



Forest Resource Improvement

Association of Alberta







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President's Message



Establishing FRIAA in 1997 was a visionary and innovative initiative. It has resulted in an impressive investment of over \$340 million in programs and initiatives that enhance Alberta's forest resources and provide benefit to all Albertans. In addition to funding forestry enhancement programs, FRIAA has been an important medium for establishing and building relationships among FRIAA members, government, the forest industry, academia, NGOs, and rural and urban communities.

FRIAA continues to deliver a variety of successful core programs, including the Forest Resource Improvement Program (FRIP) and the Community Reforestation Program (CRP). It also develops and delivers new programs that support the province's sustainability objectives. For instance, we are excited to see the implementation of the new Mountain Pine Beetle Program that is aimed at rehabilitating forest stands damaged by the recent and ongoing mountain pine beetle infestation. While new programs are being developed, we are able to measure the results of older programs, such as the first phase of the highly successful Wildfire Reclamation Program, which related to 1998 fires.

Despite past and ongoing success, we feel it is important to continually evaluate progress. Each year, we solicit feedback from our members and stakeholders to help FRIAA evaluate the effectiveness of its programs and administration. This past year we took the feedback request a step further by contacting and interviewing each of our members to elicit their input. We were very appreciative of the comments and advice received during the discussions with members and stakeholders. It is clear that members strongly support the association and its programs and that they recognize the quality of service delivery. The feedback received was valuable and will be acted upon over the coming year.

I would like to express my gratitude to FRIAA's members, partners, and stakeholders for their commitment and support of the wide range of projects completed with funding from FRIAA over the past year. I'd also like to thank our Board of Directors for setting a clear direction

and overseeing the delivery of FRIAA's programs. Finally, I'd like to express my appreciation to past our president, Trevor Wakelin, for his strong leadership, clear vision, and drive to achieve FRIAA goals. I feel fortunate to have served eight years on the Board with Trevor and look forward to continuing our working relationship.

I feel privileged, as president of FRIAA, to be a part of the ongoing success of this highly regarded organization and am looking forward to continued success in the coming years.

A handwritten signature in black ink, appearing to read 'Bruce Macmillan', written in a cursive, flowing style.

Bruce Macmillan, President

Alignment with Alberta Environment and Sustainable Resource Development Objectives

FRIAA aligns its business plan with goals and objectives of Alberta Environment and Sustainable Resource Development (ESRD). FRIAA's mandate and stated objectives are to:

- Enhance forest resources of Alberta
- Promote enhanced management of the forest resources of Alberta
- Improve the sustained yield of the forest resources of Alberta
- Promote integrated resource management
- Reforest public land

FRIAA works closely with ESRD to support the Government of Alberta's objectives of enhancing Alberta's forests and improving the management of forest resources. In the past year, this collaboration was clear as members were engaged in five different programs and initiatives. FRIAA's business plan outlines the association's support for the Minister and her department by matching programs and initiatives to the government's 2012–15 goals and priority initiatives:

- Provincial Goal Six: Innovative and Responsible Resource Development – Find innovative solutions to developing Alberta's resources while protecting Alberta's environment to provide a healthy Alberta for future generations.
- ESRD Ministerial Goal Two: Alberta's public lands and renewable natural resources provide economic, environmental, and social benefits for Albertans.

Strategic Initiatives:

2.2 Develop and implement responsible forest health and management strategies that diversify forest age classes and maximize forest productivity, timber utilization, and revenue for the benefit of Albertans.

2.3 Manage wildfires and implement pre-emptive strategies to promote public safety and maintain forest health by reducing susceptibility to wildfire, disease, and infestations of insects such as the mountain pine beetle.

2.4 Manage fish and wildlife populations, their spatial distribution, health, and productivity to sustain biodiversity, and species at risk, and conserve the natural diversity of ecosystems they are dependent upon.

In 2012–13, FRIAA continued to demonstrate success with its core forestry enhancement programs. The Forest Resource Improvement, Community Reforestation, Wildfire Reclamation, Mountain Pine Beetle and Incidental Conifer Programs continue to draw on the support and involvement of industry to enhance forest resources.

Board of Directors

- | | |
|------------------------------------|-----------------|
| ■ President: Bruce Macmillan | ■ Directors: |
| ■ Vice-President: Barry Gladders | Trevor Wakelin |
| ■ Second Vice-President: Dave Kiil | Cliff Henderson |
| ■ Treasurer: Murray Summers | Bruce Mayer |
| | Jurgen Moll |

Committees and Panels

The Board establishes committees to manage specific board functions that require attention outside of regularly scheduled board meetings. Mandates for these committees are established by the Board in accordance with its policies and accountability framework. Committees report directly to the Board as a whole and report against relevant policies and mandates.

Two standing committees have been established by the Board: the Audit Committee and the Fund Management Committee.

Audit Committee

The Audit Committee meets at least twice each year and has a mandate established by the Board that includes:

- Overseeing the preparation of financial statements by management and the conduct of audits by FRIAA's auditors
- Recommending an auditor to the members for approval

Members of this committee are directors of FRIAA:

- Cliff Henderson
- Murray Summers
- David Kiil

Fund Management Committee

The Fund Management Committee meets twice yearly and reports to the Board in accordance with FRIAA's fund management policy. The Committee's responsibilities include:

- Ensuring that the requirements set forth in FRIAA's statements of investment policies and goals for the Forest Resource Improvement Program (FRIP) and Community Reforestation Program are observed
- Assessing the performance of FRIAA's investment manager and the investment fund against specific targets and measurement criteria
- Confirming that FRIAA's investment return targets are achieved

Members of this committee are directors of FRIAA:

- Cliff Henderson
- Murray Summers
- David Kiil

In addition to the two standing committees described above, FRIAA also establishes committees or review panels with specific mandates, including the FRIP Project Appeals Panel and the MPBP Evaluation Panel.

Appeals Panel

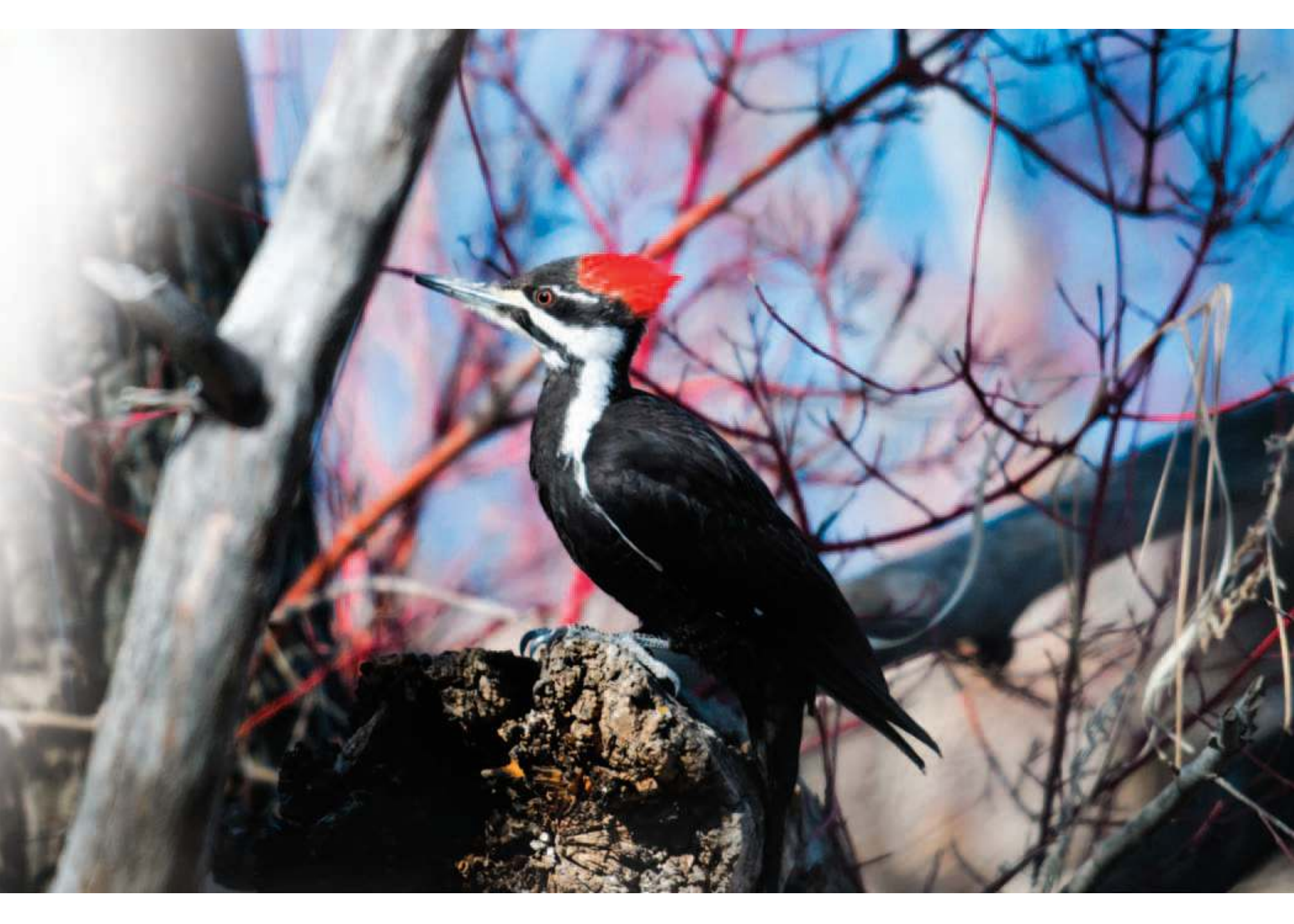
An Appeals Panel can be established when needed to hear appeals initiated by the membership. Members for such Panels are selected on a case-by-case basis depending on their area of expertise and suitability for the matter at hand. There were no appeals in 2012–13 and no appeal panel was struck.

Mountain Pine Beetle Program (MPBP) Evaluation Panel

The MPBP Evaluation Panel was established by the Board to review, evaluate, and make recommendations on funding projects submitted under the MPBP in the 2012–13 year. The panel's responsibilities included selection and recommendation of project proposals that meet criteria established by the Board of Directors and that best represent the interests of FRIAA and the funding organizations.

Members of this panel were selected based on their significant experience and knowledge of mountain pine beetle control requirements. The members of the panel were selected from FRIAA's Board of Directors, Alberta Environment and Sustainable Resource Development (ESRD), and the public at large:

- David Kiil, director of FRIAA
- Daniel Lux, senior manager, Forest Health Section, ESRD
- Norm Denney, public member



Program Highlights

1) Maintaining the Forest Resource Improvement Program (FRIP)

FRIP activities directly align with the Alberta Government's strategic provincial goal of *Innovative and Responsible Resource Development – Finding innovative solutions to developing Alberta's resources while protecting Alberta's environment to provide a healthy Alberta for future generations*. The FRIP program continues to deliver project activities in spite of continued historically low levels of FRIP dues. The FRIP dues are based on the funding formula provided in the *Forest Resource Improvement Regulation*. With the relatively low timber prices, the FRIP dues revenue collected last year was just under \$25,000. When considering the long-term average dues collection of \$13 million (before the industry's downturn in 2009), these dues figures indicate a sustainability issue for the program.

Total expenditures on FRIP projects in 2012–13 were \$4.1 million. Program expenditures remain well below the \$13- to \$15-million long-term average. Since the inception of FRIAA in 1997, well over \$200 million has been contributed to forestry projects that enhance Alberta's forests and improve the management of Alberta's forest resources. These projects all contribute towards key aspects of forest sustainability and resource enhancement through operational improvement activities, enhanced planning and inventory work, applied research projects, public education, and forest protection initiatives. FRIAA's committed to finding ways to sustain the program and the benefits Albertans receive from the project activities.

2) Sustaining the Community Reforestation Program (CRP)

The CRP is funded entirely by reforestation levies paid directly to FRIAA by timber permit holders and small quota holders. FRIAA has maintained the reforestation levy rates at a constant level since the year 2000, when the program was delegated to the association. In spite of rising costs of labour and equipment, FRIAA has worked hard to balance revenues with expenditures to ensure a sustainable program. These efforts have included strategically adjusting the silvicultural prescription to reduce costs while meeting provincial standards, collecting past due reforestation levies, and streamlining overhead and administration costs.

3) Maintaining the success of the Wildfire Reclamation Program (WRP)

All participants under the first phase of the WRP program have completed their activities. Based on grants from government totalling \$35 million plus interest earned, \$35.9 million was invested in reforestation activities on productive forest land that was previously reforested and subsequently destroyed by 1998 wildfires. Over 40.7 million seedlings were planted on

24,800 hectares in the first phase of the program. Our surveys indicate that over 92% of the area meets Alberta's strict reforestation standards and the remaining 8% of the area met the target of re-establishing productive forest cover. All program operations were paid from the interest earned in the fund, with a ratio of administration costs to program spending of 3.1%—well below the 5% target. An amount of \$1.3 million of unused interest income was transferred to the second phase of the WRP program as the first phase was closed.

In addition to the first phase of the WRP program, the second phase of the program, initiated in 2006, has been very active. To date, 6,185 hectares of reforested cutblocks damaged or destroyed by wildfires from 2006 to 2011 are being initially treated and will be returned to productivity. For the 2012 year, Alberta Environment and Sustainable Resource Development (ESRD) and FRIAA identified 3,694 hectares of cutblocks requiring treatment. The province is providing approximately \$7 million to fund the remediation and reforestation of these areas.

WRP activity	Results (phase 1 and 2)
Total seedlings planted	51,040,325 seedlings
Total area planted	30,984 hectares
Total area assessed	66,213 hectares

4) Expanding the Mountain Pine Beetle Program (MPBP)

On April 1, 2007, the MPBP was established to deal with the effects of the mountain pine beetle infestation spreading throughout Alberta. Funding provided by the province and managed by FRIAA has allowed FRIAA's members to be an integral part of the critical detection and control efforts, including single-tree control, pheromone baiting, and log yard management. To date, the MPBP has distributed over \$18.6 million to key projects delivered by members and their contractors.

MPBP activity	Results
Long-distance dispersal monitoring	1,110 sites
Containment baiting	829 hectares
Log yard management	8,563 traps
Aerial surveys	13,667 kilometres
Ground surveys	5,333 hectares
Single-tree control	21,295 trees
Dispersal pheromone	37,818 pouches
Seed collection and seed orchard expansion	13,021 hectolitres

5) Continuing to deliver the Incidental Conifer Program (ICP)

The ICP is scheduled to continue to December 31, 2016. Specific activities approved by ESRD that sustain coniferous timber supplies are being implemented.





Business Plan Highlights

Through a three-year business plan, the Board has provided guidance and direction for FRIAA's ongoing administration. This business plan identifies a number of goals, strategies, and performance expectations to ensure FRIAA's effectiveness and efficiency. The following describes FRIAA's performance over the past year relative to the business plan for April 1, 2012, to March 31, 2015, submitted to the Minister on February 28, 2012.

Goal one: To contribute to the health, productivity, and sustainability of Alberta's forests and forested lands

Optimize active participation in the Forest Resource Improvement Program (FRIP)

FRIAA will strive to provide FRIP funding for a model range of participants throughout the province.

Results:

Participant size	Number of FRIP project participants			
(m ³ /year)	2009–10	2010–11	2011–12	2012–13
0–10,000	25	17	12	1
10,000–107,296	9	7	4	1
107,296+	17	17	15	13

FRIAA's goal is for 100% participation of medium and large member companies. FRIAA had effectively achieved this goal in the past for medium and large-sized companies; however, for 2012–13 not all companies have been able to participate, largely reflecting a reduced FRIP fund.

Effectively reforest cutover areas that are within the scope of the Community Reforestation Program

FRIAA will effectively reforest in a manner consistent with the reforestation standards set out in the Timber Management Regulation and the Alberta Regeneration Survey Manual.

Results:

Subprogram	Harvested area within program (hectares)	Area where treatment commenced (hectares)	Area actively being treated (hectares)
1994–2000	29,552	29,552	1,803*
Post-2000	27,437	26,513	24,454
Total	56,989	56,065	26,257

* Performance surveys only

FRIAA continues to reforest areas harvested after May 2000 through a program linked to the province's Community Timber Program. All areas are being treated in a manner that is consistent with the *Timber Management Regulation* and *Alberta Regeneration Survey Manual*. Initial reforestation treatment work on areas harvested prior to May 2000 was carried out with the funding transferred from the Government of Alberta. The only work remaining on these areas is completion of some performance surveys. The level of funding is continuously monitored, and FRIAA is taking steps to ensure sufficient funding is in place.

Goal two: To reduce the impact of wildfires on Alberta's forests and forest sustainability

Deliver the Wildfire Reclamation Program (WRP) in a cost-efficient manner

The WRP is aimed at stabilizing sites and re-establishing forest cover in areas affected by fires. Delivery of the WRP involves managing agreements with program participants and tracking activities on specified areas of the program. Cost-efficiency is sought by ensuring appropriate use of funds towards the program's objective as well as minimizing overhead costs through efficient administrative policies and procedures.

WRP 1998 grant agreement	
WRP facts	Program inception to date
Total seedlings planted	40,707,479 seedlings
Total area planted	24,799 hectares
Total area assessed	46,017 hectares

WRP 2007 grant agreement	
WRP facts	Program inception to date
Total seedlings planted	10,332,846 seedlings
Total area planted	6,185 hectares
Total area assessed	20,196 hectares

A performance measure for this goal is to maintain a target administration total expenditure ratio of 5% or less. FRIAA has exceeded this target by achieving a 3.36% ratio of administration to total expenditures throughout the program. FRIAA will continue to strive to achieve this target in future.

Goal three: To enhance Alberta's forests to support healthy ecosystems and fish and wildlife resources

Supporting FRIP projects that involve the full range of eligible enhancement activities

Different approaches for improving forest resources and the management of Alberta's forests fall into four categories. FRIAA supported projects across all of these categories.

Performance of this goal is measured by tracking projects within each category over time. The following results reflect active projects within the fiscal year.

Results:

Project category	2012–13 actual (percentage share by number of projects)	2012–13 actual (percentage share by value of projects)
Operational field work	7	6
Inventory and planning	22	23
Applied research	37	41
Other	33	30

Over time, the percentage value of projects has shifted from operational fieldwork and inventory and planning to operational research and other categories. Work in these two areas has included operational research into species at risk and additional efforts in the areas of public education and outreach—all very worthwhile activities.

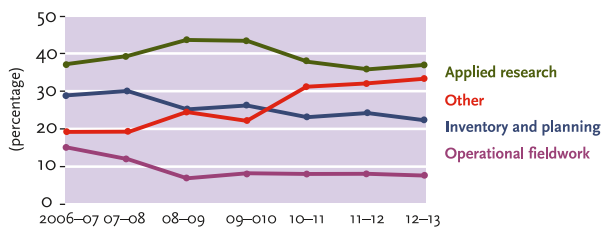
Initiate reforestation activities under the Community Reforestation Program within two years of harvesting

FRIAA will manage its reforestation program in a manner that allows it to meet the Timber Management Regulation requirement of initiating reforestation activities on cutblocks within two years of harvesting.

Results:

FRIAA aggressively pursues a goal of initiating reforestation treatments within two years of harvest on all blocks harvested after May 30, 2000. Exceptions to this timing, which are uncommon, usually relate to a delay in the transfer of harvest information from government to service providers. FRIAA is continuing to work with both parties to eliminate all exceptions.

Actual percentage value of projects by category



Goal four: To support a sustainable forest industry as responsible stewards of Alberta's forests

Encourage full and efficient use of FRIP funds

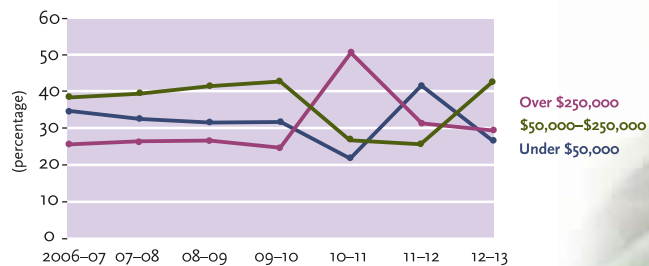
FRIAA promotes full and efficient use of FRIP funds through increasing participation levels and actively encouraging FRIP projects by making funds to those projects available for 36 months.

Results:

Project value	2012–13 actual (percentage share by number of projects)	2012–13 actual (percentage share by value of projects)
Under \$50,000	43	28
\$50,000–\$250,000	30	68
Over \$250,000	27	4
Total	100	100

FRIAA's performance is reviewed over time by monitoring the sizes of projects carried out and evaluating the results, if any, on the efficient use of funds. Distribution of project sizes has changed over the past years as smaller projects are completed and ongoing projects tend to be larger. The largest projects, those over \$250,000 in funding, are becoming less common as the FRIP fund becomes smaller. FRIAA expects more mid-sized projects in the future as members increasingly cooperate and pool resources.

Actual percentage share by number of projects by size



Goal five: To ensure full accountability to all Albertans

Govern effectively

FRIAA will fulfill its responsibility to deliver effective and efficient administration and to meet its obligations through sound corporate governance.

Results:

Legislative requirements		
Requirement	Action by FRIAA	Status
Business plan	Provide a three-year business plan (including goals) to the Minister annually.	Completed
Annual report	Provide an annual report summarizing activities and financial statements to the Minister of ESRD.	Completed
FRIAA dues	Determine FRIAA dues as per the <i>Forest Resources Improvement Regulation</i> Sections 5(1) and 5 (1.1).	No changes in dues in 2012–13
Notice of change of bylaws	Give reasonable notice to the Minister of ESRD to complete regulation review prior to expiry date.	No changes in bylaws in 2012–13
Freedom of Information and Protection of Privacy Act (FOIP Act) requests	Adhere to <i>FOIP Act</i> regulations.	In compliance
Records management system	Have a reliable records management system in place.	In compliance
Program reporting to the Minister of ESRD	Report all forestry enhancement programs to the Minister as per the grant agreement.	In compliance

Governance		
Requirement	Action by FRIAA	Status
Objects review	Periodically review FRIAA's activities to ensure they align with FRIAA's objectives.	In compliance
Bylaws review	Ensure annual Board review of FRIAA's bylaws.	Completed
Director requirements	In accordance with bylaws, elect or appoint directors for the Board, and provide indemnification and reimbursement of directors' expenses where the Board approves.	Completed
Directors' meetings	Call directors' meetings as per bylaw requirements, and ensure majority quorum. Ensure minutes are done in writing and approved by directors.	In compliance
Financial accountability	Audit FRIAA's financial records yearly and provide results to all members through the annual report.	Completed
Annual general meeting	Hold a yearly meeting for all members. Conduct meeting and voting as per the bylaws.	In compliance
Program reporting to the Board	Ensure all forestry enhancement programs provide regular administration reports to the Board.	Completed
MOU review	Review the memorandum of understanding with the Minister annually.	Completed

Ensure full accountability for FRIAA

FRIAA will develop a comprehensive accountability framework to ensure it acts in accordance with its mandate and objectives. The accountability framework will govern FRIAA to ensure its mandate is being fulfilled, its objectives are being pursued, and its members and Minister are well represented.

Results:

All policies and regulatory requirements have been reviewed in conjunction with a year-end accountability reporting process undertaken by the Board of FRIAA. FRIAA thoroughly reviews all policies, bylaws, and regulatory requirements annually to ensure that FRIAA is in compliance with its governance and accountability framework. This review is documented as an annual accountability report.

Communicating benefits

FRIAA's mandate focuses on benefits for Albertans through projects and initiatives. FRIAA strives to communicate these benefits to Albertans.

Results:

FRIAA maintains a website to inform stakeholders about administration of the association and its programs. A newsletter is produced and distributed two to three times a year to highlight key activities and points of concern to the membership, to FRIAA dues remitters, and to other stakeholders. FRIAA will continue to seek input on its communications activities.

Policy	Status
Audit Committee Policy	<ul style="list-style-type: none">■ Approved August 26, 1997.■ Audit Committee established August 26, 1997. Membership reviewed annually.■ Audit Committee has met in accordance with the policy and reported against it regularly.■ Audit for 2012–13 has been completed in accordance with the terms of the policy and legislative requirements.
Conflict of Interest Policy	<ul style="list-style-type: none">■ Approved August 26, 1997.■ Conflicts were reported and recorded in accordance with the policy.
Appeal Policy	<ul style="list-style-type: none">■ Approved January 19, 1998, as amended.■ No appeals under the policy have been initiated in 2012–13.
Fund Management Policy	<ul style="list-style-type: none">■ Fund Management Committee established November 17, 1997.■ Statement of Investment Policies and Goals was approved April 22, 1998, and amended December 4, 2006.■ Statement of Investment Policies and Goals for the Community Reforestation Fund approved December 1, 2003, and amended December 4, 2006, and December 7, 2009.■ Monthly reports were made by the investment managers to the committee and Board in compliance with the policy and investment statement.
Public-at-Large Director Selection Protocol	<ul style="list-style-type: none">■ Policy reviewed and confirmed October 2000.■ Reviewed October 16, 2008.
Community Reforestation Program	<ul style="list-style-type: none">■ Approved and effective May 30, 2000, and reviewed on an ongoing basis.
Forest Resource Improvement Program Description and Guidelines	<ul style="list-style-type: none">■ Approved August 26, 1997, as amended, reviewed on an ongoing basis.
Annual Budgeting Protocol	<ul style="list-style-type: none">■ Compliance in 2012–13.
Annual Business Plan Review Process	<ul style="list-style-type: none">■ Compliance in 2012–13.



Financial Highlights

FRIAA's financial statements provide an overview of the funds and resources used to deliver its programs and initiatives. Highlights of 2012–13:

- Overall project spending by FRIAA was just over \$11.4 million in 2012–13, compared to \$15 million in the previous year.
- FRIAA dues receipts remained close to nil again this year as lumber prices remained very low. Dues received were just under \$25,000, paid by small operators, compared to a historical average of nearly \$13 million from all dues payers.
- The FRIP fund is valued at \$34.7 million, compared to \$36.4 million the previous year.
- Community Reforestation Program (CRP) activity continued to decrease as reflected by low levels of harvesting under the Community Timber Program and relative currency in terms of required treatments.
- Careful planning, cash management, and investment strategies were established to ensure that the capital in the CRP and FRIP funds was preserved. Over \$3.3 million was earned in net investment revenue over the year in all program funds.

Risk Mitigation

Ensuring risks are identified and appropriately mitigated is a priority for FRIAA. The following measures are in place to mitigate risks:

- An Audit Committee and Fund Management Committee are in place to provide assurance and oversight and to ensure FRIAA's operating structure and programs are cost-effective and efficient.
- Internal operations and controls are periodically reviewed to ensure they are up to date and effective.

Further, FRIAA adheres to practices and regulations of Alberta Environment and Sustainable Resource Development as well as appropriate forestry principles.

Auditor's Report

To the Members of the Forest Resource Improvement Association of Alberta

We have audited the accompanying financial statements of Forest Resource Improvement Association of Alberta, which comprise the statements of financial position as at March 31, 2013, March 31, 2012, and April 1, 2011, and the statements of revenue and expenditures, statements of changes in net assets and cash flows for the years ended March 31, 2013, and March 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on

the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Forest Resource Improvement Association of Alberta as at March 31, 2013, March 31, 2012, and April 1, 2011, and its financial performance and its cash flows for the years ended March 31, 2013, and March 31, 2012, in accordance with Canadian accounting standards for not-for-profit organizations.



Grant Thornton LLP
Chartered Accountants
Edmonton, Alberta
June 5, 2013

Financial Statements and Notes

Statement of Financial Position

	March 31, 2013	March 31, 2012	April 1, 2011
		(Note 2)	(Note 2)
Assets			
Current assets:			
Cash	\$ 7,342,105	\$ 10,843,759	\$ 8,508,230
Restricted cash (Note 4)	32,515,274	20,459,283	7,226,320
Accounts receivable and accrued interest receivable	591,434	810,473	672,060
Investments	2,182,018	6,983,028	7,497,132
Prepaid expenses and deposits	65,325	165,896	41,239
	42,696,156	39,262,439	23,944,981
Investments	40,765,082	34,645,554	39,124,941
Total assets	\$ 83,461,238	\$ 73,907,993	\$63,069,922

Liabilities and Net Assets

Current liabilities:			
Accounts payable and accrued liabilities	\$ 900,697	\$ 653,752	\$ 1,160,792
Net assets:			
Forest Resource Improvement Program	34,686,319	36,371,455	40,528,101
Wildfire Reclamation Program (Note 4)	32,192,959	20,417,184	6,780,860
Community Reforestation Program (Note 5)	11,612,636	11,909,833	9,277,560
Incidental Conifer Program (Note 6)	920,854	1,215,173	1,586,363
Mountain Pine Beetle Program (Note 7)	3,147,773	3,340,596	3,555,276
Fire Hazard Reduction and Forest Health Program (Note 12)	—	—	160,447
Forestry Workers Employment Program (Note 13)	—	—	20,523
Total net assets	82,560,541	73,254,241	61,909,130
Total liabilities and net assets	\$ 83,461,238	\$ 73,907,993	\$63,069,922

Commitments (Note 8)

See accompanying notes to financial statements.

On behalf of the Board:


David Kiil
Director


Murray Summers
Director

Statement of Revenue and Expenditures

Year ended March 31, 2013

	Wildfire Reclamation Program (Note 4)	Mountain Pine Beetle Program (Note 7)	Incidental Conifer Program (Note 6)	Community Reforestation Program (Note 5)	Forest Resource Improvement Program	2013 total
Revenues:						
FRIAA dues	\$ —	\$ —	\$ —	\$ —	\$ 24,789	\$ 24,789
Reforestation levies	—	—	—	1,546,350	—	1,546,350
Grants	15,950,572	2,000,000	—	—	—	17,950,572
	15,950,572	2,000,000	—	1,546,350	24,789	19,521,711
Expenditures:						
Accounting	33,794	31,119	7,688	71,989	58,847	203,437
Communication	17,648	21,361	988	28,187	30,397	98,581
Directors' expenses	1,605	811	270	1,082	1,623	5,391
Directors' honoraria (Note 9)	2,076	1,038	346	1,384	2,076	6,920
Field audits	18,015	8,456	—	40,530	80,634	147,635
Financial audit	16,396	—	—	—	25,045	41,441
Insurance	2,605	1,367	456	1,866	2,692	8,986
Management support	125,408	138,631	14,832	406,575	118,005	803,451
Member audits	—	—	—	—	17,921	17,921
Office and miscellaneous	5,103	9,047	790	7,496	10,695	33,131
Professional fees	47,023	23,512	7,837	30,868	54,770	164,010
Project expenditures	4,135,899	1,955,869	270,000	1,550,391	3,542,337	11,454,496
Project operations and monitoring costs	18,481	19,584	1,384	139,565	89,137	268,151
Project review and approval	26,071	33,807	—	135,570	76,370	271,818
	4,450,124	2,244,602	304,591	2,415,503	4,110,549	13,525,369
	11,500,448	(244,602)	(304,591)	(869,153)	(4,085,760)	5,996,342
Other income (expenses):						
Dividends	—	—	—	20,592	170,370	190,962
Interest	275,853	51,894	10,264	379,994	586,395	1,304,400
Gain on fair value of investments	—	—	—	171,370	1,798,359	1,969,729
GST rebates	(526)	(115)	8	—	11,740	11,107
Investment management fees	—	—	—	—	(166,240)	(166,240)
	275,327	51,779	10,272	571,956	2,400,624	3,309,958
Excess (deficiency) of revenues over expenditures	\$ 11,775,775	\$ (192,823)	\$ (294,319)	\$ (297,197)	\$ (1,685,136)	\$9,306,300

See accompanying notes to financial statements.

Statement of Revenue and Expenditures

Year ended March 31, 2012

	Forestry Workers Employment Program (Note 13)	Fire Hazard Reduction and Forest Health Program (Note 12)	Wildfire Reclamation Program (Note 4)	Mountain Pine Beetle Program (Note 7)	Incidental Conifer Program (Note 6)	Community Reforestation Program (Note 5)	Forest Resource Improvement Program	2012 Total
Revenues:								
FRIAA dues	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 21,198	\$ 21,198
Reforestation levies	—	—	—	—	—	2,775,139	—	2,775,139
Grants	—	1,725,370	15,000,000	4,500,000	—	2,450,728	—	23,676,098
	—	1,725,370	15,000,000	4,500,000	—	5,225,867	21,198	26,472,435
Expenditures:								
Accounting	—	20,390	34,479	32,226	4,459	126,157	66,628	284,339
Communication	—	8,053	16,255	24,174	1,167	44,130	29,497	123,276
Directors' expenses	87	11	1,526	1,121	406	1,809	2,769	7,729
Directors' honoraria (Note 9)	71	182	1,833	1,518	558	2,487	3,720	10,369
Field audits	—	25,446	44,970	15,106	—	4,200	50,417	140,139
Financial audit	580	686	8,630	3,336	1,668	5,714	16,094	36,708
Insurance	87	1,646	1,560	1,516	520	2,599	2,599	10,527
Management support	5,015	21,455	65,085	66,324	22,583	592,261	97,188	869,911
Office and miscellaneous	—	2,672	5,327	19,832	1,136	5,829	10,081	44,877
Professional fees	997	4,203	9,190	6,447	2,315	12,044	12,325	47,521
Project expenditures	13,838	1,771,446	1,197,523	4,540,177	350,000	1,822,796	5,359,729	15,055,509
Project operations and monitoring costs	—	24,695	28,339	23,568	—	131,920	126,672	335,194
Project review and approval	—	12,795	19,094	18,294	1,230	151,338	94,256	297,007
	20,675	1,893,680	1,433,811	4,753,639	386,042	2,903,284	5,871,975	17,263,106
	(20,675)	(168,310)	13,566,189	(253,639)	(386,042)	2,322,583	(5,850,777)	9,209,329
Other income (expenses):								
Dividends	—	—	—	—	—	265,992	161,487	427,479
Interest	152	7,863	70,135	38,959	14,852	43,477	894,597	1,070,035
Gain (loss) on fair value of investments	—	—	—	—	—	221	811,624	811,845
Investment management fees	—	—	—	—	—	—	(173,577)	(173,577)
	152	7,863	70,135	38,959	14,852	309,690	1,694,131	2,135,782
Excess (deficiency) of revenues over expenditures	\$ (20,523)	\$ (160,447)	\$ 13,636,324	\$ (214,680)	\$ (371,190)	\$ 2,632,273	\$ (4,156,646)	\$ 11,345,111

Statement of Changes in Net Assets

Year ended March 31, 2013

	Wildfire Reclamation Program net assets	Mountain Pine Beetle Program net assets	Incidental Conifer Program net assets	Community Reforestation Program net assets	Forest Resource Improvement Program net assets	2013 total
	(Note 4)	(Note 7)	(Note 6)	(Note 5)		
Net assets, beginning of year	\$ 20,417,184	\$ 3,340,596	\$ 1,215,173	\$ 11,909,833	\$ 36,371,455	\$ 73,254,241
(Deficiency) excess of revenues over expenditures	11,775,775	(192,823)	(294,319)	(297,197)	1,685,136	9,306,300
Net assets, end of year	\$ 32,192,959	\$ 3,147,773	\$ 920,854	\$ 11,612,636	\$ 34,686,319	\$ 82,560,541

See accompanying notes to financial statements.

Year ended March 31, 2012

	Forestry Workers Employment Program net assets	Fire Hazard Reduction and Forest Health Program net assets	Wildfire Reclamation Program net assets	Mountain Pine Beetle Program net assets	Incidental Conifer Program net assets	Community Reforestation Program net assets	Forest Resource Improvement Program net assets	2012 total
	(Note 13)	(Note 12)	(Note 4)	(Note 7)	(Note 6)	(Note 5)		
Net assets, beginning of year	\$ 20,523	\$ 160,447	\$ 6,780,860	\$ 3,555,276	\$ 1,586,363	\$ 9,277,560	\$ 40,528,101	\$ 61,909,130
(Deficiency) excess of revenues over expenditures	(20,523)	(160,447)	13,636,324	(214,680)	(371,190)	2,632,273	(4,156,646)	11,345,111
Net assets, end of year	\$ —	\$ —	\$ 20,417,184	\$ 3,340,596	\$ 1,215,173	\$ 11,909,833	\$ 36,371,455	\$ 73,254,241

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended March 31

	2013	2012
Increase (decrease) in cash and cash equivalents		
Operations		
Excess of revenue over expenditure	\$ 9,306,300	\$ 11,345,111
Non-cash items		
Gain on fair value of investments	(869,730)	(811,845)
	8,436,570	10,533,266
Change in non-cash operating working capital		
Accounts receivable and accrued interest receivable	219,039	(138,413)
Prepaid expenses and deposits	100,571	(124,657)
Accounts payable and accrued liabilities	246,946	(507,040)
	9,003,126	9,763,156
Investing		
Changes in restricted cash	(12,055,992)	(13,232,963)
Purchase of investments	(28,774,249)	(30,965,485)
Proceeds on sale and redemption of investments	28,325,462	36,770,821
	(12,504,779)	(7,427,627)
Net (decrease) increase in cash and cash equivalents	(3,501,653)	2,335,529
Cash and cash equivalents		
Beginning of year	10,843,759	8,508,230
End of year	\$ 7,342,106	\$ 10,843,759

See accompanying notes to financial statements.

Notes to Financial Statements

Years ended March 31, 2013, and March 31, 2012

1. Nature of operations

The Forest Resource Improvement Association of Alberta (the "Association") is incorporated under the *Societies Act of Alberta* and has a mandate under the *Forest Resources Improvement Regulation* pursuant to the *Environmental Protection and Enhancement Act* and the *Forests Act* to establish programs or initiatives to enhance forest resources of Alberta and the management thereof, improve the sustained yield of Alberta forest resources and to promote integrated resource management. The Association uses Forest Resource Improvement Association of Alberta dues to fund the Forest Resource Improvement Program, which is aimed at these objectives.

In 1998, per agreement with the Province of Alberta, the Association commenced administering the Reclamation of Cutblocks Destroyed by Wildfire Program (Note 4).

In 2000, per agreement with the Province of Alberta, the Association commenced administering the Community Reforestation Program (Note 5).

In 2005, per agreement with the Province of Alberta, the Association commenced administering the Incidental Conifer Program (Note 6).

In 2007, per agreement with the Province of Alberta, the Association commenced administering the Mountain Pine Beetle Program (Note 7).

In 2009, per agreement with the Province of Alberta, the Association commenced administering the Fire Hazard Reduction and Forest Health Program. This Program was completed and wound up during the fiscal year ending March 31, 2012.

In 2009, per agreement with the Province of Alberta, the Association commenced administering the Forestry Workers Employment Program. This Program was completed and wound up during the fiscal year ending March 31, 2012.

The Association is a not-for-profit organization, and accordingly, no provision for corporate income taxes has been provided in these financial statements pursuant to Section 149(1)(l) of the *Income Tax Act, Canada*.

2. Impact on transition to Canadian accounting standards for not-for-profit organizations

These financial statements are the first financial statements for which the Association has applied Canadian accounting standards for not-for-profit organizations ("ASNPO"). The financial statements for the year ended March 31, 2013, were prepared in accordance with ASNPO. Comparative period information presented for the year ended March 31, 2012, was prepared in accordance with ASNPO and the provisions set out in Section 1500, First-time adoption.

The date of transition to ASNPO is April 1, 2011. The Association's transition from Canadian generally accepted accounting policies ("previous GAAP") to ASNPO has had no significant impact on the opening net assets as at April 1, 2011, or the statements of revenues and expenditures for the year ended March 31, 2012, or the statement of cash flows for the year ended March 31, 2012.

As a result, although the statement of financial position as at April 1, 2011, has been provided, the reconciliations and disclosures required by Section 1500, First-time adoption, for the net assets at the transition date, the comparative period excess of revenues over expenditures

and the cash flow statement are not necessary and have not been presented in these financial statement notes.

3. Summary of significant accounting policies

Revenue recognition

The Association uses the restricted fund method of accounting. All restricted contributions are recorded as revenue of the appropriate restricted fund in the period to which it relates under the terms of the Agreements.

The Association earns dues and levies based on the timber sales of Alberta producers. Producers are required to report timber sales and related dues or levies by filing a timber return with the Association. Revenues are recognized using the accrual method when amounts are measurable and collection is reasonably assured. Dues and levies are based on the volume of timber produced and are legally owing to the Association when timber dues are owing to the Crown. Reforestation levies are recorded in the Community Reforestation Program, as they provide direct funding for the program.

Investment income is recorded in the period that it is earned.

Cash and cash equivalents

Cash and cash equivalents include unrestricted cash on hand and balances with banks, net of outstanding cheques.

Restricted cash

Restricted cash includes cash that is restricted for use in individual programs.

Investments

Investments are accounted for based on their classification as held-for-trading assets and recorded at fair value. Changes in fair value are recognized in the statement of revenues and expenditures. Interest and dividends on investments are recorded as other income when earned. Cost of investments as at March 31, 2013, is \$41,162,391 (2012: \$40,713,604).

Use of estimates

In preparing the Association's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the period. Actual results could differ from these estimates. Significant estimates within these financial statements are the accrual of reforestation levies.

Financial instruments

Initial Measurement:

The Association's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement:

At each reporting date, the Association measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Association has also irrevocably elected to measure its investments in bonds at fair value. All changes in fair value of the Association's investments in equities quoted in an active market and in bonds are recorded in the statement of operations. The Association uses the effective interest method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, accounts receivable and accrued interest receivable, investments and accounts payable and accrued liabilities. The carrying value of financial instruments approximates their fair value due to the short-term nature, unless otherwise noted.

For financial assets measured at cost or amortized cost, the Association regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Association determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

4. Reclamation of Cutblocks Destroyed by Wildfire Program (the "Wildfire Reclamation Program")

The Wildfire Reclamation Program was established on November 1, 1998, and amended on November 24, 2000, and February 15, 2006, by agreement between Her Majesty the Queen in Right of Alberta as represented by the Minister of Environment (the "Province") and the Forest Resource Improvement Association of Alberta (the "Association"). The Wildfire Reclamation Program was established to encourage the reclamation of land disturbed or destroyed by wildfire and will be operated by the Association.

Under the terms of the agreement, the total grant amounts to \$35,000,000. The Association received \$10,000,000 from the Province in January 1999, \$17,000,000 on May 12, 1999, \$4,000,000 on December 1, 2000 and \$4,000,000 on April 23, 2002. The agreement ("1998 Program") which was to expire on March 31, 2006, was extended to March 31, 2012. Any unexpended funds plus earnings thereon at that time would have had to be returned to the Province, except that subsequent to March 31, 2012, the Association received a Letter of Intent from the Province extending the expiry to March 31, 2013. The Association was also directed to transfer any then unexpended funds plus earnings to the 2006 program, where they will be used to complete any outstanding work under the 1998 agreement then used in the 2006 program.

On July 3, 2007 the Association entered into a new grant agreement ("2006 Program") with the Province. Under the terms of the agreement the total grant amount of \$5,137,986 received in 2007 is to be used for the reclamation of 2006 and 2007 burned cutblocks. The annual grants of \$730,272 received in 2009, \$2,631,068 received in 2010 and \$372,288 received in 2011 under the terms of the agreement are to be used for the reclamation of 2008, 2009, and 2010 burned cutblocks respectively. The 2012 annual grant of \$15,000,000 is to be used for the reclamation of 2011 burned cutblocks. During 2013 annual grants of \$8,869,107

and \$7,081,465 were received to be used for reclamation of 2011 and 2012 burned cutblocks respectively.

The agreement expires on March 31, 2017, unless the term of the 2006 Program agreement is extended or renewed. The obligations of the parties continue for such period of time required to complete the work under the agreement, which shall be no earlier than seven years past the end of the term. Any unused grant amount shall be returned to the Province, together with any interest or return earned from investment of the grant amount, seven years from the end of the term.

Restricted cash consists of funds of \$32,515,274 (2012: \$20,459,283; 2011: \$7,226,320) that are restricted for use on the Wildfire Reclamation Program and are held in a separate bank account.

5. Community Reforestation Program (the "Reforestation Program")

The Reforestation Program was established on May 1, 2000, by order in council amending the *Timber Management Regulation* pursuant to the *Forest Act* and the *Forest Resource Improvement Regulation* pursuant to the *Environmental Protection and Enhancement Act*. The Reforestation Program was established for reforestation of Crown lands subject to reforestation levies.

In implementing the program, the receipt of funds for the Reforestation Program has been delegated to the Association in two parts:

- a) Reforestation levies received and unexpended by the Province on areas cut under the authority of timber licenses and permits on or after May 1, 1994, but before May 30, 2000, are to be transferred to the Association according to section 143.91 of the *Timber Management Regulation*. The levies received during the year were \$Nil (2011: \$Nil).
- b) The Association has the authority to collect reforestation levies on areas cut under the authority of timber licenses and permits on or after May 30, 2000. The levies received during the year were \$1,546,350 (2012: \$2,627,312).

All reforestation levies and associated interest are to be used solely for the purpose of the Reforestation Program.

6. Incidental Conifer Program

The Incidental Conifer Program was established on March 31, 2005, by agreement between Her Majesty the Queen in Right of Alberta as represented by the Minister of Sustainable Resource Development (the "Minister") and the Forest Resource Improvement Association of Alberta (the "Association"). The Incidental Conifer Program was established to encourage the replacement of coniferous timber harvested as the result of and incidental to deciduous timber harvesting operations and will be operated by the Association.

Under the terms of the agreement, funding in the amount of \$2,786,484 was transferred by the Province to the Association on November 16, 2005, in respect of work to be undertaken, under contracts, on lands set out in the Forest Management Agreement. Additional funds may be paid to the Association from time to time, representing amounts collected by the Minister for the purpose set out in the Agreement. In that event, the Association shall administer all additional funds provided in accordance with the terms of the Agreement. The term of the Agreement is from February 1, 2005, to December 31, 2016.

7. Mountain Pine Beetle Program

The Mountain Pine Beetle Program was established on July 5, 2007, by agreement between Her Majesty the Queen in Right of Alberta as represented by the Minister of Sustainable Resource Development (the "Minister") and the Forest Resource Improvement Association of Alberta (the "Association"). This Program was established because Mountain Pine Beetle infestations in Alberta reached epidemic proportions causing significant damage to Alberta's pine stands. Under the terms of the agreement the Department provides funding, in the form of a grant to be used to administer forest industry sector operators engaged to provide services, beyond tenured obligations, to control, suppress or eradicate the Mountain Pine Beetle.

Under the terms of the agreement \$5,000,000 was provided in 2007 as initial funding to initiate the Program. Additional annual grant amounts of \$5,000,000 were provided in April 2008 and December 2009. Annual grant amounts will be approved by the Department throughout the term of the Agreement, which is April 1, 2007, to March 31, 2012, unless otherwise extended or renewed or terminated in accordance with the terms. Annual grants of \$4,500,000 and \$1,200,000 were provided in the years ending March 31, 2012 and 2011, respectively.

The Mountain Pine Beetle Program has been extended to 2019 and the annual grant for 2013 in the amount of \$2,000,000 was received during the year.

8. Commitments

As at March 31, 2013, the Association is committed to fund approved projects with various terms in the following amounts for each program:

	2013	2012
Forest Resource Improvement Program	\$ 5,920,212	\$ 8,308,067
Community Reforestation Program	343,290	380,738
Wildfire Reclamation Program	28,025,416	2,238,349
Mountain Pine Beetle Program	1,860,980	1,576,237
Incidental Conifer Program	195,000	465,000
	\$ 36,344,898	\$ 12,968,391

9. Related party transactions

As required under the *Forest Resources Improvement Regulation*, the remuneration and benefits paid to the members of the Board of Directors are as follows:

	2013	2012
James C. Bocking	\$ 1,059	\$ 2,109
Cliff Henderson	224	—
A. David Kiil	2,194	3,023
Jurgen Moll	1,915	2,748
Murray Summers	1,528	1,280
Other	—	1,209
	\$ 6,920	\$10,369

10. Financial instruments

The Association's financial instruments consist of cash, accounts receivable, accrued interest receivable, investments, accounts payable, and accrued liabilities. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency, or credit risks from these financial instruments.

Fair value

The estimated fair value of cash, accounts receivable, accrued interest receivable, accounts payable, and accrued liabilities approximates their carrying value due to the relatively short-term nature of these instruments. The estimated fair value of investments is determined using quoted market prices.

Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Association is exposed to credit risk from accounts receivable. The Association's receivable balance is made up of numerous receivables, which reduces the concentration of credit risk.

Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. Investments bear interest at a fixed rate. Fixed rate investments are subject to interest rate price risk, as the values will fluctuate as a result of changes in market rates.

11. Contingencies

GST reporting for the period April 1, 2007, through October 31, 2010, for the Association is currently under audit by the Canada Revenue Agency (CRA). Resolution of the audit has been postponed by agreement with CRA contingent upon receiving a ruling which will determine if the supply of services by the Community Reforestation Program are taxable. In addition, if the amounts are considered to be taxable by the CRA, the Association may be able to claim certain GST rebates related to expenditures previously incurred. Due to the uncertainty of the results and the length of time being taken by the CRA to provide the ruling, no provision for the audit outcome has been recorded in the accounts of the Association.

12. Fire Hazard Reduction and Forest Health Program

The Fire Hazard Reduction and Forest Health Program (the "Program") was established on February 27, 2009, by agreement between Her Majesty the Queen in Right of Alberta as represented by the Minister of Sustainable Resource Development (the "Department") and the Forest Resource Improvement Association of Alberta, a society incorporated under the laws of the Province of Alberta, with its registered office at Edmonton, Alberta ("FRIAA"). The Fire Hazard Reduction Program was established to undertake forest management activities designed to reduce fire hazards and maintain forest health on public lands. The Program as agreed to by the Department and FRIAA is to be administered by the Association.

Under the terms of the agreement, the total grant to be received by FRIAA from the

Department amounts to \$15,000,000. The funds are to be paid in three installments. The first installment of \$2,000,000 was received on May 12, 2009, and the second installment of \$6,500,000 was received from the Department on December 17, 2009. The third installment of \$6,500,000 became payable upon receipt from FRIAA of an audited report for FRIAA's 2009–10 fiscal year. These funds were received by FRIAA in July 2010. Two years from the last day of the Term, March 31, 2012, any unused Grant Money shall be returned to the Department by FRIAA.

On July 3, 2009, the Forest Resource Improvement Association of Alberta (the "Recipient") entered into a separate agreement with Her Majesty the Queen in Right of Canada as represented by the Minister of Western Economic Diversification (the "Minister"). The Minister offered the Association a financial contribution under the Community Adjustment Fund Program to provide funding for the implementation of projects in forest-based communities in Alberta under the Fire Hazard Reduction and Forest Health Program (the "Program").

Under the terms of the agreement the Minister shall provide the Recipient with a non-repayable Contribution not exceeding \$15,000,000 provided the Recipient is in compliance with the Terms and Conditions of the Agreement and the Minister's total Contribution to Project Costs, at the End Date, does not exceed 50% of Project Costs. Any Contribution paid in excess of 50% of Project Costs shall be deemed repayable at the End Date. Payments of \$2,545,625 and \$4,954,375 were received during November 2009 and February 2010 respectively, totalling \$7,500,000 for the fiscal year ending March 31, 2010. Payments of \$3,750,000 and \$2,024,630 were received during May 2010 and December 2010 respectively, totalling \$5,774,630 for the fiscal year ending March 31, 2011.

The agreement with the Minister of Western Economic Diversification was amended March 28, 2011, whereby the Minister will contribute 100% of the first \$15,000,000 of assisted project costs incurred by the Association prior to March 31, 2011. At the Minister's discretion, the Minister may hold back a portion of the contribution pending receipt of claims for costs through the end date (December 31, 2011). Prior to the end date payments totalling \$1,725,370 were received by the Association. This Program was completed and wound up during the fiscal year ending March 31, 2012.

13. Forestry Worker Employment Program

The Forestry Worker Employment Program (the "Program") was established in July 2009 by the Association. The Program was established to provide funding to Alberta's forestry sector to mitigate impacts from the current economic downturn by encouraging job creation within Alberta communities. The funds are focused towards increasing employment opportunities specifically within the province's silviculture workforce and funding projects relating to the planting of seedlings.

The program has received funding under two grant agreements with the Minister of Employment and Immigration of Alberta ("AEI") dated July 14, 2009, and July 24, 2009. The total grant proceeds under the agreements is \$6,000,000.

Under the terms of the agreements, the total grant of \$6,000,000 to be received by the Association was equally disbursed over a two-year period. Grant funds not used for the purposes for which they were provided or which have not been used, must be returned.

The first year's installment of \$3,000,000 was received on August 12, 2009. The second installment of \$3,000,000 was received May 19, 2010, after receipt of satisfactory reporting of disbursements and demonstrated achievement of the objective to increase employment opportunities for those impacted by the economic downturn in the forestry sector of the Alberta economy from the first \$3,000,000 grant. The first report was submitted by April 30, 2010, and a final report was submitted by April 30, 2011. This Program was completed and wound up during the fiscal year ending March 31, 2012.



Forest Resource Improvement Association of Alberta

- Alberta Pacific Forest Industries Ltd.
- Alberta Plywood Ltd.
- ANC Timber Ltd.
- Askee Development Corporation
- Blue Ridge Lumber Inc.
- Boucher Bros. Lumber Ltd.
- Canadian Forest Products Ltd.
- Crowsnest Forest Products Ltd.
- Daishowa-Marubeni International Ltd.
- Foothills Forest Products Ltd.
- Gordon Buchanan Enterprises Ltd.
- Hinton Wood Products Ltd.
- Koinonia Corporation
- Little Red River Forestry Ltd.
- Manning Diversified Forest Products
- Medicine Lodge Timber Products Ltd.
- Millar Western Forest Products Ltd.
- Northland Forest Products Ltd.
- Rocky Wood Preservers Ltd.
- Seehta Forest Products
- Slave Lake Pulp Corporation
- Spray Lake Sawmills (1980) Ltd.
- Spruceland Millworks Inc.
- Sundance Forest Industries Ltd.
- Sundre Forest Products Ltd.
- Tall Pine Timber Co. Ltd.
- Tolko Industries Ltd.
- Vanderwell Contractors (1971) Ltd.
- Weyerhaeuser Company Ltd
- Zama Mills Ltd.
- Zavisha Sawmills Ltd.

Members



Forest Resource Improvement
Association of Alberta
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