

**Forest Enhancement Society of BC**

**2023/24**

**Annual Service Plan Report**

**August 2024**



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## Board Chair's Accountability Statement



The Forest Enhancement Society of BC 2023/24 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2023/24 - 2025/26 Service Plan published in 2023. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

A handwritten signature in blue ink that reads "J. Peterson" in a cursive script, enclosed within a thin black rectangular border.

Dave Peterson  
Board Chair, Forest Enhancement Society of BC  
August 9, 2024

# Table of Contents

Board Chair’s Accountability Statement.....	3
Letter from the Board Chair.....	5
Purpose of the Annual Service Plan Report .....	6
Strategic Direction.....	6
Purpose of the Organization .....	6
Operating Environment.....	7
Economic Statement.....	8
Report on Performance: Goals, Objectives and Results .....	10
Financial Report.....	15
Appendix A: Progress on Mandate Letter Priorities .....	17
Appendix B: Auditor’s Report and Audited Financial Statements .....	19

## Letter from the Board Chair

This Report covers the Service Plan period April 1, 2023, to March 31, 2024.

I am pleased to share the work accomplished through the Forest Enhancement Society of BC (FESBC) in this report. In the fiscal year ended March 31, 2024, FESBC funded work valued at \$42.22 million on 99 projects located in all eight [Natural Resource Regions](#) of B.C. This work was achieved while keeping forest worker safety as a paramount priority.

FESBC funded projects addressed the Province's priorities, including:

- Increasing participation of Indigenous peoples 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 low value fibre, and
- Adding to the environmental sustainability of B.C.'s natural resources.

Going forward, FESBC will continue to contribute to the achievement of the Province's priorities by supporting forest improvement projects across B.C.

I want to thank the Province, 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.



Dave Peterson  
Board Chair, Forest Enhancement Society of BC  
August 9, 2024

## Purpose of the Annual Service Plan Report

This annual service plan report has been developed 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, a Minister responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

## Strategic Direction

The strategic direction set by the Government in [2021 Mandate Letter](#) and expanded upon in the Board Chair's [2023/24 Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the [FESBC 2023/24 – 2025/26 Service Plan](#) and the actual results reported on in this annual report.

## Purpose of the Organization

FESBC contributes to the achievement of the Province's strategic priorities through the delivery of FESBC's constitutional purposes, which are the following:

- Prevent and mitigate the impact of wildfire,
- 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 operates on a proponent-driven model, inviting project funding applications, which are then reviewed with input from the Ministry of Forests. Professional staff ensure project proposals are aligned with FESBC's purposes and the Province's priorities.

FESBC works with service delivery partners to ensure project implementation and treatment on the land base is timely, efficient and provides value for money.

In addition to advancing FESBC's constitutional purposes, FESBC contributes to the achievement of the Minister of Forest's Mandate Letter priorities by reducing the wildfire risk to communities, accelerating B.C.'s transition to a larger bioeconomy, and reducing greenhouse gas emissions from forestry activities. In 2023/24, FESBC-funded projects included thinning of dense forests and the reduction of fuel loading adjacent to communities and infrastructure, reducing the wildfire risk in these areas. When feasible, the residual fibre (left over woody biomass) is utilized for energy and other secondary forest products rather than being wasted and burned in piles. In addition, FESBC is working with the secondary manufacturers in the province to make use of uneconomic low value fibre that would otherwise be burned. Together, these activities create multiple economic, social and environmental benefits such as generating employment in the natural resource sector, including jobs in secondary forest industries, while also supporting the achievement of

provincial and federal climate change objectives, including those identified in the Province's [CleanBC Roadmap to 2030](#) plan.

FESBC will continue to ensure successful and efficient completion of projects. Effective and diligent oversight of projects will ensure FESBC continues to align with the Province's strategic priorities of putting people first, meaningful reconciliation with Indigenous Peoples, and supporting a strong, sustainable economy in B.C. FESBC will continue to communicate its plans and achievements to stakeholders and the public, recognizing the contributions by the Province and Ministry of Forests staff to the success of the program.

FESBC supports the implementation of the [Declaration on the Rights of Indigenous Peoples Act](#), the [United Nations Declaration of the Rights of Indigenous Peoples](#), and the objectives outlined in the Province's [Stronger BC Economic Plan](#). Projects approved through FESBC support true and lasting reconciliation by increasing Indigenous Peoples' participation in the forest economy.

## Operating Environment

FESBC is aware of a host of external factors that may impact the environment in which project proponents operate in and potentially influence their ability to achieve project objectives.

The economic challenges facing the forest sector continued to impact forestry dependent communities across B.C. in 2023/24. Operational uncertainties related to worker shortages, inflationary pressures and surges in costs are still impacting the industry. These uncertainties have impacted project proponents' ability to complete projects within the specified timeframes. Additionally, workers on FESBC projects have been called to assist with wildfire response, in many cases taking them away from FESBC funded work. To help mitigate this, FESBC closely monitors projects and, after receiving sign off from the board, will re-allocate funds to project proponents impacted by these issues where necessary and appropriate.

FESBC funded projects play an important role in supporting the long-term economic health of B.C.'s rural and forest-dependent communities, helping them be more resilient to economic challenges and shifts. FESBC is shifting its attention to salvaging burnt fibre in the interior. FESBC has supported proponents with innovative approaches that are helping overcome operational barriers to utilize this new fibre source. This paradigm shift has required significant staff resources to engage and work with branches of the FOR to help authorize this kind of work. These projects have created many learnings for FESBC staff for future potential project implementation while creating important job opportunities for workers in these rural communities.

Climate change continues to have a significant impact on B.C.'s land base and communities, as the scale and severity of wildfire activity and the potential for more frequent flood events continued to play out. The impact of catastrophic disturbances such as wildfires, floods, and the lingering impacts from the most recent mountain pine beetle infestation and the resulting losses to timber supply, are reducing the overall forest asset value in the province. Persistent and severe wildfire conditions are also reducing the field season for our proponents, adding to operational challenges that are slowing the completion of some projects.

In response, FESBC worked collaboratively with provincial agencies, local governments, Indigenous communities and partners, and rural communities to support wildfire risk reduction (WRR) and mitigation activities. Proactive WRR treatments and [FireSmart BC](#) projects aimed to mitigate the negative impact of wildfires on rural and Indigenous communities were funding priorities for FESBC in 2023/24.

First Nations have shown a desire to participate in B.C.'s forest economy more fully and FESBC funding supports the acceleration of this transition. In 2023/24, First Nations-owned companies were active on 56 projects for the purpose of WRR or utilization of low value fibre. All of these projects produce an array of environmental, economic and social benefits including the creation of forestry jobs adjacent to First Nation communities in remote parts of the province, all of which are important as FESBC looks to fulfill the obligations under the [Declaration Act Action Plan](#).

The FESBC recognizes the unique cultures, rights, and historical contexts of First Nations in B.C. Following a distinctions-based approach, our strategy is to respect, respond, and abide by the unique needs and aspirations of First Nations communities across the province. FESBC also remains committed to engaging in meaningful and respectful communications with each community, facilitating a partnership that honours their cultures and supports their self-determined goals. This approach ensures that our services are not only culturally appropriate but also effectively aligned with the distinct legal, social, and economic conditions experienced by First Nations. By tailoring our services in this manner, we foster an environment of trust, collaboration, and mutual respect, paving the way for more sustainable and beneficial economic and social outcomes with respect to community protection and well-being.

## Economic Statement

Following two years of strong recovery from the pandemic, economic growth in British Columbia moderated in 2023. After expanding by 3.9 per cent in 2022, B.C.'s real GDP increased by 1.6 per cent in 2023, the second highest growth rate among provinces (tied with Saskatchewan and Ontario) and outperforming the national average. Growth in B.C.'s real GDP was supported by service-producing industries such as real estate, rental and leasing; professional, scientific and technical services; transportation and warehousing; and healthcare. Despite steady growth in the construction and mining, quarrying and oil and gas extraction sectors, output for goods-producing industries decreased in 2023, partly due to lower manufacturing activity. While B.C.'s economy continued to expand in 2023, some sectors such as transportation and warehousing and accommodation and food services have yet to fully return to pre-pandemic levels.

B.C.'s labour market continued to grow in 2023, with employment growth of 1.6 per cent and wages and salaries increasing by 6.9 per cent. However, B.C.'s unemployment rate rose to 5.2 per cent in 2023 from 4.6 per cent in the previous year as the labour force, supported by record high immigration, grew faster than employment. High interest rates tempered consumer spending on goods in 2023 and nominal retail sales edged down 0.1 per cent. In 2023, price pressures in B.C. moderated among a broad number of goods and services but remained elevated. B.C.'s inflation rate averaged 3.9 per cent in 2023, down from 6.9 per cent



in 2022. B.C. home construction activity strengthened in 2023. Housing starts totalled 50,490 units in 2023, the highest annual pace on record and up 8.1 per cent compared to the previous year. High interest rates continued to weigh on home sales activity last year. B.C. MLS home sales decreased by 9.2 per cent in 2023, while the MLS average home sale price was 2.6 per cent lower than 2022. On the external front, B.C.'s international merchandise exports declined by 13.5 per cent in 2023, due to weaker global demand and lower commodity prices compared to 2022.

# Report on Performance: Goals, Objectives and Results

The following goals, objectives and performance measures have been restated from the 2023/24 – 2025/26 Service Plan. For forward-looking planning information, including current targets for 2024/25 – 2026/27, please see the latest service plan on the [BC Budget website](#).

## Goal 1: Prevent and Mitigate the Impact of Wildfire

### Objective 1.1: Enhance wildfire risk reduction activities for B.C. communities

By investing in planning and developing treatment alternatives on the land-base that surround B.C. communities, forest fuel hazards can then be modified in a way that improves ecosystem resilience to fire, insects, and future impacts from climate change. The strategy of returning forests to their normal historical fire regimes through treatments can minimize future extreme wildfire effects.

#### Key results

- Continued to support the BC FireSmart Committee by contributing to the implementation of its [2022 – 2025 Strategic Plan](#).
- Enabled proponents to plan and implement wildfire risk reduction (WRR) treatments in adjacent forested areas surrounding 42 communities, reducing wildfire risks to their citizens, civic infrastructure, residential homes, and commercial investments.
- Reduced wildfire risk on approximately 6,300 hectares of forest adjacent to communities and high value infrastructure.
- Utilized 6,400 cubic meters of fibre that would have normally been burnt.

#### Summary of progress made in 2023/24

In 2023/24, FESBC continued to focus on its goal of preventing and mitigating the impact of wildfire through investments in fuel management treatments and planning, reducing wildfire risk to B.C. communities. FESBC completed 42 WRR projects over the course of 2023/24. In the Creston Community Forest, post harvest consolidation of fuels in the harvested areas to levels below the legal requirement will lower the risk of damage from wildfires in forests adjacent to some Creston residents and critical infrastructure. In Mackenzie, treatments in forests along the only egress road into the town will have a profound impact on the community's emergency planning efforts into the future.

## Performance measure(s) and related discussion

Performance Measure	2022/23 Actual	2023/24 Target <sup>2</sup>	2023/24 Actual
1.1a Priority area of fuel management treatment activities completed (hectares) <sup>1</sup>	7,310	9,700	6,334

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

<sup>1</sup>Performance measure 1.1a targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 900 ha and N/A, respectively.

<sup>2</sup>Targets were based on proponent project plan data entered into FESIMS and estimates of future project plans to be developed by FESBC staff.

<sup>3</sup>Last year's annual service plan reported the 2022/23 Actual at 4,420 ha. The reported 7,310 ha includes treatments and prescriptions, which were previously separate performance measures.

### Discussion

Performance measures 1.1a demonstrate progress towards FESBC's goal of preventing and mitigating the impact of wildfire through investments in fuel management planning and treatments in high priority areas near communities, Indigenous communities, and critical infrastructure. Performance measure 1.1a was not achieved due to the severe nature and longer than normal 2023 fire season, which delayed the field season and access to the WRR work force. Other issues causing delays were late approvals authorizing some projects and the lack of manpower to implement specified planning activities. For perspective, the 6,334 hectares of fuel management treatment activities completed in B.C. is slightly more than half of the area of the City of Vancouver.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual <sup>1</sup>
1.1b Volume of residual fibre utilized (cubic metres)	1,480	28,700	6,410

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

<sup>1</sup>Performance measure 1.1b targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 8,800 m<sup>3</sup> and N/A, respectively.

<sup>2</sup>Approximately 6,000 m<sup>3</sup> of low value fibre from WRR projects, not reported in this PM, was hauled under PM 2.1 for operational and administrative efficiencies.

### Discussion

Performance measure 1.1b identifies the projected opportunity for recovery and utilization of residual fibre as pulp or biofuel, and the associated reduction of greenhouse gas emissions. This measure was not achieved as proponents who planned to use fibre from WRR projects, and after consultation with FESBC managers, determined after the fact that the reality of doing so was neither practicable nor operationally feasible.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
1.1c Number of higher risk communities <sup>1</sup> with wildfire risk reduction activities	25	30	42

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

<sup>1</sup>Performance measure 1.1c targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 10 and N/A, respectively.

## Discussion

Performance measure 1.1c tracks the number of communities around which WRR activities have occurred. Performance measure 1c was exceeded by 12 communities. Some projects were implemented around infrastructure and houses outside municipal boundaries, benefiting citizens of communities nearby. Additional funding received in 2023/24, that was over and above the funds informing the service plan, were immediately allocated and partially implemented in the preparation of planning documents, assisting FESBC in exceeding this performance measure.

## Goal 2: Increase Utilization of Low-value Forest Residuals

**Objective 2.1: Encourage diversity and innovation by the forest sector to utilize uneconomic waste fibre**

Fibre from conventional timber harvesting that is not economic to use is usually piled and burned in the forest. It is uneconomic due to it being too small to make higher value wood products such as lumber. It can have defects such as rot, large knots, or being crooked. Sometimes the distance to facilities that will accept this wood is too far and thus expensive to transport. By providing support such as funds for the additional transportation costs needed to have this material shipped to secondary forest products facilities, FESBC is creating more opportunities for fibre utilization and recovery in B.C. Partnerships with the secondary industry will help create economic activity and preserve forest sector jobs while making a significant contribution to the forest industries efforts to mitigate management-caused greenhouse gas emissions.

### Key results

- Enabled the movement of low value fibre in 40 different projects and approve funding for an additional 17 projects.
- Utilized over 1,650,000 m<sup>3</sup> of wood in 2023/24 that would have otherwise been burned.
- Dispersed funds in seven Natural Resource Regions, delivering fibre to 17 different secondary manufacturing facilities.

### Summary of progress made in 2023/24

In 2023/24, FESBC delivered projects and programs that supported the Province’s goal to increase fibre supply aimed at keeping people working and local mills running, while also

mitigating wildfire risks and reducing carbon emissions. Projects included the transportation of low value fibre from distant locations to pulp mills on the coast and in the interior, as well as the bush grinding of waste and the delivery of hog fuel (an unrefined mix of coarse chips of bark and wood fibre) to interior energy and pellet plants.

These projects are designed to reduce greenhouse gas emissions through the utilization of post-harvest residual fibre that would otherwise have been burned. These actions are in alignment with the provincial [Forest Carbon Strategy](#) and [CleanBC Roadmap](#).

**Performance measure(s) and related discussion**

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
2.1 Forest Fibre Utilized (cubic meters)	76,000	1,700,000	1,651,000

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

<sup>1</sup>Performance measure 2.1 targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 470,000 m<sup>3</sup> and N/A, respectively.

<sup>2</sup>This performance measure was “4.1 Enhanced utilization of cubic metres (m<sup>3</sup>) of roadside fibre to avoid forest carbon emissions” in the 2022/23 FESBC Annual Service Plan Report.

**Discussion**

To support forest-dependent communities and encourage diverse and innovative economies throughout B.C., FESBC supported the implementation of fibre recovery and utilization projects throughout the province. This performance measure tracks the volume of fibre utilized through those activities. FESBC slightly underperformed on its target in 2023/24 due to difficult market conditions particularly with coastal pulp mills, interruptions to the supply chain due to a prolonged fire season, and operational difficulties brought on by earlier than expected weather related transportation weather bans on the road networks. The volume reported under this program is equal to 3.5% of the reported harvest level on B.C. crown land in 2022.

**Goal 3: Improve Habitat for Wildlife**

**Objective 3.1: Improve terrestrial wildlife habitat and populations**

Many species of wildlife provide environmental, economic, social, and cultural value to the people of B.C. Investing in projects that create well-connected and functioning habitats with properly functioning ecosystem processes, can have lasting impacts on wildlife populations.

**Key results**

- Co-funded 26 projects with [Habitat Conservation Trust Foundation](#) (HCTF) aimed at enhancing the habitat of threatened or at-risk species in BC.

## Summary of progress made in 2023/24

Through its relationship with the HCTF, FESBC leverages technical expertise, and co-funds the highest priority and value-for-money projects to support achievement of FESBC’s wildlife habitat improvement goal. This co-funding agreement results in an expanded scope of habitat improvement projects in the province, helping ensure that suitable wildlife habitat is available and the abundance and distribution of wildlife in the province is maintained.

In 2023/24, co-funded projects were completed across seven out of eight regions of the province, helping to support the enhancement of wildlife habitat for a multitude of species, including the enhancement of Winter Range Habitat for Mule Deer in Douglas-fir Forests, studying the effects of landscape change on moose health in central BC and developing guidelines for Recreation and Industrial Activities near Wolverine Denning areas.

## Performance measure(s) and related discussion

Performance Measure	2022/23 Actual	2023/24 Target <sup>2</sup>	2023/24 Actual
3.1 Funding allocated for improving wildlife populations and their habitat	\$900,000	\$920,000	\$701,057

Data source: FESBC Letter of Agreement with HCTF dated March 11, 2019, HCTF annual approved list,

<sup>1</sup>PM [3.1] targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as N/A and N/A, respectively.

<sup>2</sup> Targets are based on associated FESBC financial forecasts and spending plans.

## Discussion

In 2023/24, delivery of wildlife habitat improvement projects was lower than target due to operational delays related to weather and wildfire events. 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 dependent on what the project proponents are able to deliver during the fiscal year.

## Financial Report

For the auditor's report and audited financial statements, see [Appendix B](#). These documents can also be found on the FESBC website.

## Discussion of Results

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

Financial risks were managed by following auditor recommendations and having clear separation of duties. Multiple people within the organization are required to sign off before money is transacted.

## Financial Summary

(\$000s)	2022/23 Actual	2023/24 Budget <sup>2</sup>	2023/24 Actual	2023/24 Variance
<b>Revenues</b>				
Contributions from Province	7,215	60,452	42,220	(18,232)
Other Income & Recoveries	1,802	4,250	2,918	(1,332)
<b>Total Revenue</b>	<b>9,017</b>	<b>64,702</b>	<b>45,138</b>	<b>(19,564)</b>
<b>Expenses</b>				
Grants	7,215	60,452	42,220	(18,232)
Administration	1,794	4,243	2,910	(1,333)
Capital Asset Amortization	8	7	8	1
<b>Total Expenses</b>	<b>9,017</b>	<b>64,702</b>	<b>45,138</b>	<b>(19,564)</b>
<b>Annual Surplus (Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Debt</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Accumulated Surplus (Deficit)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Capital Expenditures</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>5</b>

<sup>1</sup> The above financial information was prepared based on current Generally Accepted Accounting Principles.

<sup>2</sup> The 2023/24 Budget for Contributions from Province revenue has been restated from \$61,098 to \$60,452 to match the Grants expense and the difference has been adjusted to Other Income and Recoveries revenue. The total 2023/24 Budget for Revenues and Expenses are consistent with the FESBC 2024/24 Annual Service Plan.

## Variance and Trend Analysis

Grant expenditures and corresponding revenue recognition were \$18.2 million less than budget. Spending changes and drivers of these changes by goal are as follows:

- Some projects experienced operational delays due to factors including proponent capacity, contractor availability, the prolonged fire season and difficult winter conditions. \$10.5 million in planned work was delayed and rescheduled for completion in 2024/25.
- New utilization of low value fibre projects was not approved for funding until July 7, 2023, due to administrative delays in receiving funds and starting intakes. The spring hauling window was largely missed, and work did not commence until after the prolonged fire season. In addition, poor pulp market conditions on the coast inhibited planned shipments of fibre from many proponents. While the target was almost achieved, \$7.5 million in funds allocated to utilization were not paid out.
- \$0.2 million was not spent on projects to be delivered through partner programs with the Habitat Conservation Fund.
- Administration costs were lower than anticipated by 31%, partly due to a renegotiation of project administration fees, and lower anticipated wages due to staff shortages, which also resulted in a reduction of travel costs.

## 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 to capitalize on the opportunities as they arise. Operations may also be affected by disruptive events such as wildfires, prolonged fire seasons and cold weather or heavy snow conditions. 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: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 Mandate Letter from the Minister Responsible.

2021/22 Mandate Letter Priority	Status as of March 31, 2024
<p>Contribute to B.C.'s economic recovery and support strong, resilient rural communities by prioritizing FESBC investments to projects that generate good paying, sustainable jobs to meet the purposes of FESBC and the Forest Carbon Initiative objectives.</p>	<ul style="list-style-type: none"> <li>• This mandate letter priority is in progress.</li> <li>• Approved projects continue to be implemented.</li> <li>• Most of these projects are located adjacent to rural communities and tap into the local forestry workforce, keeping the social and economic benefits close to rural BC.</li> <li>• For more information, see Report on Performance: Goals, Objectives and Results, Objective 1.1.</li> </ul>
<p>Implement a plan and determine measurable outcomes to ensure all funded projects are completed safely and effectively on the ground, and bring lasting economic, environmental, and social benefits to the people of B.C.</p>	<ul style="list-style-type: none"> <li>• This mandate letter priority is in progress.</li> <li>• Applicants are tasked with following proper safe work procedures when implementing projects.</li> <li>• Working with partners, FESBC ensures that the work is completed to acceptable industry standards and as planned to ensure the benefits of the work are realized.</li> </ul>
<p>Deliver a comprehensive communications strategy to demonstrate how the achievements of FESBC have fulfilled its purposes, successfully contributed to the Province's economic recovery, and led to continued economic and environmental benefits for B.C.'s forests, Indigenous Peoples, and communities.</p>	<ul style="list-style-type: none"> <li>• This mandate letter priority is ongoing.</li> <li>• In conjunction with Ministry of Forests and project partners, numerous journalism articles about FESBC projects have been published.</li> <li>• Nominated and won Hermes Creative Award, which recognizes creative professionals working in the conceptual, writing, and design phases of digital media.</li> </ul>

May 2022 Letter of Direction Priority	Status as of March 31, 2024
<p>Identify and fund projects to reduce wildfire risks to communities.</p>	<ul style="list-style-type: none"> <li>• This letter of direction priority is in progress.</li> <li>• 58 active WRR projects in 23/24, 42 were completed.</li> <li>• Work in 2023/24 reduced wildfire risk on approximately 6,334 hectares of forest adjacent to communities and high value infrastructure.</li> <li>• For more information see Report on Performance: Goals, Objectives and Results, Objective 1.1.</li> </ul>
<p>Optimize the recovery and utilization of low-value residual fibre resulting from WRR treatments.</p>	<ul style="list-style-type: none"> <li>• This letter of direction priority is in progress.</li> <li>• 6,410 m<sup>3</sup> of residual fibre was utilized in 2023/24 due to wildfire reduction projects supported by FESBC.</li> <li>• Where practicable, FESBC assisted in utilizing fibre generated from these projects by the secondary manufacturing facilities.</li> <li>• For more information see Report on Performance: Goals, Objectives and Results, Objective 1.1.</li> </ul>

## **Appendix B: Auditor's Report and Audited Financial Statements**

Financial Statements of

**FOREST ENHANCEMENT SOCIETY  
OF BC**

And Independent Auditor's Report thereon

Year ended March 31, 2024

## 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 Auditor's 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 AUDITOR'S 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, 2024
- 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, 2024 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



*Forest Enhancement Society of BC*

## ***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.

## ***Auditor's 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 auditor's 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.



*Forest Enhancement Society of BC*

- 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 auditor's 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 auditor's 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' with a horizontal line underneath.

Chartered Professional Accountants

Victoria, Canada  
June 6, 2024



# FOREST ENHANCEMENT SOCIETY OF BC


## Statement of Financial Position


March 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash and cash equivalents (note 2)	\$ 39,285,021	\$ 20,774,602
Investments (note 3)	15,090,662	13,245,452
GST receivable	588,979	2,484,023
	<u>54,964,662</u>	<u>36,504,077</u>
Liabilities:		
Accounts payable and accrued liabilities	12,412,509	3,082,992
Deferred contributions (note 4)	43,960,477	35,954,156
	<u>56,372,986</u>	<u>39,037,148</u>
Net debt	(1,408,324)	(2,533,071)
Non-financial assets:		
Tangible capital assets (note 5)	21,577	23,945
Prepaid expenses and grants (note 6)	1,386,747	2,509,126
	<u>1,408,324</u>	<u>2,533,071</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, 2024, with comparative information for 2023

	Budget (note 7)	2024	2023
Revenues:			
Deferred contributions recognized	\$ 61,098,000	\$ 45,137,307	\$ 9,016,100
Other	3,604,000	452	223
Gain on disposal of tangible capital assets	-	400	1,064
	64,702,000	45,138,159	9,017,387
Expenses:			
Amortization	7,000	7,800	9,790
Grants issued	60,452,000	42,220,046	7,214,942
Grant administration	2,600,000	1,779,807	855,871
Occupancy	63,600	51,759	49,532
Office and general	200,500	54,924	106,468
Professional fees	446,000	218,519	213,633
Salaries and benefits	831,900	708,866	524,677
Travel and transportation	101,000	96,438	42,474
	64,702,000	45,138,159	9,017,387
Annual surplus	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

# FOREST ENHANCEMENT SOCIETY OF BC

## Statement of Changes in Net Debt

Year ended March 31, 2024, with comparative information for 2023

	Budget (note 7)	2024	2023
Annual surplus	\$ -	\$ -	\$ -
Acquisition of tangible capital assets	-	(5,432)	(5,124)
Amortization of tangible capital assets	7,000	7,800	9,790
Proceeds on disposal of tangible capital assets	-	400	1,100
Gain on disposal of tangible capital assets	-	(400)	(1,064)
	7,000	2,368	4,702
Decrease of prepaid expenses	-	1,122,379	843,175
Change in net debt	7,000	1,124,747	847,877
Net debt, beginning of year	(2,533,071)	(2,533,071)	(3,380,948)
Net debt, end of year	\$ (2,526,071)	\$ (1,408,324)	\$ (2,533,071)

See accompanying notes to financial statements.

# FOREST ENHANCEMENT SOCIETY OF BC

## Statement of Cash Flows

Year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ -	\$ -
Items not involving cash:		
Amortization	7,800	9,790
Gain on disposal of tangible capital assets	(400)	(1,064)
Deferred contributions recognized	(45,137,307)	(9,016,100)
Changes in non-cash operating working capital		
Accounts receivable	1,895,044	(2,454,037)
Prepaid expenses	1,122,379	843,175
Accounts payable and accrued liabilities	9,329,517	(3,569,484)
Deferred contributions received	50,000,000	25,010,759
Interest earned on deferred contributions	3,143,628	1,027,811
	20,360,661	11,850,850
Capital activities:		
Purchase of tangible capital assets	(5,432)	(5,124)
Proceeds on disposal of tangible capital assets	400	1,100
	(5,032)	(4,024)
Investing activities:		
Purchase of investments	(1,845,210)	(13,245,452)
Increase (decrease) in cash and cash equivalents	18,510,419	(1,398,626)
Cash and cash equivalents, beginning of year	20,774,602	22,173,228
Cash and cash equivalents, end of year	\$ 39,285,021	\$ 20,774,602

See accompanying notes to financial statements.

# FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2024

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Forest Enhancement Society of BC (“FESBC” or “Society”) 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;
- 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.

# FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (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.

### (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

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

# FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2024

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## 1. Significant accounting policies (continued):

### (f) Tangible capital assets (continued):

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) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

There are no asset retirement obligations during the periods presented.

### (h) 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.

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.

# FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2024

## 1. Significant accounting policies (continued):

### (i) 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:

	2024	2023
Cash in bank	\$ 26,414,482	\$ 16,234,840
Cash on deposit	12,870,539	4,539,762
	\$ 39,285,021	\$ 20,774,602

## 3. Investments:

Investments consist of Guaranteed Investment Certificates bearing interest at rates varying between 5.00% and 5.25% and maturity dates between June 19, 2024 and October 31, 2024.

## 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 funding has been fully expended on costs eligible under the agreement.

On May 17, 2023, FESBC entered into an agreement to receive \$25,000,000 in funding from the Province. The purpose of the funding is to support reduction of wildfire risk and optimize recovery.

On April 25, 2023, FESBC entered into a Shared Cost Arrangement with the Province to receive \$50,000,000 to support projects to improve recovery and utilization of low-value residual fibre and wildfire prevention planning and fuel management treatments near higher-risk communities with critical infrastructure.



# FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2024

## 4. Deferred contributions (continued):

If any of the contributions from the Province cannot be actively committed to achieving FESBC's stated purposes and objectives or requirements of the grant, 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.

	2024	2023
Balance, beginning of year	\$ 35,954,156	\$ 18,931,686
Restricted interest income	3,143,628	1,027,811
Contributions received - Province	50,000,000	25,000,000
Contributions received - Other	-	10,759
Amount recognized as revenue in the year	(45,137,307)	(9,016,100)
Balance, end of year	\$ 43,960,477	\$ 35,954,156

## 5. Tangible capital assets:

March 31, 2024	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 18,872	\$ 15,262	\$ 3,610
Computer equipment	20,034	12,640	7,394
Vehicles	57,122	46,727	10,395
Telephones	947	769	178
Leasehold improvements	15,071	15,071	-
	\$ 112,046	\$ 90,469	\$ 21,577

March 31, 2023	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 18,872	\$ 14,361	\$ 4,511
Computer equipment	17,140	12,779	4,361
Vehicles	57,122	42,272	14,850
Telephones	947	724	223
Leasehold improvements	15,071	15,071	-
	\$ 109,152	\$ 85,207	\$ 23,945

# FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2024

## 6. Prepaid expenses and grants:

	2024	2023
Funds advanced to grant administrators	\$ 1,381,721	\$ 2,501,803
Other	5,026	7,323
	<u>\$ 1,386,747</u>	<u>\$ 2,509,126</u>

## 7. Budget:

The budget figures presented were approved by the Board in February 2023.

## 8. Employee benefits:

The Society and its employees contribute to the Public Service Pension Plan (a jointly trustee pension plan). The Public Service Pension 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 71,000 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, 2023 indicated a \$4,491 million surplus for basic pension benefits on a going concern basis.

The Society paid \$18,175 (2023 - \$12,161) for employer contributions and employees paid \$15,407 (2023 - \$10,308) to the plan in fiscal 2024.

The next valuation will be as of March 31, 2026.

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.

# FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2024

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## 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.

### (d) Credit risk:

Credit risk refers to the risk of financial loss due to a counterparty failing to meet its contractual obligations. The Society deals with creditworthy counterparties to mitigate the risk of financial loss. Accounts receivable are owing entirely from government entities.

There have been no changes to the risk exposures from 2023.

## 10. Commitments:

FESBC has entered into a contract with a third party for administration services related to the delivery and implementation of FESBC's Forest Enhancement Program. The minimum fees are \$835,000 per annum.

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 2017-2024 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.

# FOREST ENHANCEMENT SOCIETY OF BC

Notes to Financial Statements

Year ended March 31, 2024

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## 10. Commitments (continued):

FESBC has entered into an operating lease commitment for premises with monthly payments of \$1,497 until July 2026.

Approved and unadvanced grants at March 31, 2024 were \$42,068,671 (2023 - \$33,327,682).

## 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.

FESBC paid \$666,715 to five employees including secondments (2023 - \$505,185 to five) for services, each of whom received total annual remuneration of \$75,000 or greater.

During the year, FESBC paid total remuneration of \$20,575 (2023 - \$12,100) to directors. For director remuneration, the requirement is to disclose all remuneration paid to directors.

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Director	\$ 750
Director	3,150
Director	4,375
Director	4,050
Director	5,550
Director	2,700
	<hr/>
	\$ 20,575

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## 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, two of five directors of the Board were employees of the Province. FESBC purchased services from related parties through employee secondment from the Province. These services were purchased on a cost recovery basis and totaled \$434,793 (2023 - \$363,720).

During the year, grants of \$nil (2023 - \$6,733) were issued to recipients through the Province, Ministry of Forests.