



Forest Resource Improvement

Association of Alberta

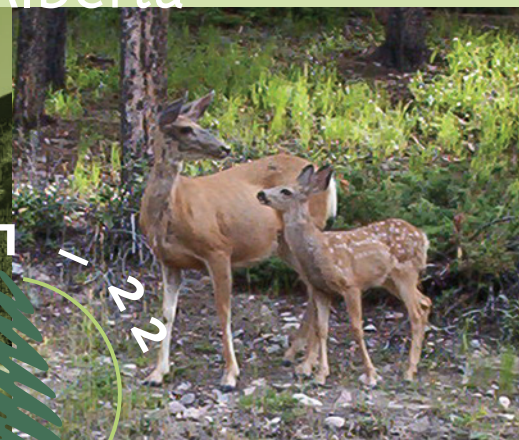






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Tall bluebell (*Mertensia paniculata*), FRIAA FireSmart, MD of Opportunity No. 17, Red Earth, Alberta

President's Message



Reflecting over the past 25 years of FRIAA's service to the people of Alberta, I am very proud of the organization's accomplishments and contributions to the province's forestry sector. FRIAA's members, partners, and grant recipients have gone above and beyond expectations to deliver a wide range of projects that enhance forest resources for all Albertans. We are preparing a special presentation and communications product for this fiscal year to help celebrate FRIAA's 25 years of service and, as part of this process, we look forward to learning from you how FRIAA has been an important part of your forestry story.

April 2021 to March 2022 was another remarkable year for us all, with the COVID-19 pandemic continuing to impact forestry operations and how people worked together. This unusual situation was matched by an incredible year in lumber markets, which drove Crown timber dues and FRIAA dues to levels not seen before. FRIAA members and partners met the challenges and opportunities of the year with remarkable energy and enthusiasm by changing how they work and embracing the opportunity to use FRIAA's programs to enhance Alberta's forests in new and innovative ways.

This year we were able to provide funding to Albertans under 10 separate programs, and we continued to support important provincial priorities such as sustaining benefits for Albertans, integrating various resource development and management requirements, providing for FireSmart activities in vulnerable communities, enabling the recovery of caribou habitat, and helping control the spread of mountain pine beetle. FRIAA regularly reports to government on these activities and has earned its continuing support, as we have clearly supported provincial priorities as well as FRIAA's mandate and objectives.

All of these accomplishments are the result of FRIAA's members, partners, and grant recipients. I would like to thank everyone

involved with FRIAA for their innovation, commitment to FRIAA's objectives, and positive approach. Our industry members have actively promoted and delivered projects under the various programs, other partners have been increasingly involved in generating ideas and delivering activities, and forest-based communities continue to be actively engaged in the FRIAA FireSmart and Community Fireguard Construction Programs. In addition, we were pleased to be able to deliver and close the COVID Safety Measures Program for the provincial and federal governments. Through strong collaboration and commitment to common goals, we have made substantial contributions to our forests and communities that depend on forests for their livelihoods and way of life.

Over \$69 million in funding was paid out for worthwhile projects under all programs. The Forest Resource Improvement Program (FRIP) alone saw over \$36 million in project payments over the past year. A further \$68.6 million was committed to new projects under FRIP. Funding under all programs remains significant and is managed for long-term sustainable program delivery.

I look forward to the coming year as we anticipate exciting new projects and activities under FRIP, the Caribou Habitat Recovery and Enhanced Reforestation of Legacy Disturbances Programs, and Canada's 2 Billion Trees program we are now delivering for Alberta. We are grateful for the continued support we received this past year from all program stakeholders, industry members, and government colleagues. We will continue to work hard with you to improve Alberta's forest resources for Albertans.

A handwritten signature in black ink, reading "R. Briand".

Richard Briand, President



Female mallards (*Anas platyrhynchos*) in a wetland near the Bow River, FRIAA FireSmart, Town of Banff, Alberta



Report on Business Plan Objectives

FRIAA has a mandate to establish and administer programs and initiatives for the enhancement of Alberta's forest resources in accordance with the Forest Resources Improvement Regulation under the Environmental Protection and Enhancement Act and the Forests Act (Alberta Regulation 152/1997).

FRIAA's mandate is further defined by its purpose and objectives, which are to establish programs and initiatives that

- enhance the forest resources of Alberta,
- promote the enhanced management of the forest resources of Alberta,
- improve the sustained yield of the forest resources of Alberta,
- promote integrated resource management, and
- reforest public land using reforestation levies collected by FRIAA or cash and securities transferred to FRIAA

As a delegated administrative organization (DAO) reporting to the Minister responsible for forestry, FRIAA also supports the Province's priorities as described in the Government of Alberta's 2021–24 Strategic Plan as well as the ministry business plans for Agriculture and Forestry (AAF), Environment and Parks (AEP), and Indigenous Relations (AIR).

FRIAA's update to the five-year business plan (April 1, 2021, to March 31, 2026) was prepared to guide the association's activities over the past year (and subsequent years) as it looked to fulfill its mandate and support the government's strategic direction through forest resource improvement initiatives.

FRIAA's programs clearly support the Province's three priorities of protecting lives, protecting livelihoods, and fiscal responsibility. This is done through programs that help manage risk and mitigate impacts of wildfire near rural forested communities, help sustain and enhance forest resources that support the economies and way of life in rural forested communities, and that help government deliver public programs efficiently and effectively.

In addition, FRIAA's programs support specific ministry objectives described as follows:

Bearberry
(*Arctostaphylos
uva-ursi*), FRIAA
FireSmart,
Municipality of
Jasper, Alberta

Department	Key Objectives
AAF	<ol style="list-style-type: none"> 1. Ensure long-term access to a sustainable and secure fibre supply. 2. Streamline agriculture and forest sector's regulatory requirements to cut red tape to reduce regulatory burden. 3. Support socioeconomic development in rural Alberta by maintaining and enhancing rural infrastructure. 4. Support primary producers' competitiveness through responsible resource management. 5. Develop and implement effective policies, grants, and innovative technologies for wildfire management. 6. Protect and enhance the health of Alberta's forest resources.
AEP	<ol style="list-style-type: none"> 7. Effectively balance environmental, economic, and social concerns through collaborative and integrated regional and subregional land use planning and implementation. 8. Improve recreational access management through effective engagement and a modern and integrated approach to Crown lands management. 9. Provide angling and hunting opportunities through effective fish and wildlife management. 10. Anticipate, respond to, and mitigate the impact of environmental conditions and events including floods, droughts, and invasive species.
AIR	<ol style="list-style-type: none"> 11. Collaborate, as requested, with other provincial government ministries to provide advice and support for the development of policies, programs, and initiatives that reflect Indigenous perspectives and consideration. 12. Lead the Government of Alberta in supporting First Nations to improve economic and social outcomes and support First Nations in environmental discussions through protocol agreements.

This report reflects FRIAA's accomplishments over the year in relation to its own goals and program structure and its contributions to the government's strategic goals and priorities.

Ensure long-term access to a sustainable and secure fibre supply

Six of nine FRIAA's programs directly support long-term sustainability and security of fibre supply, including the Forest Resource Improvement Program, Community Reforestation Program, Wildfire Reclamation Program, Mountain Pine Beetle Control and Rehabilitation Programs, and the Enhanced Reforestation of Legacy Disturbances Program. They all fund projects that grow more fibre or enhance the security of fibre through activities such as reforestation, afforestation, stand tending, growth and yield, control of insects and diseases, genetics and tree improvement, and enhanced forest management planning.

Streamline agriculture and forest sector's regulatory requirements to cut red tape to reduce regulatory burden

By serving as a valued partner to Alberta Agriculture and Forestry, FRIAA helps reduce the department's administrative burden by streamlining the delivery of funding programs targeted to specific forest resource needs.

Support socioeconomic development in rural Alberta by maintaining and enhancing rural infrastructure

All of FRIAA's programs support socioeconomic development in rural Alberta in two ways. Work carried out on programs use labour and contractor resources in rural Alberta, supporting local employment and economies. Also, by enhancing forest resources of all types, economic and social benefits are created as enhanced public timber resources supply manufacturing facilities and enhancements to non-fibre resources, such as

wildlife, water, and biodiversity, and recreation values are enhanced for the public's benefit.

Support primary producers' competitiveness through responsible resource management

All of FRIAA's programs support responsible forest management either as a condition of funding or by funding projects that aim to enhance the effectiveness of forest management strategies, processes, and tools.

Develop and implement effective policies, grants, and innovative technologies for wildfire management

FRIAA's FireSmart is a key component of the department's wildfire management program, as FRIAA provides funding to communities and community organizations to reduce risk and mitigate impacts of wildfire by developing or using effective policies, processes, tools, and activities. The CFCP provided further funding for constructing community fireguards. FRIP also provided funds for projects with specific wildfire objectives.

Protect and enhance the health of Alberta's forest resources

The Mountain Pine Beetle Control and Mountain Pine Beetle Forest Rehabilitation Programs directly support this objective by providing funds to industry and stakeholders to address the mountain pine beetle infestation and impacts on Alberta's forests. The CHRP funds projects to recover habitat, as caribou are an indicator species for healthy forest ecosystems.

Effectively balance environmental, economic, and social concerns through collaborative and integrated regional and subregional land use planning and implementation

The Forest Resource Improvement Program (FRIP) provides extensive funding towards planning and other integrated resource management initiatives, including support for regional and subregional planning. In addition, funding is provided for planning and research efforts specific to issues that feed into regional and subregional planning, including wildlife habitat and population requirements, integration of fibre and non-fibre resources or values, and integration of different industrial uses of the forested landscape.

Improve recreational access management through effective engagement and a modern and integrated approach to Crown lands management

Numerous projects funded under FRIP address recreation on Crown lands through planning, maintenance, and improvements of campsites and enhancements to trails and other aspects that support recreation uses of public forests.

Provide angling and hunting opportunities through effective fish and wildlife management

FRIP provides funds for the sustainability and enhancement of fish and wildlife resources.

Anticipate, respond to, and mitigate the impact of environmental conditions and events including floods, droughts, and invasive species

FRIP provides funds for projects and activities that protect Albertans, their communities, and the value of forests from environmental conditions—specifically in relation to wildfire and other environmental conditions. FRIAA FireSmart and the CFCP fund projects to build community resiliency against the threat of wildfire.

Collaborate, as requested, with other provincial government ministries to provide advice and support for the development of policies, programs, and initiatives that reflect indigenous perspectives and consideration

All activities carried out under FRIAA's programs must comply with Indigenous engagement and consultation guidelines. More significantly, many projects funded under FRIP are either delivered by Indigenous communities or groups or directly

involve Indigenous communities, groups, and representatives in activities such as inclusion of cultural and traditional knowledge in forest management planning, capacity building, and many other forestry activities. Significant project funding under FRIAA's FireSmart and CFCP is directed to Indigenous communities.

Lead the Government of Alberta in supporting First Nations to improve economic and social outcomes and support First Nations in environmental discussions through protocol agreements

While not directly involved in protocol agreements, many projects funded by FRIAA support improvements in the relationship between the forest industry, government, and Indigenous Albertans and lead to improved economic and social outcomes. This is primarily a result of enhancing forest management by including Indigenous advice, discussions, and collaboration.

Report on Program Activities

The following section highlights key activities and results for each of FRIAA's 10 programs for the fiscal year 2021–22.

Forest Resource Improvement Program (FRIP)

FRIP is funded entirely through FRIAA dues remitted by the forest industry. FRIP-funded projects are aimed at enhancing Alberta's forest resources for the benefit of all Albertans. Forest resources encompass many aspects, and improvements to resources can be accomplished in various ways. FRIP has a broad scope to address these many aspects and approaches to forest resource improvement.

To be eligible for FRIP funding, all project activities must fall outside of a disposition holder's legislated requirements and must benefit at least one forest resource. FRIP projects represent effective tools for government, industry, academics, communities, and contractors to collaborate and work toward a greater purpose.

Since its inception in 1997, FRIAA has contributed over \$308 million in funding under FRIP toward forestry projects that enhance Alberta's forests and improve the management of Alberta's forest resources. Expenditures on FRIP projects in 2021–22 totalled \$36.2 million, with an additional \$68.6 million committed to ongoing projects. FRIAA is active in encouraging new project proposals, and both the funding levels and commitment levels are increasing.

Theme	Project payments in 2021–22	Active projects	Current commitments
Integrated mountain pine beetle / wildfire management	\$330,773	6	\$448,416
Species at risk / wildlife	\$2,153,226	44	\$9,224,414
Indigenous relations	\$2,874,429	27	\$4,748,669
Public engagement	\$5,252,819	59	\$15,547,015
Forest productivity	\$25,628,768	150	\$38,603,902
Total	\$36,240,014	286	\$68,572,416

Project expenditures in FRIP were \$36.2 million, the most in FRIAA's history. This amount relates to project commitments made in the past and is expected to continue to increase in the coming years.

North aspect of Roche De Smet, FRIAA FireSmart, Municipality of Jasper, Alberta

Community Reforestation Program (CRP)

The CRP provides funds for reforestation of areas harvested under the Community Timber Program or under permits and licences that are required to pay the reforestation levy. The CRP is funded entirely by reforestation levies paid directly to FRIAA by timber permit-holders and small quota-holders. FRIAA has been achieving sustainability goals for 36,458 hectares (ha) of cutblocks harvested since May 1, 2000. These results clearly demonstrate that the CRP is meeting its reforestation objectives, sustaining yields, and contributing to public priorities.

The CRP is highly efficient and effective at ensuring full reforestation of areas harvested by small timber operators and permit-holders throughout Alberta.

Harvested area within the CRP program (ha)	CRP reforestation completed (ha)	Active treatment area (ha)
36,458	23,761	12,697

Activities in 2021–22	Area/unit
Site preparation	133 ha
Planting (area)	881 ha and 1,053,420 seedlings
Tending	782 ha
Regeneration surveys	2,257 ha

Wildfire Reclamation Program (WRP)

Since 2006, the WRP has supported reforestation and reclamation activities related to previously reforested cutblocks that were damaged or destroyed by wildfire. As of March 31, 2022, 48,952 ha of reforested cutblocks that were damaged or destroyed by wildfires were being retreated and were expected to fully meet provincial standards.

In 2017–18, the WRP was renewed for a further 10 years, and FRIAA has been able to continue committing funds to support efficient post-wildfire reclamation and reforestation activities. As of March 31, 2022, an additional 272.8 ha of reforested cutblocks that were damaged or destroyed by wildfire were being treated. The program requires that participants carry out silvicultural treatments to meet provincial standards.

As of March 31, 2022, 74 approved WRP projects were active, with outstanding commitments of \$26,389,667. Agreements for this work are currently being developed to commit these funds to projects. Work carried out under this program has been extraordinary in showing how FRIAA allocates funds directly toward resource improvement and long-term sustainability.

Activities	2021–22	Since inception
Site assessments	221 ha	43,573 ha
Site preparation (mechanical/chemical)	1,104 ha	18,629 ha
Planting (area)	3,537 ha	39,288 ha
Purchase of seedlings	4,865,005 seedlings	59,505,715 seedlings
Vegetation control	18 ha	10,628 ha
Regeneration surveys	7,019 ha	25,392 ha

The WRP helps sustain Alberta's forests in the wake of wildfire.

Mountain Pine Beetle Forest Rehabilitation Program (MPBFRP)

The MPBFRP was established in the fall of 2013. Its purpose is to maintain and enhance Alberta's forest ecosystems by providing funding for the rehabilitation of pine-dominated forests that have been impacted by MPB. Established target areas are those with the best prospects for successful rehabilitation and where active treatment will enhance ecosystem functionality.

Since its introduction in 2013, the MPBFRP has funded 23 projects, resulting in over \$11.2 million of targeted funds committed to rehabilitating forest stands damaged by MPB infestations. As of March 31, 2022, outstanding commitments to open projects amounted to \$246,150.

Activities	Since inception
Applied research	4 projects
Cone collection	4,536 hl
Growth and yield	2 projects
Stand rehabilitation	533 ha

Mountain Pine Beetle Program (MPBP)

The MPBP was established on April 1, 2007, to support activities aimed at controlling the mountain pine beetle (MPB) infestation spreading throughout Alberta. Funding is provided by the Province and managed by FRIAA. This program has allowed industry to be a valuable partner in the Province's critical MPB detection and control efforts. To date, the MPBP has distributed over \$35.7 million to key projects delivered by members and their contractors. In 2021–22 the MPBP continued to be active, as funds were made available for activities related to the control and mitigation of the MPB infestation. Activities included containment baiting, dispersal pheromone, log yard management, surveys, single-tree treatments, and seed collection.

Activities	2021–22	Since inception
Aerial surveys	-	13,667 km
Ground surveys	-	5,415 ha
Long-distance dispersal monitoring	55 sites	2,477 sites
Containment baiting	-	1,244 ha
Log yard management	1,357 traps	23,624 traps
Dispersal pheromone	7,402 pouches	111,625 pouches
Single-tree control	10,520 trees	126,460 trees
Seed collection and seed orchard expansion	-	15,035 hl
Other eligible activities	-	29 activities

FRIAA provided \$0.7 million in funding toward critical mountain pine beetle control activities.

FRIAA FireSmart Program

FRIAA FireSmart is designed to support the department's priorities related to public safety and community well-being. This program is a vehicle for engaging and supporting Alberta communities in their effort to reduce the threat of wildfire through community-based wildfire prevention, mitigation, and preparedness efforts. Disciplines such as community planning, public education and outreach, municipal development controls, legislation development, inter-agency co-operation and cross-training, emergency planning, and vegetation management are eligible for

funding. FRIAA FireSmart improves a community's resiliency to wildfire, minimizes potential loss, provides for firefighter safety, and improves suppression capability.

Since its inception, FRIAA FireSmart has approved 417 projects that help protect Alberta's people, infrastructure, property, and environment though reducing fire hazard throughout the province. In 2021–22, \$3.2 million in funding was provided to local communities, with another \$3.7 million in commitments. As of March 31, 2022, 78 projects were active and 339 were completed.

Activities	Active at March 31, 2022	Completed	Total
Community planning	18	85	103
Public education	29	49	78
Legislation development	0	3	3
Inter-agency co-operation and cross-training	9	15	24
Vegetation management	22	186	208
Emergency planning	0	1	1
Total	78	339	417

Activities	Project payments in 2021–22	Project payments since inception	Outstanding commitments	Completed project details
Community planning	\$352,268	\$3,012,748	\$586,181	632 plans
Public education	\$152,885	\$1,941,776	\$519,972	212 events
Legislation development	\$0	\$118,919	\$0	3 projects
Inter-agency co-operation and cross-training	\$117,315	\$1,813,373	\$152,223	16 events
Vegetation management	\$2,605,187	\$32,163,082	\$2,602,146	4,659 ha
Emergency planning	\$0	\$9,120	\$0	1 plan
Total	\$3,227,654	\$39,059,017	\$3,860,522	

FRIAA provided \$3.2 million toward FRIAA FireSmart projects aimed at protecting vulnerable communities from wildfire.

Caribou Habitat Recovery Program (CHRP)

The CHRP is a program sponsored by Alberta Environment and Parks. It is intended to support the Province's objectives related to the federal recovery strategies for Boreal and Southern Mountain woodland caribou populations and Alberta's woodland caribou recovery plan. Eligible activities under the program include inventory, planning, legacy seismic line restoration, and certain activities that directly relate to these.

In 2021–22 the program funded a seed collection project, three vegetation inventory projects, four planning projects developing nine compartments, and four restoration compartments.

Activities	Active at March 31, 2022	Completed	Total
Planning – operations	7	5	12
Engagement – Traditional Land Use	8	4	12
Operational treatments	4	5	9
Inventory	3	1	4
Monitoring	0	1	1
Seed collection	2	0	2
Total	24	16	40

Activities	Project payments in 2021–22	Project payments since inception	Outstanding commitments	Completed project details
Planning – operations	\$802,638	\$1,759,387	\$584,995	1931 km
Engagement – traditional land use	\$91,268	\$185,250	\$282,575	4 projects
Operational treatments (km)	\$6,116,935	\$9,170,917	\$2,523,290	542 km
Operational treatments (seedlings)	\$0	\$1,266,515	\$2,875,618	561,770 seedlings
Inventory	\$494,650	\$1,091,239	\$868,887	58,179 km
Monitoring	\$0	\$74,636	\$0	59 km
Seed collection	\$0	\$62,954	\$200,540	4.9 kg
Total	\$7,505,490	\$13,610,898	\$7,335,905	

Enhanced Reforestation of Legacy Disturbances (EnRLD) Program

The EnRLD Program provides funds aimed at sequestering carbon by reforesting public lands that have been disturbed by wildfire or other natural disturbances. It was established at the end of the 2019–20 fiscal year to help the Province enhance carbon sequestration by reforesting areas that would otherwise remain unproductive in terms of tree growth. The reforestation activities also improve the forest resource by adding to the productive forest land base and enhancing sustained yield.

The EnRLD Program supports Alberta in protecting Alberta's health, environment, and economy while contributing to responsible land and natural resource management, which benefits all Albertans and includes Indigenous perspectives.

Since its inception, the EnRLD Program has approved 10 projects throughout the province to enable rehabilitation of public lands disturbed by wildfire. In 2021–22, \$6.4 million in funding was provided to local contractors, with another \$2.5 million in commitments. As of March 31, 2022, six projects were active and four were completed.

Activities	2021–22	Since inception
Site assessments	0 ha	31,247 ha
Site preparation (mechanical/chemical)	821 ha	865 ha
Planting (area)	329 ha	479 ha
Planted seedlings	430,965 seedlings	626,860 seedlings

FRIAA has committed \$8.9 million toward EnRLD projects aimed at sequestering carbon by reforesting public lands that have been disturbed by wildfire.



Community FireGuard Construction Program (CFCP)

The CFCP is designed to support the Provincial FireSmart Program initiative by funding the construction of community fireguards to provide for enhanced public safety and improved protection of at-risk communities.

From September 2020 through March 2022, 15 communities engaged in the program, developing and implementing work plans to construct fireguards adjacent to their community. The program allowed for livestock grazing as a means of ongoing and longer-term vegetation management on the sites. Additionally, the program provided work opportunities for local contractors and labour; all work was completed by March 31, 2022, and amounted to \$19,436,377 in payments to communities for 2,271 ha of land cleared.

FRIAA Forest-Sector COVID Safety Measures Program (CSMP)

The CSMP was developed to help defray incremental costs associated with COVID-19 safety measures faced by small and medium-sized enterprises in the forest sector, including tree-planting operations. The Province established guidelines and requirements for workplaces to manage COVID-19-related health and safety risks.

The CSMP started in fall of 2020, with applications being received until March 15, 2021. The program does not subsidize or relieve the forestry sector of its responsibilities for sustained-yield forest management, including reforestation and other forest-management activities; rather, it addresses activities that arise directly out of complying with the additional workplace health and safety requirements—activities above and beyond required forest management functions.

The program is funded by the Government of Canada (Department of Natural Resources) and administered by FRIAA on behalf of the Government of Alberta. FRIAA received \$3,045,455.32 in funding from Natural Resources Canada in May 2021 to help defray the incremental costs incurred for 29 small and medium-sized enterprises.

Snaring River, FRIAA
FireSmart, Municipality
of Jasper, Alberta

Status of Legislative, Governance, and Policy Requirements

The following tables outline the status of FRIAA's legislative, governance, and policy requirements for fiscal 2021–22.

Legislative requirement	Action required by FRIAA	Status
Business plan	Provide a three-year business plan (including goals) to the Minister annually.	Completed – Submitted February 28, 2022
Annual report	Provide an annual report summarizing activities and financial statements to the Minister of Alberta Agriculture and Forestry (AAF).	Completed – Submitted June 24, 2021
Freedom of Information and Protection of Privacy (FOIP) Act requests	Adhere to FOIP Act regulations.	No FOIP Act requests received in 2021–22
Records management system	Have a reliable records management system in place.	In compliance
Program reporting to the Minister of AAF	Report all forestry enhancement programs to the Minister as per the grant agreements.	In compliance – Individual annual reports submitted by June 30, 2021
Notice of change of bylaws	Give reasonable notice to the Minister of AAF to complete a regulation review before the expiry date.	No changes in 2021–22
FRIAA dues	Determine FRIAA dues as per sections 5(1) and 5(1.1) of the Forest Resources Improvement Regulation.	Confirmation of FRIAA Dues rates on April 15, 2021

Governance requirement	Action required by FRIAA	Status
Bylaws review	Ensure an annual review of FRIAA's bylaws.	In compliance
Director requirements	In accordance with the bylaws, elect or appoint directors to the board and provide indemnification and reimbursement of directors' expenses where the board approves.	In compliance
Financial accountability	Audit FRIAA's financial records yearly and provide the results to all members through the annual report.	In compliance
Program reporting to the board	Ensure all forestry enhancement programs provide regular administration reports to the board.	Reported at each board meeting
Memorandum of Understanding (MOU) review	Review the MOU with the Minister annually.	To be reviewed with the Minister during 2022–23
Objectives review	Periodically review FRIAA's activities to ensure they align with FRIAA's objectives.	In compliance
Directors' meetings	Call directors' meetings as per bylaw requirements and ensure majority quorum. Ensure minutes are written and approved by directors.	In compliance
Annual general meeting	Hold a yearly meeting for all members. Conduct the meeting and vote as per the bylaws.	AGM held on June 24, 2021

All FRIAA policies and regulatory requirements have been reviewed aside year-end accountability reporting undertaken by FRIAA's board. FRIAA thoroughly reviews all policies, bylaws, and regulatory requirements annually to ensure compliance with its governance and accountability framework. This review is documented as an annual accountability report and ensures that FRIAA's mandate is being fulfilled, its objectives are being pursued, and its members and the Minister are well represented.

Policy	Status
Audit committee policy	<ul style="list-style-type: none"> • Approved August 26, 1997 • Audit committee established August 26, 1997; membership reviewed annually (December 7, 2020) • Audit committee met April 8 and May 20, 2021, in accordance with policy, and reported to board accordingly • Audit for 2020–21 completed in accordance with policy and legislative requirements
Conflict-of-interest policy	<ul style="list-style-type: none"> • Approved August 26, 1997 • Conflicts reported and recorded in accordance with policy
Appeal policy	<ul style="list-style-type: none"> • Approved January 19, 1998, as amended • No appeals under policy initiated in 2021–22
Fund management policy	<ul style="list-style-type: none"> • Fund management committee established November 17, 1997 • Membership reviewed annually (December 6, 2021) • Fund management committee met June 24 and December 6, 2021, and reported to board accordingly • Statement of investment policies and goals approved April 22, 1998, and last amended December 4, 2017 • Statement of investment policies and goals for Community Reforestation Fund approved December 1, 2003, and last amended February 18, 2016 • Monthly and quarterly reports made by investment managers to committee and board in compliance with policy and investment statement
Public-at-large director selection protocol	<ul style="list-style-type: none"> • Protocol reviewed and confirmed October 2000 • Protocol reviewed on an ongoing basis
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, and reviewed on an ongoing basis
Annual budgeting protocol	<ul style="list-style-type: none"> • In compliance in 2020–21
Annual business plan review process	<ul style="list-style-type: none"> • In compliance in 2020–21

Wetland interface, Caribou
Habitat Recovery Program,
Cold Lake caribou range
between Lac La Biche and
Conklin, Alberta



FRIAA Governance

FRIAA is an association under the Societies Act of Alberta with delegated responsibilities and authorities under the Environmental Protection and Enhancement Act. FRIAA is accountable to its members and to the Minister responsible for forestry. FRIAA is governed by a board of directors that is elected by the membership and appointed by the Minister.

The current directors are listed below:

- President: Richard Briand
- Vice-president: Allan Bell
- Second vice-president: Wendy Crosina
- Treasurer: David Wall
- Directors: Dan Lux
Andrew Neigel
Mary-Jane Munn-Kristoff

FRIAA's board establishes standing committees to assist with details related to financial audits and fund management. These two committees report directly to the board about desired committee outcomes, relevant policies, and mandates.

Audit committee

The audit committee meets at least twice a year. Its board-established mandate includes

- overseeing preparation of the financial statements by management,
- conducting audits through FRIAA's auditors, and
- recommending an auditor to the members for approval.

Wood horsetail (*Equisetum sylvaticum*) Caribou
Habitat Recovery Program,
Cold Lake caribou range,
south of Conklin, Alberta

Members of this committee are the following FRIAA directors:

- David Wall
- Andrew Neigel
- Richard Briand

Fund Management Committee

The fund management committee meets twice a year 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 (CRP) are observed,
- assessing the performance of FRIAA's investment manager and the investment fund against specific targets and measurement criteria, and
- confirming that FRIAA's investment return targets are achieved.

Members of this committee are the following FRIAA directors:

- David Wall
- Andrew Neigel
- Richard Briand

In addition to FRIAA's standing committees, FRIAA also uses committees or review panels with the following mandates.

FRIP project appeals panel

If needed, an appeals panel can be established to hear appeals initiated by the membership. Members of the panel are selected case by case to suit the particular appeal and to ensure each appeal is heard by the most skilled and experienced panel members. Because there were no appeals in 2021–22, no appeals panel was formed during that fiscal year.

Mountain Pine Beetle Program (MPBP) evaluation panel

The MPBP evaluation panel reviews and evaluates projects submitted under the MPBP and make recommendations on funding. Members of this panel are selected from FRIAA's board of directors, Alberta Agriculture and Forestry (AAF), and the public at large. Panel members in 2021–22 included

- David Wall, FRIAA director and chair;
- Mike Undershultz, AAF representative; and
- Jim McCammon, public member.

FRIAA FireSmart review committee

The FRIAA FireSmart review committee evaluates proposals submitted under FRIAA FireSmart. The committee's responsibilities include selecting project proposals that best meet the program criteria and that represent value for funding requested. Committee members are selected from FRIAA's board of directors, AAF, Alberta Municipal Affairs (AMA), the Alberta Emergency Management Agency

(AEMA), the Rural Municipalities Association (RMA), the Alberta Urban Municipalities Association (AUMA), and FireSmart Alberta. The current committee includes

- David Wall, FRIAA director and chair;
- Adam Gossell, AAF;
- Winston Delorme, AEMA;
- Tom Burton / James Burrows, RMA;
- Peter Pellatt / Justin Laurie, AUMA;
- Laura Stewart / Mike Flynn, Community Wildfire Resilience Association of Alberta – FireSmart Alberta; and
- James Orr / Keven Thomson / Tom Littlechild, AMA, Standards Development and Support – Building, Fire, Energy, and Barrier-Free.

Caribou Habitat Recovery Program (CHRP) review panel

The CHRP review panel reviews and evaluates proposals submitted under the CHRP. Its responsibilities include selecting project proposals that best meet the criteria outlined in requests for proposals and that represent value for funding requested. The members of the panel are selected from FRIAA's board of directors, the energy industry, the forestry industry, and Alberta Environment and Parks (AEP) and include a subject matter expert or member of the public. A panel was struck three times in 2020–21 and included

- Richard Briand, FRIAA director and chair (three panels);
- Cynthia Chand, AEP (three panels);

- Greg Branton, Old Growth Forestry Consulting Ltd. (first and third panels);
- Lori Neufeld, Imperial Oil (second panel);
- Ben Secker, independent (second panel); and
- Matthew Pyper, FUSE Consulting Ltd. (second panel).

Enhanced Reforestation of Legacy Disturbances (EnRLD) Program review panel

The EnRLD review panel reviews and evaluates proposals submitted under the EnRLD Program. Its responsibilities include selecting project proposals that best meet the criteria outlined in requests for proposals and that represent value for funding requested. The members of the panel are selected from FRIAA's board of directors and AAF and include a subject matter expert. A panel was struck once in 2020–21 and included

- Murray Summers, FRIAA director and chair;
- Andy Shandro, AAF representative; and
- Greg Branton, public member.

Community Fireguard Construction Program (CFCP) review panel

The CFCP review panel reviews and evaluates proposals submitted under the CFCP. The panel did not convene in 2021–22.

Financial Highlights

FRIAA's financial statements provide an overview of the funds and resources used to deliver its programs and initiatives. Notable financial aspects in 2021–22 are listed below:

- The Forest Resource Improvement Program (FRIP) collected \$180 million in FRIAA dues, significantly higher than the 10-year average. FRIAA dues vary according to the North American price for lumber, which set records for the 2021/22 fiscal year.
- Project expenditures in FRIP were \$36.2 million, the highest in more than 20 years. This amount relates to project contract commitments made in the past and is expected to continue to increase in the coming years. All FRIP funds are allocated to support projects that enhance the forest resources of Alberta.
- The Community Reforestation Program collected reforestation levies of \$1.8 million, all committed to outstanding reforestation work over the next 14 years. Program expenditures were \$2.2 million, reflecting a balance between levies and investment income and expenditures.
- The Caribou Habitat Recovery Program had expenditures of \$7.5 million for restoration activities. This reflects a growing level of importance placed on caribou populations in Alberta.
- The Community Fireguard Construction Program had expenditures of \$10.4 million, closing the program.
- The FRIAA Forest-Sector COVID Safety Measures Program provided over \$3.0 million in funding to small and medium-sized businesses impacted by COVID.
- The ratio of administration to total spending was 3.3%.

Risk Management

Risk identification and mitigation are important priorities for FRIAA. The following measures are in place to ensure that FRIAA appropriately mitigates risks:

- The audit and fund management committees provide assurance and oversight and ensure FRIAA's operating structure and programs are cost-effective and efficient.
- Internal operations and controls are periodically reviewed to ensure they are current and effective.
- Operational risks are managed and minimized by engaging the forest industry and experienced forestry stakeholders in delivering projects through contractual agreements.

In addition to the above measures, FRIAA adheres to Alberta Agriculture and Forestry practices and regulations and to appropriate forestry principles.

Independent Auditor's Report

**To the Members of
Forest Resource Improvement Association of Alberta**

Opinion

We have audited the financial statements of Forest Resource Improvement Association of Alberta ("the Organization"), which include the statement of financial position as at March 31, 2022, and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Forest Resource Improvement Association of Alberta as at March 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 report. We are independent of the Organization 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 these 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 Organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization'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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Grant Thornton LLP
Chartered Professional Accountants
Edmonton, Canada
May 19, 2022

Financial Statements and Notes

Statement of Financial Position

	March 31, 2022	March 31, 2021
Assets		
Current assets		
Cash	\$ 23,970,758	\$ 29,612,771
Accounts receivable and accrued interest receivable	10,766,546	8,976,086
Investments (Note 2)	29,431,313	16,348,251
Prepaid expenses and deposits	120,012	100,557
	64,288,629	55,037,665
Restricted cash	77,957,473	86,202,066
Investments (Note 2)	305,759,131	165,475,196
	\$ 448,005,233	\$ 306,714,927

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued liabilities	\$ 11,756,064	\$ 5,775,188
Net assets		
Forest Resource Improvement Program	352,400,488	196,936,094
Wildfire Reclamation Program (Note 3)	35,570,310	38,894,862
Community Reforestation Program (Note 4)	13,305,008	13,194,143
Mountain Pine Beetle Program (Note 5)	7,243,654	6,176,036
Mountain Pine Beetle Forest Rehabilitation Program (Note 6)	298,427	744,507
FRIAA FireSmart Program (Note 7)	6,269,377	7,417,585
Caribou Habitat Recovery Program (Note 8)	18,006,347	21,665,303
Enhanced Reforestation of Legacy Disturbances Program (Note 9)	2,910,913	4,947,362
Community FireGuard Construction Program (Note 10)	244,645	10,822,506
FRIAA Forest Sector COVID Safety Measures Program (Note 1)	-	141,341
	436,249,169	300,939,739
	\$ 448,005,233	\$ 306,714,927

Commitments (Note 12)

See accompanying notes to financial statements.

On behalf of the board:



Richard Briand
Director



David Wall
Director

Statement of Revenue and Expenditures

Year ended March 31

	Program											
	Forest Resource Improvement	Community Reforestation (Note 4)	Wildfire Reclamation (Note 3)	Mountain Pine Beetle (Note 5)	Mountain Pine Beetle Forest Rehabilitation (Note 6)	FRIAA FireSmart (Note 7)	Caribou Habitat Recovery (Note 8)	Enhanced Reforestation of Legacy Disturbances (Note 9)	Community FireGuard Construction (Note 10)	COVID Safety Measures (Note 11)	2022 total	2021 total
Revenues												
FRIAA dues	\$ 180,052,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,052,061	\$ 109,631,507
Grants	-	-	605,923	2,000,000	-	2,500,000	4,150,000	-	-	3,045,444	12,301,367	42,200,000
Reforestation levies	-	1,809,339	-	-	-	-	-	-	-	-	1,809,339	2,388,129
Total revenues	180,052,061	1,809,339	605,923	2,000,000	-	2,500,000	4,150,000	-	-	3,045,444	194,162,767	154,219,636
Expenditures												
Accounting	115,968	72,855	29,835	20,333	11,526	46,246	27,333	18,715	10,517	3,872	357,200	348,599
Communication	96,620	26,120	8,106	9,565	1,875	29,625	18,602	8,553	12,522	2,277	213,865	223,762
Directors' expenses	-	-	-	-	-	-	-	-	-	-	-	1,901
Directors' honoraria	135	90	180	90	45	90	90	90	90	-	900	3,343
Field review	69,648	29,274	9,901	5,201	362	11,016	17,610	18,388	18,172	-	179,572	162,127
Financial audit	5,702	3,802	7,488	3,802	1,901	3,802	3,802	3,802	3,802	116	38,019	35,353
Insurance	1,064	739	1,390	710	355	739	739	709	650	-	7,095	7,060
Management support	383,020	75,675	66,989	56,715	24,410	113,417	140,186	37,489	51,427	10,657	959,985	1,396,124
Project audits	46,691	-	-	-	-	-	-	-	3,859	-	50,550	-
Office and miscellaneous	19,017	39,225	-	-	-	757	1,004	4,448	470	-	64,921	28,960
Professional fees	102,928	87,541	100,557	45,166	22,583	45,166	45,166	45,166	45,166	4,709	544,148	483,240
Project expenditures	36,228,124	1,705,885	3,873,886	768,968	379,830	3,227,118	7,525,490	1,846,430	10,408,229	3,045,455	69,009,415	58,469,590
Project operations and monitoring	199,373	93,810	44,353	20,474	4,725	97,455	51,367	45,704	37,201	6,833	601,295	579,423
Project review and approval	277,315	79,107	21,530	22,834	725	101,591	63,200	19,793	18,795	14,657	619,547	635,215
Total expenditures	37,545,605	2,214,123	4,164,215	953,858	448,337	3,677,022	7,894,589	2,049,287	10,610,900	3,088,576	72,646,512	62,374,697
	142,506,456	(404,784)	(3,558,292)	1,046,142	(448,337)	(1,177,022)	(3,744,589)	(2,049,287)	(10,610,900)	(43,132)	121,516,255	91,844,939
Other income (expense)												
Dividends	9,547,034	405,754	-	-	-	-	-	-	-	-	9,952,788	3,154,658
Interest	100,961	5,628	135,199	21,476	2,257	28,814	85,633	12,838	33,039	332	426,177	620,959
Unrealized gain (loss) on investments	2,530,087	(195,195)	-	-	-	-	-	-	-	-	2,334,892	11,786,408
Realized gain on sale of investments	1,621,667	330,258	-	-	-	-	-	-	-	-	1,951,925	199,057
Investment management fees	(841,811)	(30,796)	-	-	-	-	-	-	-	-	(872,607)	(460,969)
Net other income	12,957,938	515,649	135,199	21,476	2,257	28,814	85,633	12,838	33,039	332	13,793,175	15,300,113
Excess (deficiency) of revenues over expenditures	\$ 155,464,394	\$ 110,865	\$ (3,423,093)	\$ 1,067,618	\$ (446,080)	\$ (1,148,208)	\$ (3,658,956)	\$ (2,036,449)	\$ (10,577,861)	\$ (42,800)	\$ 135,309,430	\$ 107,145,052

See accompanying notes to financial statements.

Statement of Changes in Net Assets

Year ended March 31

	Program										
	Forest Resource Improvement	Community Reforestation	Wildfire Reclamation	Mountain Pine Beetle	Mountain Pine Beetle Forest Rehabilitation	FRIAA FireSmart	Caribou Habitat Recovery	Enhanced Reforestation of Legacy Disturbances	Community FireGuard Construction	COVID Safety Measures	2022 total
		(Note 4)	(Note 3)	(Note 5)	(Note 6)	(Note 7)	(Note 8)	(Note 9)	(Note 10)	(Note 11)	
Net assets, beginning of year	\$ 196,936,094	\$ 13,194,143	\$ 38,894,862	\$ 6,176,036	\$ 744,507	\$ 7,417,585	\$ 21,665,303	\$ 4,947,362	\$ 10,822,506	\$ 141,341	\$ 300,939,739
Excess (deficiency) of revenue over expenditures	155,464,394	110,865	(3,423,093)	1,067,618	(446,080)	(1,148,208)	(3,658,956)	(2,036,449)	(10,577,861)	(42,800)	135,309,430
Interfund transfer	-	-	98,541	-	-	-	-	-	-	(98,541)	-
Net assets, end of year	\$ 352,400,488	\$ 13,305,008	\$ 35,570,310	\$ 7,243,654	\$ 298,427	\$ 6,269,377	\$ 18,006,347	\$ 2,910,913	\$ 244,645	\$ -	\$ 436,249,169

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended March 31

	2021	2020
Increase (decrease) in cash and cash equivalents		
Operations		
Excess of revenues over expenditures	\$ 135,309,430	\$ 107,145,052
Non-cash items		
Unrealized gain on investments	(2,334,892)	(11,786,408)
Realized gain on sale of investments	(1,951,925)	(199,057)
	131,022,613	95,159,587
Change in non-cash operating working capital		
Accounts receivable and accrued interest receivable	(1,790,460)	18,728,539
Prepaid expenses and deposits	(19,455)	63,620
Accounts payable and accrued liabilities	5,980,876	1,962,670
	135,193,574	115,914,416
Investing		
Change in restricted cash	8,244,593	(29,767,399)
Purchase of investments	(193,701,854)	(82,694,726)
Proceeds on sale of investments	44,621,674	14,210,617
	(140,835,587)	(98,251,508)
Net (decrease) increase in cash and cash equivalents	(5,642,013)	17,662,908
Cash and cash equivalents		
Beginning of year	29,612,771	11,949,863
End of year	\$ 23,970,758	\$ 29,612,771

See accompanying notes to financial statements.



Notes to Financial Statements

Lundbreck Falls, Crowsnest
River, FRIAA FireSmart,
Pincher Creek Emergency
Services, Alberta

Year Ended March 31, 2022

1. Nature of operations

The Forest Resource Improvement Association of Alberta ("FRIAA" or 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 promote integrated resource management. FRIAA uses FRIP dues to fund the Forest Resource Improvement program, which is aimed at these objectives.

Per agreement with the Province of Alberta, FRIAA commenced administering the following programs in the years noted below:

Year of agreement	Program	Reference
1998	Wildfire Reclamation Program	Note 3
2000	Community Reforestation Program	Note 4
2007	Mountain Pine Beetle Program	Note 5
2013	Mountain Pine Beetle Forest Rehabilitation Program	Note 6
2014	FRIAA FireSmart Program	Note 7
2018	Caribou Habitat Recovery Program	Note 8
2019	Enhanced Reforestation of Legacy Disturbances Program	Note 9
2020	Community FireGuard Construction Program	Note 10
2021	FRIAA Forest Sector COVID Safety Measures Program	Note 11

FRIAA 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. Summary of significant accounting policies

Revenue recognition: FRIAA 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.

FRIAA 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 FRIAA. 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 legally owing to FRIAA 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: Includes unrestricted cash on hand and balances with banks, net of outstanding cheques.

Restricted cash: Includes cash restricted for use in the following programs: Wildfire Reclamation, Mountain Pine Beetle, Mountain Pine Beetle Forest Rehabilitation, FRIAA FireSmart, Caribou Habitat Recovery, Enhanced Reforestation of Legacy Disturbance, Community FireGuard Construction and FRIAA Forest Sector COVID Safety Measures.

Investments: Interest income is recognized when earned, dividend income when received, and realized gains and losses on investments on the actual settlement date. Investments are recorded at market value. Changes in fair value are recognized in the statement of revenues and expenditures. The cost of investments carried at fair value at March 31, 2022 is \$326,178,334 (2021: \$175,146,228).

Use of estimates: In preparing FRIAA'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 revenues and expenditures during the period. Actual results could differ from these estimates. Significant estimates within these financial statements are the accrual of FRIAA dues and reforestation levies.

Financial instruments: Initial measurement: FRIAA'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. These fees and costs relating to financial instruments measured subsequently at fair value are recognized in operations in the year they are incurred.

Subsequent measurement: At each reporting date, FRIAA 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. FRIAA has also irrevocably elected to measure its investments in bonds at fair value. All changes in fair value of FRIAA's investments in equities quoted in an active market and in bonds are recorded in the statement of revenues and expenditures. FRIAA uses the effective interest method to amortize premiums, discounts, transaction fees, and financing fees to the statement of revenues and expenditures. The financial instruments measured at amortized cost are cash and cash equivalents, accounts receivable and accrued interest receivable, 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, FRIAA regularly assesses whether there is any indication of impairment. If there is and FRIAA determines that there

is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes the impairment loss in the statement of revenues and expenditures. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

3. 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 the Department of Agriculture, Forestry and Rural Economic Development ("the Department") and the Association. The Wildfire Reclamation Program, established to encourage the reclamation of land disturbed or destroyed by wildfire, will be operated by FRIAA.

Under the agreement, the grant amounts to \$35,000,000. FRIAA received the following grant amounts under this program:

Received	Grant amount
1999	\$ 10,000,000
1999	\$ 17,000,000
2000	\$ 4,000,000
2002	\$ 4,000,000

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 return to the Department, except that after March 31, 2012, FRIAA received a letter of intent from the Department extending the expiration date to March 31, 2013. FRIAA was also directed to transfer any then-unexpended funds plus earnings to the 2006 program, where they were to be used to complete any outstanding work under the 1998 agreement then used in the 2006 program.

On July 3, 2007, FRIAA entered into a new grant agreement ("2006 Program") with the Department. Under the terms of

the agreement, the grant amounts were to be used as follows:

Received	Grant amount
2007	\$ 5,137,986
2009	\$ 730,272
2010	\$ 2,631,068
2011	\$ 372,288
2012	\$ 15,000,000
2013	\$ 8,869,107
2013	\$ 7,081,465
2014	\$ 878,965
2015	\$ 1,097,656
2016	\$ 19,828,670
2017	\$ 8,019,112

The agreement originally expired on March 31, 2017; however, the term of the 2006 Program agreement was extended by the Department. 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 Department, together with any interest or return earned from investment of the grant amount, seven years from the end of the term.

FRIAA entered into a new grant agreement with the Department effective April 1, 2017 to address wildfires occurring in 2017 and forward. The grants will be assessed based on the cost for reforestation of the burned cutblock. The following grants have been received under this agreement:

Received	Grant amount
2019	\$ 1,766,102
2020	\$ 25,000,000
2022	\$ 605,923
2002	\$ 4,000,000

In 2019, at the direction of the Minister of Agriculture and Forestry, \$1,746,000 of uncommitted funds were transferred from the Wildfire Reclamation Program to the Enhanced Reforestation of Legacy Disturbances Program to support the new initiative. In 2021, at the direction of the Minister, Agriculture and Forestry, \$4,108,274 of uncommitted funds was transferred between the 2006 Program to the 2017 Program.

Restricted cash includes funds of \$35,614,388 (2021: \$38,939,195) that are restricted for use on the Wildfire Reclamation Program and held in a separate bank account.

4. 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 Forests Act and the Forest Resource Improvement Regulation pursuant to the Environmental Protection and Enhancement Act. The Reforestation Program was established to reforest Crown lands subject to reforestation levies.

To implement the program, funds received for the Reforestation Program were delegated to FRIAA in two parts:

- 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 FRIAA according to section 143.91 of the Timber Management Regulation. No levies were received during the year.
- FRIAA 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 \$1,809,339 (2021: \$2,388,129).

All reforestation levies and association interests are to be used solely for this program.

5. Mountain Pine Beetle Program

The Mountain Pine Beetle Program was established on July 5, 2007 by agreement between the Department and FRIAA. This program was established because mountain pine beetle infestations in Alberta reached epidemic proportions, causing significant damage to Alberta's pine stands. Under the agreement, the Department provides 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 agreement, annual grant amounts will be approved by the Department throughout the term of the agreement, April 1, 2007 to March 31, 2012, unless otherwise extended or renewed or terminated in accordance with the terms.

Received	Grant amount
2007	\$ 5,000,000
2008	\$ 5,000,000
2009	\$ 5,000,000
2011	\$ 1,200,000
2012	\$ 4,500,000

The Mountain Pine Beetle Program was extended to 2020. Annual grants were received as follows:

Received	Grant amount
2013	\$ 2,000,000
2014	\$ 4,000,000
2015	\$ 2,000,000
2016	\$ 2,000,000
2018	\$ 2,000,000
2018	\$ 1,000,000
2019	\$ 2,000,000
2020	\$ 3,000,000

A new agreement has been put in place for the period of April 1, 2020 to March 31, 2025. Under this new agreement, annual grants were received as follows:

Received	Grant amount
2021	\$ 5,000,000
2022	\$ 2,000,000

Restricted cash includes \$7,272,864 (2021: \$1,993,118) which is restricted for use on the Mountain Pine Beetle Program and is held in a separate bank account.

6. Mountain Pine Beetle Forest Rehabilitation Program

The Mountain Pine Beetle Rehabilitation Program was established on March 31, 2013, by agreement between the Department and FRIAA. It was established as a framework for providing the requisite funding to FRIAA in the form of a grant to engage forest industry sector operators and other interested parties in activities beyond regulatory obligations, to rehabilitate forested lands impacted by mountain pine beetle infestations. The agreement is in effect from March 31, 2013 to March 31, 2020, unless otherwise extended, renewed or terminated with 60 days' notice.

Under the agreement, \$9,000,000 of initial funding was provided to FRIAA to start the program. Its purpose is to maintain and enhance the ecosystem function of forest resources of Alberta by assisting the Department in rehabilitating pine-dominated forests impacted by the mountain pine beetle to such an extent that they are unable to be saved or rejuvenated in a timely manner without the assistance contemplated by the program and such activities contemplated by the program are not the existing tenure, regulatory, or legislative responsibility of any timber disposition holder. The program encourages activities above and beyond required forest management obligations.

On September 20, 2013, the Mountain Pine Beetle Forest

Rehabilitation Grant Agreement was amended by increasing the initial program grant by an additional \$5,000,000, which was received on April 29, 2014, and slightly changing the proposal approval process and cost/funding caps. Subsequent amendments added additional funding as follows:

Received	Grant amount
2014	\$ 3,000,000
2016	\$ 3,500,000

In 2019, at the direction of the Department, \$8,000,000 of uncommitted funds were transferred from the Mountain Pine Beetle Forest Rehabilitation Program to the Enhanced Reforestation of Legacy Disturbances Program to support the new initiative.

A new agreement has been approved for the period of April 1, 2020 to March 31, 2025. No grant funds were recorded for the year ending March 31, 2022.

Restricted cash includes \$313,708 (2021: \$757,268) which is restricted for use on the Mountain Pine Beetle Forest Rehabilitation Program and held in a separate bank account.

7. FRIAA FireSmart Program

The FRIAA FireSmart Program was established January 9, 2014 by agreement between the Department and FRIAA. It was established to support the FireSmart initiative by providing funds for eligible activities that:

- Provide for enhanced public safety and improved protection of forest communities, forest resources, and planning designed to prevent wildfire occurrence and to reduce the fire hazard throughout Alberta;
- Provide financial assistance to communities, organizations, and groups that wish to reduce the threat of wildfire; and
- Support community education and involvement in the continuing dialogue on wildfire prevention,

management, and suppression and the practical application of FireSmart throughout Alberta.

The agreement was in effect from January 9, 2014 to March 31, 2019, unless extended or renewed by agreement in writing or terminated by the parties. The parties' rights and obligations shall continue in full force and effect past the term for such period required for completing the eligible activities and FRIAA obligations under this agreement. The Department may terminate this agreement without cause on 60 days' written notice to FRIAA.

Two years from the last day of the term, any unused grant money shall be returned to the Department together with any interest or other return earned from investment of the grant money by or on behalf of FRIAA.

Under the agreement, FRIAA received \$6,000,000 for the program. The Department may from time to time, within a fiscal year during the term of this agreement, grant additional funds to this program. The following shows the subsequent funding for this program:

Received	Grant amount
2014	\$ 1,600,000
2014	\$ 8,000,000
2015	\$ 3,000,000
2016	\$ 5,000,000
2017	\$ 2,500,000
2018	\$ 5,000,000
2019	\$ 2,500,000
2019	\$ 6,500,000
2019	\$ 1,000,000
2020	\$ 2,000,000
2021	\$ 2,000,000
2021	\$ 1,500,000
2022	\$ 2,500,000

Restricted cash includes \$6,984,245 (2021: \$8,431,302) which is restricted for use on the FRIAA FireSmart Program and held in a separate bank account.

8. Caribou Habitat Recovery Program

The Caribou Habitat Recovery Program was established in 2018 to support Alberta Environment and Parks' efforts in supporting the Government of Canada's Recovery Strategy for the Woodland Caribou Boreal Population and the Recovery Strategy for the Woodland Caribou, Southern Mountain Population by providing funds for Eligible Activities. Eligible Activities that may be funded through projects include operational planning for caribou landscape restoration activities, caribou habitat restoration, monitoring, evaluation and reporting on caribou habitat conditions and other activities such as access management planning and Traditional Knowledge collection.

The program's overall purpose is to support efforts to sustaining and improving caribou habitat in a manner that supports healthy and self-sustaining caribou populations. The purpose of the program is to support the Recovery Strategy by providing funds for eligible activities for projects that:

1. Assist the Department with projects that contribute to the scientific and technical understanding of caribou landscape restoration strategies and activities;
2. Provide financial and logistical oversight of funding for planning work required to guide operational landscape restoration work for caribou habitat; or
3. Provide financial and logistical oversight of funding for operational landscape restoration work for caribou habitat as supported by the Government of Alberta and industry.

Under the agreement, \$12,300,000 was granted to FRIAA for the program in 2019. Subsequent funding was received as follows:

Received	Grant amount
2020	\$ 2,267,858
2021	\$ 2,000,000
2021	\$ 7,700,000
2021	\$ 4,000,000
2022	\$ 4,150,000

Restricted cash includes \$19,058,480 (2021: \$17,822,669) which is restricted for use on the Caribou Habitat Recovery Program and held in a separate bank account.

9. Enhanced Reforestation of Legacy Disturbances Program

The objective of the Enhanced Reforestation of Legacy Disturbances Program is to support the Department by reforesting eligible disturbed areas by applying the provincial grant funds to projects that undertake eligible activities to rehabilitate damaged forests, enhance carbon sequestration to mitigate climate change and to maintain and enhance the forest resource.

The term of this Agreement shall be from April 1, 2018 to March 31, 2022, unless otherwise extended or renewed or terminated in accordance with the terms of the agreement.

In 2019, at the direction of the Department, \$1,746,000 of uncommitted funds were transferred from the Wildfire Reclamation Program and \$8,000,000 of uncommitted funds were transferred from the Mountain Pine Beetle Forest Rehabilitation Program. No new funding was received in 2022.

Restricted cash includes \$2,950,388 (2021: \$4,992,373) which is restricted for use on the Enhanced Reforestation of Legacy Disturbances Program and held in a separate bank account.

10. Community FireGuard Construction Program

The Community FireGuard Construction Program was initiated in 2020 to promote and improve the safety of remote forestry communities to wildfire. The program provides funds for the communities to establish fireguards around their populated areas in a way that provides for local employment and longer-term protection.

The term of this Agreement shall be from April 1, 2020 to March 31, 2021, unless otherwise extended or renewed or terminated in accordance with the terms of the agreement.

Under the agreement, FRIAA received \$20,000,000 in 2020. No further funding is expected. An extension of the agreement has been approved to March 31, 2022.

Restricted cash includes \$5,763,400 (2021: \$13,016,092) which is restricted for use on the Community FireGuard Construction Program and held in a separate bank account.

11. FRIAA Forest Sector COVID Safety Measures Program

The FRIAA Forest Sector COVID Safety Measures Program was initiated in late 2020 to address the significant incremental costs associated with implementing health and safety measures by small to medium sized enterprises, including tree planting companies, to keep workers and local communities safe. This program is funded by the Government of Canada (Minister of Natural Resources) and administered by FRIAA on behalf of the Government of Alberta.

In 2021, at the direction of the Minister of Agriculture and Forestry, \$250,000 was transferred from the Wildfire Reclamation Program to cover administration costs to initiate the program.

Funding for all eligible expense was received from the Minister of Natural Resources and subsequently, dispersed to the applicants in May 2021. The balance of funds not used for administration costs were returned to the Wildfire Reclamation Program. Final reporting has been completed.

12. Commitments

All funds received for specific programs must be spent on the program's operating activities. As at March 31, 2022, FRIAA is committed to fund approved projects with various terms in the following amounts for each program:

Program	2022	2021
Forest Resource Improvement	\$ 68,572,416	\$ 33,445,593
Community Reforestation	112,331	99,962
Wildfire Reclamation	26,389,667	30,653,856
Mountain Pine Beetle	154,347	524,503
Mountain Pine Beetle Forest Rehabilitation	246,150	625,980
FRIAA FireSmart	3,860,522	3,831,158
Caribou Habitat Recovery	7,335,905	6,352,714
Enhanced Reforestation of Legacy Disturbances	2,539,047	4,521,486
Community FireGuard Construction	-	9,752,386
	\$ 109,210,385	\$ 89,807,638

13. Related party transactions

As required under the Forest Resources Improvement Regulation, the honoraria paid to the members of the board of directors are as follows:

Director	2022	2021
Andrew Neigel	\$ 897	\$ 1,576
Murray Summers	\$ -	\$ 1,767

14. Financial instruments

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

Fair value: The estimated fair value of cash, accounts receivable and accrued interest receivable and 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: The risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. FRIAA is exposed to credit risk from accounts receivable. Its accounts receivable balance is made up of numerous receivables which reduces the concentration of credit risk. The Association notes that the COVID-19 pandemic may increase credit risk as a result of overall economic uncertainty. The Association will continue to monitor and adjust its credit management process, with regards to outstanding accounts receivables, as required to manage its credit risk.

Interest rate risk: 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 because of changes in market rates.

15. Comparative figures

Certain of the prior year's figures have been reclassified to conform to the current year presentation.

FRIAA's Members

- Alberta-Pacific Forest Industries Inc.
- ANC Timber Ltd.
- Askeē Development Corporation
- Blue Ridge Lumber Inc.
- Boucher Bros. Lumber Ltd.
- Canadian Forest Products Ltd.
- Crowsnest Forest Products Ltd.
- Ed Bobocel Lumber (1993) Ltd.
- Foothills Forest Products Inc. (Dunkley Lumber Ltd.)
- Manning Forest Products
- Medicine Lodge Timber Products Ltd.
- Mercer Peace River Pulp Ltd.
- Millar Western Forest Products Ltd.
- N'deh Limited Partnership
- Northland Forest Products Ltd.
- Spray Lake Sawmills (1980) Ltd.
- Sundre Forest Products Ltd.
- Tall Pine Timber Co. Ltd.
- Tolko Industries Ltd.
- Vanerwell Contractors (1971) Ltd.
- West Fraser Mills Ltd.
- Weyerhaeuser Company Ltd.
- Zavisha Sawmills Ltd.

Echo Creek, FRIAA
FireSmart, Town of
Banff, Alberta





Forest Resource Improvement
Association of Alberta
www.friaa.ab.ca