production, employment creation and displacement of fossil fuel use.

FESBC exceeded its target in 2020/21 due to an acceleration of activity in existing projects, and the ability to fund new projects through the additional \$3 million provided by [Stronger BC for Everyone: B.C.'s Economic Recovery Plan](#). These funds targeted projects for the purpose of fibre recovery to support employment and secondary fibre users such as pulp mills, and bio-energy facilities.

Goal 5: Treat Forests to Improve the Management of GHG Emissions

British Columbia has vast forests that can be used to help sequester carbon and reduce GHG emissions to help mitigate climate change. As trees absorb and store carbon as they grow, forests can positively affect atmospheric concentrations of carbon dioxide and other greenhouse gases that are factors in causing the climate to change. Maximizing carbon sequestration through forest management practices can offset or displace the impact of GHG emissions resulting from fossil fuels.

Objective 5.1: Sequester atmospheric carbon and reduce emissions from forest activities

Key Highlights

- In collaboration with Indigenous communities, completed significant reforestation of wildfire damaged areas throughout B.C. FESBC funded the planting of 27.2 million trees on approximately 17,800 hectares.
- Fertilized approximately 1,000 hectares of forest land to improve tree productivity which helps to sequester carbon through increased utilization of carbon dioxide.
- Supported the utilization of approximately 1,696,000 m³ of uneconomic residual fibre that would otherwise have been burned.

Performance Measure(s)	2019/20 Actuals	2020/21 Target ¹	2020/21 Actuals ²	2021/22 Target ¹	2022/23 Target ¹
5.1a Hectares (ha) treated to enhance forest carbon sequestration	18,475 ha	20,000 ha	18,800 ha	4,000 ha	18,000 ha

Data Source: PwC financial data, FESIMS Data, and FESBC Staff Input

¹ Targets were determined based on financial forecasts and spending plans at time of Service Plan development and estimated average costs of \$1,200 per hectare planting costs for 2020/21 and 2021/22, and \$500 per hectare for fertilization.

² Actuals are based on reported data associated with completed fiscal year project activities.

Note: Targets for 2021/22 and 2022/23 have been revised in the [2021/22 Service Plan](#)

Performance Measure(s)	2019/20 Actuals	2020/21 Target ¹	2020/21 Actuals ²	2021/22 Target ¹	2022/23 Target ¹
5.1b Enhanced utilization of cubic meters (m ³) of roadside fibre to avoid forest carbon emissions	864,660 m ³	1,055,000 m ³	1,696,000 m ³	1,310,000 m ³	170,000 m ³

Data Source: PwC financial data, FESIMS Data, and FESBC Staff Input

¹ Targets were determined based on financial forecasts and spending plans at time of Service Plan development and assumed an estimated average cost of \$14.00/m³ of delivered fibre for future years.

² 2020/21 Actuals are based on year end financials and data associated with current year project activities with an average experienced cost of \$11.33/m³ of delivered fibre.

Note: Targets for 2021/22 and 2022/23 have been revised in the [2021/22 Service Plan](#)

Performance Measure(s)	2019/20 Actuals	2020/21 Target ¹	2020/21 Actuals ²	2021/22 Target ¹	2022/23 Target ¹
5.1c Number of trees planted (in ground) by the end of fiscal year.	10.4 million	26.4 million	27.2 million	7.9 million	31.8 million

Data Source: PwC financial data, FESIMS Data, and FESBC Staff Input

¹ Targets were determined from proponent information provided in FESIMS for planned activities at the time of service plan development.

² Actuals are based on year end financials and data associated with completed fiscal year project activities.

Note: Targets for 2021/22 and 2022/23 have been revised in the [2021/22 Service Plan](#)

Discussion of Results

Working with FLNRORD carbon experts, FESBC is committed to taking action on climate change. In 2020/21, FESBC engaged in projects designed to identify and capture opportunities to sequester future forest carbon and reduce GHG emissions. These actions are in alignment with the provincial [Forest Carbon Initiative](#), and [CleanBC](#).

Performance measure 5.1a tracks a combination of area that was fertilized and area that was reforested. In 2020/21, 1,000 hectares were fertilized, and 17,800 hectares were reforested as a result of FESBC funded projects, achieving 92.5% of the target for this performance measure. Many benefits resulted from this work including soil stabilization, water quality improvement and habitat enhancement. In addition, employment and socioeconomic benefits were realized

with local contractors being employed in communities adjacent to or within areas impacted by catastrophic wildfires in 2017 and 2018.

The variance between targets and actuals for performance measure 5.1a was largely due to higher unit costs for reforestation, a result of increased costs to account for extraordinary measures to address COVID-19 protocols and guidelines and higher than anticipated planting densities. Performance measure 5.1c shows the number of trees planted on the reforestation area (17,800 ha) component of 5.1a.

Performance measure 5.1b significantly exceeded its target due to an increase in budget and a lower than anticipated unit cost per cubic metre of fibre utilized. The COVID-19 disruptions in the forest sector in 2020 resulted in closures and curtailments in the sawmill sector, which in turn impacted the availability of mill residuals for secondary users such as pulp mills, pellet producers, and bio-energy facilities. As a result, a need quickly emerged for increased recovery of uneconomic fibre from the woods that would otherwise have been burned, and FESBC adapted to meet this demand. This increase in activity was instrumental in helping secondary fibre users with their fibre supply needs and helped maintain employment in the forest sector.

Financial Report

For the auditor's report and audited financial statements, [see Appendix B](#).

Discussion of Results

FESBC's revenue recognition policy is set out in the attached financial statements and is linked to expenditures.

Grant expenditures increased \$19.1 million, or 33%, over the prior fiscal year, consistent with planned and approved project activity. These expenditures were 19.45% over the 2020/21-2022/23 Service Plan budget, but lower than the revised budget reflecting additional spending authorizations during the year.

Administration expenditures increased 2% over the prior year and were 3% below budget.

Financial Summary

(\$000)	2019/20 Actual	2020/21 Budget	2020/21 Actual	2020/21 Variance
Revenue				
Contribution from Province	58,150	64,680	77,260	12,580
Other Income & Recoveries	2,744	2,888	2,797	(91)
Total Revenue	60,894	67,568	80,057	12,489
Expenses				
Grants	58,150	64,680	77,260	12,580
Administration	2,719	2,862	2,778	(84)
Capital Asset Amortization	25	26	19	(7)
Total Expenses	60,894	67,568	80,057	12,489
Net Income	0	0	0	0
Total Liabilities	150,646	87,474	83,593	(3,881)
Capital Expenditures	41	0	0	0
Accumulated Surplus	0	0	0	0

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.

Note 2: 2020/21 expenses include purchases from the Province for project delivery (Grants - \$20,406) and seconded employees (Administration - \$416)

Variance and Trend Analysis

During the year additional expenditures were authorized on two occasions. Firstly, a reallocation by government of FESBC spending targets from fiscal year 2022/23 to fiscal years 2020/21 and 2021/22, to address COVID-19 related project delivery costs and contribute to post-COVID-19 economic recovery, increased the 2020/21 spending target to \$79 million. Secondly, \$3 million additional funding was agreed upon under the Province's [Stronger BC for Everyone: BC's Economic Recovery Plan](#). These authorizations added \$14.4 million to the 2020/21 budget.

Grant expenditures and corresponding revenue recognition increased \$12.58 million over budget. Spending changes and drivers of these changes by goal are as follows:

- Wildfire risk reduction costs were \$4.2 million below the original budget and \$7.2 million below the increased budget due to lower than expected per hectare treatment costs.
- Lower than expected per hectare treatment costs, combined with an increase in activity over the original plan to support post Covid-19 economic recovery to improve damaged or low-value forest resulted in expenditures of about 4% over original budget for this goal and \$2 million below the increased budget.
- Wildlife habitat improvement costs were \$1 million over the original and increased budgets.
- Market driven demand for fibre, as well as \$3 million in additional funding which was fully utilized for this purpose, resulted in increases of \$5.4 million and \$2.4 million respectively over the original and increased budgets, to support use of fibre from damaged or low-value forests.
- Spending on projects to treat forests to improve the management of GHG emissions increased \$10.3 million and \$4.5 million respectively over the original and increased budgets. The increases met revised targets to address COVID-19 related project delivery costs and contribute to post-COVID-19 economic recovery. The increased spending was also driven by demand for fibre in the pulp sector and offset by lower than anticipated per unit cost.

Administration expenses were below budget primarily due to reduced travel and meeting expenses as a result of pandemic related travel restrictions.

Risks and Uncertainties

FESBC project delivery can be affected by economic and environmental uncertainties affecting the forest sector. These are addressed, where possible, by being nimble and flexible so as to capitalize on the opportunities as they arise. Operations may also be affected by disasters such as wildfires. These are mitigated by planning and timing of projects and continual evaluation and adjustments to projects as required.

Investment income, a function of interest rates and funds on deposit, will decline as deferred contributions are utilized. Due to historically low interest rates and conservative investment practises, there is a very low risk of loss due to financial market impacts. FESBC operations beyond 2022/23 are subject to obtaining continued funding.

Appendix A: Additional Information

Organizational Overview

[FESBC Staff Information](#)

Corporate Governance

[FESBC Governance](#)

[FESBC Board of Directors Policy Manual](#)

Contact Information

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Appendix B: Auditor's Report and Audited Financial Statements

Financial Statements of

FOREST ENHANCEMENT SOCIETY OF BC

And Independent Auditors' Report thereon

Year ended March 31, 2021

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of Forest Enhancement Society of BC ("FESBC") are the responsibility of FESBC's management and have been prepared in compliance with legislation, and in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

FESBC's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Board meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by FESBC. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on FESBC's financial statements.



Steve Kozuki
Executive Director



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Forest Enhancement Society of BC, and
To the Minister of Forests, Land, Natural Resource Operations and Rural Development,
Province of British Columbia

Opinion

We have audited the financial statements of Forest Enhancement Society of BC (the "Society"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2021 of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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Forest Enhancement Society of BC

Emphasis of Matter – Financial Reporting Framework

We draw attention to note 1 to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



Forest Enhancement Society of BC

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the *Societies Act (British Columbia)*, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia have been applied on a basis consistent with that of the preceding year.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line.

Chartered Professional Accountants

Victoria, Canada
May 12, 2021

FOREST ENHANCEMENT SOCIETY OF BC

Statement of Financial Position

March 31, 2021, with comparative information for 2020

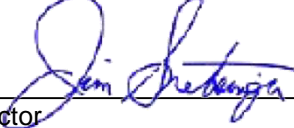
	2021	2020
Financial assets:		
Cash and cash equivalents (note 2)	\$ 79,998,486	\$ 132,292,329
Investments (note 3)	-	13,483,891
Accounts receivable (note 4)	73,659	113,057
	80,072,145	145,889,277
Liabilities:		
Accounts payable and accrued liabilities	11,300,298	3,668,142
Deferred contributions (note 5)	72,292,226	146,977,722
	83,592,524	150,645,864
Net debt	(3,520,379)	(4,756,587)
Non-financial assets:		
Tangible capital assets (note 6)	39,359	68,512
Prepaid expenses and grants (note 7)	3,481,020	4,688,075
	3,520,379	4,756,587
Commitments (note 10)		
Accumulated surplus	\$ -	\$ -

See accompanying notes to financial statements.

Approved by the Board:



 Director



 Director

FOREST ENHANCEMENT SOCIETY OF BC

Statement of Operations

Year ended March 31, 2021, with comparative information for 2020

	Budget (note 8)	2021	2020
Revenues:			
Deferred contributions recognized	\$ 82,948,000	\$ 80,050,428	\$ 60,893,287
Other	-	6,519	648
	82,948,000	80,056,947	60,893,935
Expenses:			
Amortization	25,992	18,704	25,301
Grants issued	80,000,000	77,259,843	58,150,322
Grant administration	1,725,000	1,704,796	1,589,840
Occupancy	53,508	50,058	50,799
Office and general	54,000	74,772	48,345
Professional fees	272,000	198,734	238,416
Salaries and benefits	692,996	700,186	688,538
Travel and transportation	124,504	49,854	102,374
	82,948,000	80,056,947	60,893,935
Annual surplus	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

FOREST ENHANCEMENT SOCIETY OF BC

Statement of Changes in Net Debt

Year ended March 31, 2021, with comparative information for 2020

	Budget (note 8)	2021	2020
Annual surplus	\$ -	\$ -	\$ -
Acquisition of tangible capital assets	-	-	(41,190)
Amortization of tangible capital assets	25,992	18,704	25,301
Proceeds on disposal of tangible capital assets	-	16,500	-
Gain on disposal of tangible capital assets	-	(6,051)	-
	25,992	29,153	(15,889)
Decrease (increase) of prepaid expenses	-	1,207,055	(3,313,748)
Change in net debt	25,992	1,236,208	(3,329,637)
Net debt, beginning of year	(4,756,587)	(4,756,587)	(1,426,950)
Net debt, end of year	\$ (4,730,595)	\$ (3,520,379)	\$ (4,756,587)

See accompanying notes to financial statements.

FOREST ENHANCEMENT SOCIETY OF BC

Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ -	\$ -
Items not involving cash:		
Amortization	18,704	25,301
Deferred contributions recognized	(80,050,428)	(60,893,287)
Gain on disposal of tangible capital assets	(6,051)	-
Changes in non-cash operating working capital		
Accounts receivable	39,398	(38,242)
Prepaid expenses	1,207,055	(3,313,748)
Accounts payable and accrued liabilities	7,632,156	(1,661,925)
Deferred contributions received	3,000,000	-
Interest earned on deferred contributions	2,364,932	4,502,888
	(65,794,234)	(61,379,013)
Capital activities:		
Purchase of tangible capital assets	-	(41,190)
Proceeds on disposal of tangible capital assets	16,500	-
	16,500	(41,190)
Investing activities:		
Investments matured	13,483,891	46,316,302
	13,483,891	46,316,302
Decrease in cash and cash equivalents	(52,293,843)	(15,103,901)
Cash and cash equivalents, beginning of year	132,292,329	147,396,230
Cash and cash equivalents, end of year	\$ 79,998,486	\$ 132,292,329

See accompanying notes to financial statements.

FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2021

Forest Enhancement Society of BC (“FESBC”) was incorporated on February 16, 2016 under the *Society Act* (British Columbia) and transitioned to the new *Societies Act* (British Columbia) on June 9, 2017. Its principal activity is to advance and advocate for the environmental and resource stewardship of BC’s forests.

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020 and has had a significant financial, market and social dislocating impact worldwide. There were no significant financial impacts to FESBC as at March 31, 2021, however, the ongoing impact of the pandemic presents uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have an impact on future operations in terms of investment income and the timing and amount of future grants. An estimate of the future financial effect is not practicable at this time.

1. Significant accounting policies:

(a) Basis of accounting:

The financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 198/2011 issued by the Province of British Columbia Treasury Board. The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 198/2011 requires that restricted contributions received or receivable other than for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset be treated as a deferred contribution and the associated liability reduced, and revenue recognized, in the fiscal period during which the stipulation or restriction the contribution is subject to is met.

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which requires that

- government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410;

FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2021

1. Significant accounting policies (continued):

(a) Basis of accounting (continued):

- externally restricted contributions be recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

As a result, revenue recognized in the statement of operations and deferred contributions would be recorded differently under Canadian Public Sector Accounting Standards.

(b) Revenue recognition:

Externally restricted contributions are recognized as revenue depending on the nature of the restrictions on the use of the funds by the contributors as described in note 1(a).

Investment income is reported in the period earned. When required by the funding party or related Act, investment income earned on deferred revenue is added to the deferred revenue balance.

(c) Deferred contributions:

Deferred contributions includes contributions received with stipulations that meet the description of restricted contributions in the Restricted Contributions Regulation 198/2011 issued by Treasury Board. When restrictions are met, deferred revenue is recognized as revenue in the fiscal period in a manner consistent with the circumstances and evidence used to support the initial recognition of the contributions received as a liability as detailed in note 1(a).

(d) Cash and cash equivalents:

Cash and cash equivalents include highly liquid investments with terms to maturity of three months or less at the date of purchase and redeemable investments.

(e) Investments:

Investments include fixed rate investments with maturity dates greater than three months at the time of acquisition. Investments are reported at cost plus accrued interest.

FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2021

1. Significant accounting policies (continued):

(f) Tangible capital assets:

Tangible capital assets acquired are recorded at cost which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Amortization is provided on a declining balance basis over the estimated useful life of the assets using the following annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Computer equipment	Declining balance	55%
Vehicles	Declining balance	30%
Telephones	Declining balance	20%
Leasehold improvements	Straight line	3 years

One-half of the annual rate is used in the year of acquisition.

Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of FESBC to provide services or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The write-downs are accounted for as expenses in the Statement of Operations. Intangible assets are not recorded as assets in these financial statements.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market and derivative contracts that are not designated in a qualifying hedging relationship are subsequently measured at fair value and all changes in the fair value are recognized in the statement of operations in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. FESBC has not elected to carry any financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2021

1. Significant accounting policies (continued):

(g) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal period if there are indicators of impairment. If there is an indicator of impairment, FESBC determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount FESBC expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(h) Use of estimates:

The preparation of financial statements 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 financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2. Cash and cash equivalents:

	2021	2020
Cash in bank	\$ 64,905,783	\$ 50,899,958
Redeemable Guaranteed Investment Certificate due February 22, 2021	2,178,732	80,241,096
Cash on deposit	12,913,971	1,151,275
	\$ 79,998,486	\$ 132,292,329

3. Investments:

Investments held in the prior year consisted of a Guaranteed Investment Certificate bearing interest at a rate of 2.18% with a maturity date of May 4, 2020.

FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2021

4. Accounts receivable:

	2021	2020
Accrued interest receivable	\$ 48,611	\$ 79,976
GST receivable	25,048	33,081
	\$ 73,659	\$ 113,057

5. Deferred contributions:

On March 31, 2016, the Province provided FESBC with a grant of \$85,000,000 to be used to further FESBC's purposes, aims, and objectives in collaboration with stakeholders, including the provincial government. On February 24, 2017, the Province provided FESBC with a further grant of \$150,000,000 for the same purpose.

On November 13, 2020 FESBC entered into an agreement for \$3,000,000 in funding provided under the Province's *Stronger BC for Everyone: BC's Economic Recovery Plan*. The agreement required repayment of contributions not spent by March 31, 2021. As of March 31, 2021, the funding had been fully expended on costs eligible under the agreement.

If any of the funds cannot be actively committed to achieving FESBC's stated purposes and objectives, they must be returned to the Province. The grants were recognized as deferred contributions and are used to fund the operating expenses and grants issued by FESBC. Interest earned on the grants is deferred and used to fund eligible expenses incurred by FESBC.

	2021	2020
Balance, beginning of year	\$ 146,977,722	\$ 203,368,121
Restricted interest income	2,364,932	4,502,888
Contributions received	3,000,000	-
Amount recognized as revenue in the year	(80,050,428)	(60,893,287)
Balance, end of year	\$ 72,292,226	\$ 146,977,722

FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2021

6. Tangible capital assets:

March 31, 2021	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 18,871	\$ 11,821	\$ 7,050
Computer equipment	16,257	14,602	1,655
Vehicles	57,121	26,815	30,306
Telephones	947	599	348
Leasehold improvements	15,072	15,072	-
	\$ 108,268	\$ 68,909	\$ 39,359

March 31, 2020	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 18,870	\$ 10,058	\$ 8,812
Computer equipment	16,258	12,580	3,678
Vehicles	71,584	15,997	55,587
Telephones	947	512	435
Leasehold improvements	15,072	15,072	-
	\$ 122,731	\$ 54,219	\$ 68,512

7. Prepaid expenses and grants:

	2021	2020
Funds advanced to grant administrators	\$ 3,470,069	\$ 4,680,045
Other	10,951	8,030
	\$ 3,481,020	\$ 4,688,075

8. Budget:

The budget figures presented were approved by the Board in May 2020 and updated on February 8, 2021 for the inclusion of additional funding received and grants to be expended by March 31, 2021 of \$3M.

FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2021

9. Financial risks and concentration of risk:

(a) Interest rate risk:

Interest rate risk refers to the adverse consequences of interest rate changes in FESBC's cash flows, financial position and annual surplus. Cash in the bank earns interest on a variable rate based on Prime and Bank of Canada rates. FESBC manages interest rate risk by forecasting cash flow needs and investing in fixed rate guaranteed investment certificates set to mature when cash expenditures are forecasted to occur.

(b) Liquidity risk:

Liquidity risk is the risk that FESBC will be unable to fulfill its obligations on a timely basis or at a reasonable cost. FESBC manages its liquidity risk by monitoring its operating requirements. FESBC prepares budget and cash flow forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. FESBC is not exposed to currency risk, as all transactions are denominated in Canadian dollars.

10. Commitments:

FESBC has entered into a contract a third party for administration services related to the delivery and implementation of FESBC's Forest Enhancement Program. The annual administrative fees for the fiscal year ending March 31, 2022 are \$1,663,216.

FESBC has entered into a Letter of Agreement with The Habitat Conservation Trust Foundation ("HCTF") to jointly assess projects for co-funding that meet each agency's desired goals. FESBC committed total funds up to \$5,482,417 from 2017-2021 to co-fund projects of shared interest. The fees payable to HCTF for administration are 7.5% based on the value of grants under administration.

FESBC has entered into a Letter of Agreement with The Union of BC Municipalities ("UBCM") to contribute funding of \$1,956,247 towards projects administered through the FireSmart Community Funding & Supports program. The fees payable to UBCM for administration are 5% based on the value of grants under administration.

FESBC has entered into an operating lease commitment for premises with monthly payments of \$1,497 until July 2022.

Approved and unadvanced grants at March 31, 2021 were \$64,871,843 (2020 - \$138,230,885).

Subsequent to March 31, 2021, FESBC enrolled eligible employees in the Public Service Pension Plan, a multi-employer defined benefit pension plan. FESBC's commitment is the employer contributions to the plan at the established contribution rate to fund the plan.

FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2021

11. Remuneration paid to directors, employees and contractors:

Under the new British Columbia Societies Act, effective November 28, 2016, FESBC is required to disclose in the annual financial statements all remuneration paid to directors and the annual remuneration paid to employees and contractors receiving greater than \$75,000 (up to a maximum of 10 individuals).

FESBC paid \$670,943 to five consultants and employees including secondments (2020 - \$627,256) for services, each of whom received total annual remuneration of \$75,000 or greater.

During the year, FESBC paid total remuneration of \$9,300 (2020 - \$11,550) to directors. For director remuneration, the requirement is to disclose all remuneration paid to directors.

Director	\$ 1,150
Director	2,400
Director	5,750

12. Related party transactions:

FESBC is related to all Provincial ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations in the Province. Transactions with these entities, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount.

During the year, up to two of five directors of the Board were employees of the Province, and FESBC purchased services from related parties through employee secondment from the Province. These services were purchased on a cost recovery basis and totaled \$416,278 (2020 - \$406,823).

During the year, grants of \$20,402,910 were issued to recipients through the Province, Ministry of Forests, Land, Natural Resource Operations and Rural Development.