

Forest Enhancement Society of BC

2021/22 Annual Service Plan Report

August 2022



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Published by the Forest Enhancement Society of BC

Board Chair's Accountability Statement



The *Forest Enhancement Society 2021/22 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2021/22 – 2023/24 Service Plan* created in April 2021. The Board is accountable for those results as reported.

A handwritten signature in blue ink that reads "Jim Snetsinger". The signature is fluid and cursive, written in a professional style.

Jim Snetsinger
Chair, Board of Directors
August 2, 2022

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Letter from the Board Chair

This Report covers the Service Plan period April 1, 2021, to March 31, 2022.

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 2022, FESBC funded project work totalling \$50.8 million on 111 projects of which 64 were fully completed. 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.

Going forward, FESBC will continue to contribute to the achievement of Government's priorities by supporting forest improvement projects across British Columbia.

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



Jim Snetsinger
Chair, Board of Directors
Forest Enhancement Society of BC
August 2, 2022

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 2020 and expanded upon in the Board Chair's [April 2021 Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures, and financial plan outlined in the [2021/22 FESBC Service Plan](#) and actual results reported on in this annual report.

Operating Environment

In 2021/22, FESBC was focused on achieving the B.C. Government's priorities outlined in the April 2021 Mandate Letter. FESBC's operations, which extend to all parts of the province, supported Government to deliver on all three key priorities: contributing to B.C.'s economic recovery, ensuring projects are completed safely and provide lasting economic, environmental and social benefits for the people of British Columbia, and effectively communicating how FESBC has successfully contributed to the Province's economic recovery. Through its activities, FESBC also provided economic and environmental benefits for B.C.'s forests, Indigenous peoples, and communities.

The economic impacts of the COVID-19 pandemic continued to be felt by many communities across B.C. in 2021/22. In support of Government priorities, 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. This was evident again in the summer of 2021 when the province experienced significant wildfires, many of which had significant direct impacts on communities and rural residents. Support for proactive fuel management treatments and [FireSmart](#) projects, which aim to mitigate the negative impact of wildfire on B.C. communities, continued to be a priority for FESBC in 2021/22. The wildfires of 2021 impacted the timing of completion of several FESBC projects due to temporary forest access restrictions and equipment and labour shortages, resulting in project timeline extensions for many of those projects. Significant FESBC funding was also allocated in 2021/22 to projects supporting wildfire recovery activities – primarily the continued 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 2021/22 approximately 39% of active projects were either led by, or had significant involvement of, Indigenous Peoples, enabling and supporting good-paying employment opportunities.

British Columbia's economic recovery strengthened in 2021. B.C.'s real GDP growth of 6.2 per cent was the second highest among provinces (behind Prince Edward Island), following a contraction of 3.4 per cent in 2020. Growth in B.C.'s real GDP was mostly driven by service-producing industries such as real estate, rental and leasing, healthcare and social assistance, and professional, scientific and technical services. Goods-producing industries also experienced growth with gains in most sectors, led by mining, quarrying and oil and gas extraction. While B.C.'s recovery broadened in 2021, it remained uneven as sectors such as accommodation and food services, and arts, entertainment and recreation have yet to fully recover to pre-pandemic levels. B.C.'s labour market strengthened in 2021, with employment growth of 6.6 per cent while wages and salaries increased by 11.3 per cent. Consumer spending on goods remained at elevated levels and nominal retail sales posted overall growth of 12.6 per cent. Meanwhile, inflation grew throughout the year and increased by 2.8 per cent on an annual basis, largely due to supply-chain disruptions, resilient demand for goods and services, and high energy prices. Residential construction activity reached a record high in 2021, with housing starts increasing by 25.6 per cent. At the same time, home sales also reached a record high in 2021 while the average home sale price saw double-digit increases. On the external front, B.C.'s international merchandise exports grew by 36.0 per cent, reflecting a combination of the recovery in global demand and higher commodity prices amid impacts from the B.C. floods and landslides in November 2021.

Report on Performance: Goals, Objectives, Measures and Targets

In 2021/22, the priority for FESBC was to successfully complete the majority of the remaining active projects to help support the Province’s economic stimulus and recovery initiatives, and achieve the purposes of the Society.

The 2021/22 wildfires and late season flooding events in the province impacted the planned completion timelines for many projects due to access restrictions and impacts on the availability of equipment and capacity. As a result, many projects, particularly those focussed on wildfire risk reduction, will have carry-forward activities to be completed in the 2022/23 fiscal year.

The total value of all project activity completions on the ground in 2021/22 was \$50.8 million, \$5.2 million less than budgeted in the 2021/22 – 2023/24 Service Plan. A significant portion of the reduced spend was due to reasons outlined above.

As of March 31, 2022, FESBC had 263 projects (completed and active) valued at \$238 million, including contingencies, since inception.

FESBC Priorities	Number of Projects	Committed (\$ millions)
Wildfire Risk Reduction	121	\$55.5
Improving Low Value Forests	30	\$22.3
Wildlife Habitat Improvement	15 ¹	\$8.8
Supporting the Use of Fibre	24	\$9.3
Forest Carbon Initiatives (including enhanced fibre utilization)	73	\$141.8
Contingency	-	\$0.3
TOTAL	263	\$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 within the context of climate change. FESBC works collaboratively with provincial agencies, local governments, Indigenous communities and partners, and rural communities to support both risk reduction and mitigation activities associated with wildfires.

¹ One HCTF project is multi-year and encompasses multiple sub-projects.

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

Key Highlights

- Funded 48 wildfire risk reduction projects, of which 19 were fully completed, and reduced wildfire risk on approximately 4,000 hectares of forest adjacent to communities and high value infrastructure.
- Continued to support the BC FireSmart Committee by providing leadership in the development of its 2022 – 2025 Strategic Plan. This plan will guide 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 2021/22, FESBC distributed over 63,000 FireSmart informational items from website orders, including 30,000 BC “FireSmart Begins at Home” manuals.
- Enabled over 45 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)	2020/21 Actuals	2021/22 Target ¹	2021/22 Actuals ²	2022/23 Target ¹	2023/24 Target ¹
1.1a Priority area of fuel management treatments completed (hectares)	3,900 ha	8,300 ha	4,000 ha	700 ha	0 ha

Data source: PwC financial data, FESBC Information Management System (FESIMS) Data, and FESBC staff input.

¹ Targets were determined based on financial forecasts and spending plans at time of Service Plan development and a detailed analysis of actual average treatment costs to date of \$2,100/ha.

² 2021/22 Actuals are based on year end financials and reported area data associated with current year project activities, resulting in an experienced average cost of approximately \$2,450 per hectare.

Note: Targets for 2022/23 and 2023/24 have been revised in the [2022/23-2024/25 Service Plan](#).

Performance Measure(s)	2020/21 Actuals	2021/22 Target ¹	2021/22 Actuals	2022/23 Target ¹	2023/24 Target ¹
1.1b Number of higher risk communities with wildfire risk reduction treatments ¹	40	35	45	7	0

Data source: FESBC Information Management System (FESIMS) Data, and FESBC staff input.

¹ Higher risk communities include: Indigenous communities, treaty settlement lands, municipalities and unincorporated areas within regional districts located within a Wildland Urban Interface risk Class 1 or 2 area or have a locally approved plan that has identified high or extreme threat areas.

Note: Targets for 2022/23 and 2023/24 have been revised in the [2022/23-2024/25 Service Plan](#) under performance measure 1.1d.

Discussion of Results

Due to the severe wildfire seasons in 2017, 2018, and most recently in 2021, it is a continued high priority of B.C. communities and rural residents 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, FESBC fuel management treatment projects focussed on community-forest interface areas to protect those values.

In 2021/22, FESBC exceeded its target for performance measure 1.1b, helping to reduce wildfire risk for many communities across the province. FESBC did not achieve its target for performance measure 1.1a, however, due to a significant reduction in anticipated expenditures and associated activities. This was largely a result of a shortened operational field season due to forest access restrictions resulting from the 2021 wildfires. In addition there was reduction in the availability of equipment and capacity resources, as many were utilized in the support of wildfire suppression activities and late season flood response. There was also a continued impact of COVID-19 on crew availability at times during 2021. The work remaining on the projects that were not completed is targeted for completion in 2022/23.

FESBC continued active collaboration as a member of the BC FireSmart Committee and assisted with the implementation of the [Community Resiliency Investment](#) (CRI) program administered by BC Wildfire Service and the Union of BC Municipalities (UBCM) to mitigate wildfire threats around communities.

Goal 2: Improve Damaged or Low-Value Forests

The impact of catastrophic disturbances and the resulting losses to timber supply are reducing the overall forest values 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 four stand improvement projects focussed on the rehabilitation and restoration of wildfire and mountain pine beetle-killed stands in the Skeena and Cariboo-Chilcotin regions of the province.
- Improved the potential growth of overly dense hemlock and amabilis fir stands in the Skeena region near Terrace, B.C. by thinning trees 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)	2020/21 Actuals	2021/22 Target ¹	2021/22 Actuals ²	2022/23 Target ¹	2023/24 Target ¹
2.1 Area (hectares) of low-value and damaged forest enhanced through FESBC-funded projects	1,210 ha	4,400 ha	368 ha	1,700 ha	0

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 \$1,500 per hectare.

² 2021/22 Actuals are based on data associated with current year project activities at an average experienced cost of \$4,472 per hectare and year end financials
Note: Targets for 2022/23 and 2023/24 have been revised in the [2022/23-2024/25 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 benefits.

The total area of low-value and damaged forest enhancement was significantly less than the 2021/22 target due to a number of factors. Several projects were reduced in size and scope, in agreement with the proponent, due to reduction in anticipated opportunities. Other projects were impacted by the 2021 wildfires resulting in planned activities being deferred to 2022/23. In addition, many of the projects that were completed in 2021/22 involved activities that had higher average per unit costs than other activities commonly completed under this goal.

In 2021/22, however, FESBC-funded projects supported a variety of forest management activities and investments to improve damaged or low-value forests including the salvage harvesting of uneconomic mountain pine beetle and fire-impacted stands, spacing of second growth stands and riparian (stream-side) restoration.

Goal 3: Improve Habitat for Wildlife

British Columbia's wildlife is diverse and abundant. However, some wildlife populations and their habitats are in decline due to 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. FESBC identifies and acts on targeted opportunities to improve wildlife populations and their habitat in collaboration with other organizations with wildlife management expertise.

Objective 3.1: Improve terrestrial wildlife habitat and populations

Key Highlights

- Co-funded 29 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-Chilcotin region.

Performance Measure(s)	2020/21 Actuals	2021/22 Target ¹	2021/22 Actuals ²	2022/23 Target ¹	2023/24 Target ¹
3.1 Funding allocated for improving wildlife populations and their habitat.	\$3.0 Million	\$1.5 Million	\$0.03 Million	\$0.8 Million	0

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 2022/23 and 2023/24 have been revised in the [2022/23-2024/25 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.

Wildlife habitat improvement costs were \$1.5 million less than targeted mostly due to lower than expected project delivery by HCTF proponents . In 2021/22, 32 projects were funded across all regions of the province which enhanced the habitat for a variety of species at risk including Moose (Northwestern B.C.) Bighorn Sheep and Elk (southeastern B.C.), Vancouver Island Marmot and Roosevelt Elk (Southwestern B.C.) and Lynx and Caribou (northeastern B.C.). FESBC commits funding each year to HCTF to co-fund project delivery, based on HCTF projections. The actual expenditures for the HCTF portion of this performance measure can vary significantly from what was projected as it is dependant on what the project proponents are actually able to deliver during the fiscal year. Similar to FESBC, HCTF delivery has also been impacted by wildfire activity in the province and the availability of resources.

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

Supporting the use of post-harvest fibre can help to reduce GHG emissions, create 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

Key Highlights

- Supported six 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.

Performance Measure(s)	2020/21 Actuals	2021/22 Target ¹	2021/22 Actuals ²	2022/23 Target ¹	2023/24 Target ¹
4.1 Volume of residual fibre utilized (cubic metres)	387,747 m ³	3,600 m ³	180,230 m ³	0	0

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 2021/22 Actuals are based on data associated with fiscal year project activities with an average experienced cost of \$15.15/m³

Note: In the 2022/23-2024/25 Service Plan this measure was removed and replaced with Enhanced utilization of cubic metres (m³) of roadside fibre to avoid forest carbon emissions.

Discussion of Results

To support forest-dependent 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 measures tracks the volume of fibre utilized through those activities.

FESBC significantly exceeded its target in 2021/22 by allocating funds that became available from completed project surplus funding or funding from projects cancelled by proponents to priority opportunities identified under this goal.

In 2021/22, FESBC projects supported utilization of approximately 180,000 m³ of residual fibre that would have otherwise been burned, resulting in benefits such as the reduction of residual wood pile burning (less smoke in the air), increased bio-energy production, employment creation and displacement of fossil fuel use. The fibre was utilized to support pellet and pulp production.

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. Since trees absorb and store carbon as they grow, forests can reduce atmospheric concentrations of carbon dioxide and other greenhouse gasses 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. by funding the planting of 26.7 million trees on approximately 14,250 hectares.
- Supported the utilization of approximately 1,137,000 m³ of uneconomic residual fibre that would otherwise have been burned.

Performance Measure(s)	2020/21 Actuals	2021/22 Target ¹	2021/22 Actuals ²	2022/23 Target ¹	2023/24 Target ¹
5.1a Hectares (ha) treated to enhance forest carbon sequestration	18,800 ha	13,500 ha	14,250 ha	0	0

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 \$1,400 per hectare planting costs and \$500 per hectare fertilization costs.

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

Note: Performance measure 5.1a has been removed from the [2022/23-2024/25 Service Plan](#)

Performance Measure(s)	2020/21 Actuals	2021/22 Target ¹	2021/22 Actuals ²	2022/23 Target ¹	2023/24 Target ¹
5.1b Enhanced utilization of cubic meters (m ³) of roadside fibre to avoid forest carbon emissions	1,696,000 m ³	862,000 m ³	1,137,000 m ³	159,000 m ³	0

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 2021/22 actuals are based on year end financials and data associated with current year project activities with an average experienced cost of \$15.50/m³ of delivered fibre.

Note: In the 2022/23-2024/25 Service Plan, this performance measure 5.1.b is associated with Objective 4.1, and targets for 2022/23 and 2023/24 have been revised.

Performance Measure(s)	2020/21 Actuals	2021/22 Target ¹	2021/22 Actuals ²	2022/23 Target ¹	2023/24 Target ¹
5.1c Number of trees planted (in ground) by the end of fiscal year.	27.2 million	33 million	26.7 million	0	0

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 2021/22 actuals are based on reported data associated with completed fiscal year project activities.

Note: Performance measure 5.1c has been removed from the [2022/23-2024/25 Service Plan](#)

Discussion of Results

Working with Ministry of Forests carbon experts, FESBC continued to take action on climate change. In 2021/22, 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](#), [CleanBC](#), and the federal [Low Carbon Economy Leadership Fund](#).

Performance measure 5.1a tracks a combination of area that was fertilized and area that was reforested. While fertilization activities did not occur in 2021/22, 14,250 hectares were reforested as a result of FESBC funded projects, exceeding the performance measure target by 5%. 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 revised estimates of available areas to plant. Performance measure 5.1c shows the number of trees planted on the area that was reforested.

Performance measure 5.1b target was exceeded by 32%, despite 11% higher than projected per unit costs of fibre utilized, due to an increase in available funding directed to priority opportunities identified for fibre utilization. The additional funding became available throughout the year primarily from completed project surplus funding or funding from projects cancelled by proponents. 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. Grants issued were \$26.4 million, or 34%, lower than the prior fiscal year. The decrease is consistent with planned and approved project activity, but \$5.2 million greater than planned. Expenditures for grants were 9% lower than 2021/22- 2023/24 Service Plan budget. Administration expenditures increased 2% over the prior year and were 5% below budget. Total Liabilities, comprised of deferred contributions and accounts payable and accrued liabilities, were \$14.9 million higher than budget. Expenditures in 2020/21 were lower than those expected when the 2021/22 opening balance for deferred contribution was projected. This resulted in a higher than expected opening balance for deferred contributions. 2021/22 actual expenditures affecting deferred contributions recognized as revenue were \$5,316 less than budgeted. The decrease in accounts payable and accrued liabilities year-end balance accounts for \$4,648 of the variance.

Financial Summary

(\$000)	2020/21 Actual	2021/22 Budget	2021/22 Actual	2021/22 Variance
Revenue				
Contribution from Province	77,260	56,000	50,845	(5,155)
Other Income & Recoveries	2,797	3,010	2,849	(161)
Total Revenue	80,057	59,010	53,694	(5,316)
Expenses				
Grants	77,260	56,000	50,845	(5,155)
Administration	2,778	2,998	2,837	(161)
Capital Asset Amortization	19	12	12	0
Total Expenses	80,057	59,010	53,694	(5,316)
Net Income	0	0	0	0
Total Liabilities	83,593	10,680	25,584	14,904
Capital Expenditures	0	0	1	1
Accumulated Surplus	0	0	0	0

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

Note 2: 2021/22 expenses include purchases from the Province for project delivery (Grants - \$5,241) and seconded employees (Administration - \$382)

Variance and Trend Analysis

Grant expenditures and corresponding revenue recognition were \$5.2 million under budget. Spending changes and drivers of these changes by goal are as follows:

- Wildfire risk reduction costs were \$7.6 million below budget. This variance is the result of 52% less area treated than projected, reducing costs by \$9 million, and higher average per hectare treatment costs increasing costs over expectations by \$1.4 million.
- The activities associated with goal 2, improving damaged or low-value forests, were less than anticipated due to significant reductions in size and scope of several projects. In addition, the activities that were completed were those that have a higher per unit cost than other activities normally carried out under this goal. The combination of these trends resulted in expenditures being 25% of, and \$5 million below the original budget.
- Wildlife habitat improvement costs were \$1.5 million less than targeted mostly due to lower than expected project delivery by HCTF proponents.
- Fibre recovery and utilization activity reported under goal 4 was significantly higher than the target. Additional opportunities identified by project proponents and their capacity to deliver resulted in reallocation of funding that was made available primarily from the reduction in activity under goal 2. The increased activity, combined with 10% higher per unit costs, resulted in costs \$2.7 million over budget for this goal.
- Spending on fibre utilization projects reported under goal 5 was \$5.5 million higher than budgeted, of which \$3.8 million was due to exceeding the volume target for fibre utilized and \$1.7 million was due to 11% higher than anticipated per unit costs.
- Activities related to reforestation under goal 5 were \$800,000 over budget, which was the result of more area being reforested. While additional area was treated, the number of trees planted per hectare was less than anticipated resulting in fewer total number of trees planted than targeted.

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 disruptive events such as wildfires. These were 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, has fluctuated as deferred contributions are utilized or received and is also subject to interest rate changes.

Appendix A: Additional Information

Organizational Overview

[About FESBC – FESBC – Forest Enhancement Society of BC](#)

Corporate Governance

[FESBC Governance](#)

Contact Info

[FESBC Contact Information](#)

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, 2022

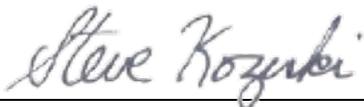
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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, 2022
- 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, 2022 of the Society 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.



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.



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.

Chartered Professional Accountants

Victoria, Canada
May 17, 2022

FOREST ENHANCEMENT SOCIETY OF BC

Statement of Financial Position

March 31, 2022, with comparative information for 2021

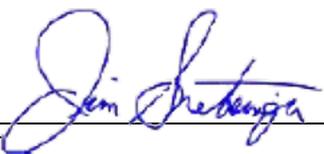
	2022	2021
Financial assets:		
Cash and cash equivalents (note 2)	\$ 22,173,228	\$ 79,998,486
Accounts receivable (note 3)	29,986	73,659
	<u>22,203,214</u>	<u>80,072,145</u>
Liabilities:		
Accounts payable and accrued liabilities	6,652,476	11,300,298
Deferred contributions (note 4)	18,931,686	72,292,226
	<u>25,584,162</u>	<u>83,592,524</u>
Net debt	(3,380,948)	(3,520,379)
Non-financial assets:		
Tangible capital assets (note 5)	28,647	39,359
Prepaid expenses and grants (note 6)	3,352,301	3,481,020
	<u>3,380,948</u>	<u>3,520,379</u>
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, 2022, with comparative information for 2021

	Budget (note 7)	2022	2021
Revenues:			
Deferred contributions recognized	\$ 59,010,000	\$ 53,693,945	\$ 80,050,428
Other	-	253	6,519
	59,010,000	53,694,198	80,056,947
Expenses:			
Amortization	12,000	11,774	18,704
Grants issued	56,000,000	50,844,921	77,259,843
Grant administration	1,725,000	1,704,796	1,704,796
Occupancy	55,400	51,303	50,058
Office and general	199,700	75,831	74,772
Professional fees	157,000	273,644	198,734
Salaries and benefits	770,800	687,897	700,186
Travel and transportation	90,100	44,032	49,854
	59,010,000	53,694,198	80,056,947
Annual surplus	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

FOREST ENHANCEMENT SOCIETY OF BC

Statement of Changes in Net Debt

Year ended March 31, 2022, with comparative information for 2021

	Budget (note 7)	2022	2021
Annual surplus	\$ -	\$ -	\$ -
Acquisition of tangible capital assets	-	(1,062)	-
Amortization of tangible capital assets	12,000	11,774	18,704
Proceeds on disposal of tangible capital assets	-	-	16,500
Gain on disposal of tangible capital assets	-	-	(6,051)
	12,000	10,712	29,153
Decrease of prepaid expenses	-	128,719	1,207,055
Change in net debt	12,000	139,431	1,236,208
Net debt, beginning of year	(3,520,379)	(3,520,379)	(4,756,587)
Net debt, end of year	\$ (3,508,379)	\$ (3,380,948)	\$ (3,520,379)

See accompanying notes to financial statements.

FOREST ENHANCEMENT SOCIETY OF BC

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ -	\$ -
Items not involving cash:		
Amortization	11,774	18,704
Deferred contributions recognized	(53,693,945)	(80,050,428)
Gain on disposal of tangible capital assets	-	(6,051)
Changes in non-cash operating working capital		
Accounts receivable	43,673	39,398
Prepaid expenses	128,719	1,207,055
Accounts payable and accrued liabilities	(4,647,822)	7,632,156
Deferred contributions received	7,379	3,000,000
Interest earned on deferred contributions	326,026	2,364,932
	(57,824,196)	(65,794,234)
Capital activities:		
Purchase of tangible capital assets	(1,062)	-
Proceeds on disposal of tangible capital assets	-	16,500
	(1,062)	16,500
Investing activities:		
Investments matured	-	13,483,891
Decrease in cash and cash equivalents	(57,825,258)	(52,293,843)
Cash and cash equivalents, beginning of year	79,998,486	132,292,329
Cash and cash equivalents, end of year	\$ 22,173,228	\$ 79,998,486

See accompanying notes to financial statements.

FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2022

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.

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, 2022

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, 2022

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, 2022

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:

	2022	2021
Cash in bank	\$ 13,672,344	\$ 64,905,783
Redeemable Guaranteed Investment Certificate due February 22, 2022	-	2,178,732
Cash on deposit	8,500,884	12,913,971
	<u>\$ 22,173,228</u>	<u>\$ 79,998,486</u>

FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2022

3. Accounts receivable:

	2022	2021
Accrued interest receivable	\$ 3,520	\$ 48,611
GST receivable	26,466	25,048
	<u>\$ 29,986</u>	<u>\$ 73,659</u>

4. 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 to receive \$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 contributions from the Province 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.

	2022	2021
Balance, beginning of year	\$ 72,292,226	\$ 146,977,722
Restricted interest income	326,026	2,364,932
Contributions received – Province	-	3,000,000
Contributions received – Other	7,379	-
Amount recognized as revenue in the year	(53,693,945)	(80,050,428)
Balance, end of year	<u>\$ 18,931,686</u>	<u>\$ 72,292,226</u>

FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2022

5. Tangible capital assets:

March 31, 2022	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 18,871	\$ 13,231	\$ 5,640
Computer equipment	17,320	15,805	1,515
Vehicles	57,121	35,907	21,214
Telephones	947	669	278
Leasehold improvements	15,072	15,072	-
	<u>\$ 109,331</u>	<u>\$ 80,684</u>	<u>\$ 28,647</u>

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	-
	<u>\$ 108,268</u>	<u>\$ 68,909</u>	<u>\$ 39,359</u>

6. Prepaid expenses and grants:

	2022	2021
Funds advanced to grant administrators	\$ 3,346,527	\$ 3,470,069
Other	5,774	10,951
	<u>\$ 3,352,301</u>	<u>\$ 3,481,020</u>

7. Budget:

The budget figures presented were approved by the Board on March 25, 2021.

FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2022

8. Employee benefits:

The Society and its employees contribute to the Public Service Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. The plan has about 68,000 active members.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Plan as at March 31, 2020 indicated a \$2,667 million surplus for basic pension benefits on a going concern basis.

The Society paid \$21,978 for employer contributions and employees paid \$18,631 to the plan in fiscal 2022.

The next valuation will be as of March 31, 2023.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

9. Financial risks and concentration of risk:

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. 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. The Society continues to monitor the impact of COVID-19 and respond accordingly.

(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.

FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2022

9. Financial risks and concentration of risk (continued):

(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 interim committed administrative fees for the fiscal year ending March 31, 2023 are \$139,166, pending negotiation of a new agreement.

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 2017-2022 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 2024.

Approved and unadvanced grants at March 31, 2022 were \$15,238,556 (2021 - \$64,871,843).

FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2022

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 \$735,043 to five consultants and employees including secondments (2021 - \$670,943) for services, each of whom received total annual remuneration of \$75,000 or greater.

During the year, FESBC paid total remuneration of \$6,325 (2021 - \$9,300) to directors. For director remuneration, the requirement is to disclose all remuneration paid to directors.

Director	\$	750
Director		1,200
Director		4,375

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 \$381,903 (2021 - \$416,278).

During the year, grants of \$5,241,851 were issued to recipients through the Province, Ministry of Forests.