



**ALGONQUIN**

**FORESTRY AUTHORITY**

*Maintaining the Balance since 1975*

Annual Report  
2019 - 2020

# Forty-Fifth Annual Report 2019 – 2020



TO HER HONOUR

The Lieutenant Governor  
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR

*The undersigned begs respectfully to present to Your Honour the Annual report of the Algonquin Forestry Authority for the year beginning April 1, 2019 and ending March 31, 2020.*

The Honourable John Yakabuski  
Minister

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THE HONOURABLE JOHN YAKABUSKI  
Minister of Natural Resources and Forestry

Honourable Sir:

*I have the honour to submit to you the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 2019 and ending March 31, 2020.*

David Lemkay  
Chair

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## ROLE AND MANDATE

The Algonquin Forestry Authority (the Authority, AFA) operates under the Algonquin Forestry Authority Act, R.S.O. 1990. The Authority is a self-financing operational enterprise Ontario Crown agency. The Minister of Natural Resources and Forestry is responsible for the administration of the Algonquin Forestry Authority Act. This legislation sets out the management, objectives, and powers of the AFA within Algonquin Provincial Park.

- Ensuring the sustainable management of Algonquin's forests
- Planning of all forestry operations; harvest, access, renewal and tending
- Harvesting and distribution of wood products to mills
- Monitoring and reporting on forestry operations

All forestry activities are carried out under the direction of a Ministry of Natural Resources and Forestry's (MNRF) approved Forest Management Plan (FMP), subject to the Crown Forests Sustainability Act, 1994. These activities are subject to an Independent Forest Audit every five years and the audit results are tabled in the Ontario Legislature and made available to the public.

The Algonquin Park forest is certified to Canada's national forest certification standard Canadian Standards Association (CSA) Z-809 2016. This certification demonstrates the Authority's commitment to sustainable forest management and provides the public access to results from annual independent audits to defined standards.

A key component of the CSA Z-809 standard is the AFA's environmental and sustainable forest management system (ESFMS). Key objectives of the ESFMS are prevention of pollution, sustainable forestry, continual improvement and compliance with applicable laws and guidelines. AFA receives management direction from several different plans and legislation, but its Sustainable Forest Management (SFM) Policy guides its day-to-day activities.

AFA's commitment to SFM can be found in its Vision Statement:

**To achieve the highest standards of sustainable forest management practices,  
in order to maintain Park values for future generations.**

The Authority applies the principles of SFM to balance the public's concern for protecting Park values. Protection of recreation, fisheries, wildlife habitat and natural and cultural heritage values is of utmost importance while maintaining a supply of forest products to mills dependent on Park timber.

Harvesting is carefully regulated to minimize impacts on other forest values while being a significant economic generator for the region. The Authority contracts out both harvesting and forest management work to companies from communities in the region. The timber harvested supports 12 mills in communities such as Huntsville, Whitney, Madawaska, Pembroke, Killaloe and Eganville. Another ten to fifteen mills in the region receive periodic supplies.

## CHAIR'S MESSAGE

By David Lemkay

*I am pleased, on behalf of the AFA Board of Directors, to present this Annual Report outlining Algonquin Forestry Authority (AFA) operations for the fiscal year 2019-2020. In its 45<sup>th</sup> year of operation the AFA has continued its mandate of sustainable forest management in Algonquin Provincial Park. The Authority is committed to this mandate on behalf of Ontarians with the benefits - economic, social and environmental – that the Algonquin forest provides.*

*In this operating year, the Board of Directors has brought to fruition a dynamic new strategic plan that will serve to guide us in our endeavours going forward. As well the opportunity exists with the granted one-year extension of the current Forest Management Plan to attend to its completion while working in tandem with the development of the ensuing new ten-year plan.*

*With the onslaught of the COVID-19 pandemic and resulting paradigm shift, every aspect of our lives has been impacted. Being deemed an essential service, forestry operations and general business within the AFA family have been adjusted to manage our affairs in compliance with the emergency measures and labour guidelines set out by the Province. Offices have been closed to the public with strict rules to ensure effective social distancing of staff that aren't always able to work from home or in the field. Operational field staff and contractors, while challenged with transportation and accommodation realities, are able to successfully manage within the guidelines.*

*Regular meetings with staff, field supervision and meetings of the Board of Directors have shifted to a virtual format with conference calling and on-line media technology. So, while it's not business as usual, the AFA continues to manage its important affairs and meet objectives in this challenging time.*

*On behalf of the Board of Directors, I was pleased to welcome Robert Howe of Barry's Bay to the Board. Robert brings his legal acumen in addition to his wealth of experience in matters pertaining to forestry over many years.*

*Ed Wales retired from his Operations Supervisor post in Pembroke after 34 years of dedicated service to the Authority. Sadly, COVID-19 pre-empted a social gathering of colleagues, contractors, friends, and family. We wish Ed all the best until we can meet again.*

*To conclude, it is my pleasure to offer these comments in support of the 45<sup>th</sup> Annual Report.*

*Sincerely,*



David Lemkay, Chair,  
AFA Board of Directors

## CHAIR'S MESSAGE

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Sincerely,



David Lemkay, Chair,  
AFA Board of Directors

## DESCRIPTION OF ACTIVITIES

The next two sections; harvesting and forest management, outline specific activities and discussion of operational performance and target achievement for 2019-2020. Targets discussed herein were set out in the Authority's 2019 to 2022 Business Plan.

Typically, much of the harvesting and transportation of timber to market are conducted between September and March, while forest management activities begin in May and are generally concluded in December. This requires most of the expenditures to occur prior to generating revenue to support operations.

The vagaries of markets and weather conditions challenge the setting of performance measures during the business planning and budgetary process. The process begins mid-way through annual operations and culminates with submission of a final business plan prior to the conclusion of the fiscal year, before much is known about how operations will conclude, and results tabulated. Factors affecting achievement of objectives are typically fluctuating market demand for forest products, extreme weather conditions, recreational and biological timing limitations on operating within Algonquin Provincial Park and the availability of human and physical resources.

The AFA plans all operations on a cost-recovery basis and as such sets volume and value targets to fund operations within the sustainability limits for forest operations in the approved FMP. Achievement of business targets is tracked and compared to the annual budget and quarterly performance from the previous year on an on-going basis and final results presented in this annual report.

The approved FMP and AFA's sustainable forest management plan sets targets to which operational performance is also measured and reported in separate reporting documents as required by the Crown Forest Sustainability Act, 1994 (CFSA) and Canadian Standards Association (CSA) Z-809 2016 standard requirements, respectively.

### **Harvesting**

The approved 2010-2020 Forest Management Plan for the Algonquin Park Forest states that a sustainable annual harvest of 783,075 cubic metres (m<sup>3</sup>) is available from the forest. The Authority's operations have produced an average of 400,000 m<sup>3</sup> over the previous five years. The 2019-2022 AFA Agency Business Plan set out a target of 500,000 m<sup>3</sup> for 2019-2020 based on evidence of an improving economy and the desire to grow the business to better achieve objectives. Meeting the financial portion of the budget requires achieving over 90% of this volume target or securing better sales rates for our products.

The 2019-2020 harvest from the forest was 440,453 tonnes, or 443,210 cubic metres (source: AFA Sales System), which is well within the sustainable level that the Algonquin forest can provide but reflects a notable improvement over last year's harvest level. The previous year's harvest was 388,790 tonnes, or 368,699 m<sup>3</sup>. Harvest levels are tracked in-year by the sales unit of measure, mostly green metric tonnes (gmt) delivered and sold, which is the unit of measure most used by clients. This year, more sales were

made in board-foot-measure (fbm), Ontario log rule, as of March 31. Mathematical conversions from gmt and fbm to net cubic metres (m<sup>3</sup>) are made at year-end for consistent reporting. This will often differ from the volume harvested and reported in MNR's iTREES wood measurement system that reports net cubic metres by the year in which it is cut.

## **Operational Performance:**

### **Quarterly Sales Volume**

Timber volume inventoried in March of 2019 was significantly more than planned. AFA's 2018-2019 Annual Report explained the operational and financial difficulties encountered last winter. Heavy snowfall slowed harvesting and slowed deliveries and sales even more. The result was accumulating unsold volume at year-end. With good markets, this inventory produced an exceptional start to this fiscal year with first quarter (Q1) deliveries of 137% of planned. Q1 (April, May, June) performance this year compares to 94% in the previous year. The long winter and slower than normal thaw resulted in a catastrophic spring freshet in May. AFA was engaged with road and water crossing repairs for much of the summer to get contractors back to work. Although harvest activity was slowed, our capacity to produce was good and sales in Q2 reached the same level as the previous year at 81% of planned.

Summer weather and most markets were amenable to steady harvest levels, but by mid-summer the demand for white pine from our usual clients diminished. Lumber inventories were high and lumber sales had slowed for our clients. Other markets were examined, and business relationships developed to keep people working. At the beginning of Q3, Fortress Specialty Cellulose Inc, a major pulpwood client, announced an indefinite closure of its facility in Thurso, Quebec. AFA was able to adjust operations and market its pulpwood elsewhere, but not without slowing some contractors. Sales into Quebec for white pine, hardwood pulp and hardwood tree length were increased as deliveries to Ontario clients slowed or were curtailed. The weather continued to co-operate, and the adaptations made to shifting markets provided good results in Q3 (October, November, December) with achievement of 78% of the harvest target, compared to 75% last year.

Snowfall accumulation was near normal and fewer freezing rain events occurred which allowed steady production and deliveries (sales) throughout the winter. Fourth quarter results continued to improve as added harvest capacity and the diversification of markets paid off.

The COVID-19 pandemic had negative effects on hardwood lumber markets beginning in March, while pulpwood markets remained strong. Spruce continued to flow, but pine slowed to all but our customers in Quebec. The forest industry was deemed essential to the global supply chain and AFA operations continued. Most contractors worked right up until break-up around the second week of March while deliveries continued through April. Q4 performance of 91% of planned harvest sales volume compares to 75% in the previous year. Sales volume performance for the year was 88% of planned and 96% of budget.

Approximately 45,000 tonnes of timber were inventoried to be sold at market as soon as road conditions allowed in April and May. Fortunately for us and the forest industry, generally, the effects of

the pandemic arrived near the end of our traditional operating season, so downtime for logging operations was familiar and expected.

### **Contractor (Productive) Capacity**

AFA's objective to grow the business to better achieve its mandate requires implementation of key operational strategies to increase contractor capacity to produce volumes for sale. Strategies include lengthening the operating season (early-starts, building inventories for inclement weather and the spring break-up period), advanced planning, advanced road building, tree marking, merchandizing yards, and developing new/additional road building and logging contractors. These strategies represent significant investment of human and financial capital and are at various stages of development.

The Authority's contractor workforce represents significant employment and economic value to the area and totals just under 300 jobs over the course of a year. Three of the four new contractors engaged in 2018 have returned. The fourth was unable to provide the human resources required to operate the capital investments in equipment made by an investment partner. AFA fully supported this venture but has not incurred any financial losses. Three new logging contractors were added this year; one that acquired a small sawmill that relies on AFA supply, one that is an Indigenous firewood company, and one that provided logging resources to augment AFA wood supply to their facility and others.

Traditional logging contractors engaged by the Authority produced a combined total of about 390,000 tonnes which represents an increase of 40,000 tonnes, or 11.5% over last year's production. One larger producer did not return this year but has made plans and commitments for 2020-21. The contribution of new contractors was significant at just over 50,000 tonnes and more than compensated for the shortfall.

The Authority retains a professional and responsible work force to achieve its objectives and as such actively promotes safe and effective work practices. W. F. Dombroski and Sons Logging Contractors Ltd of Barry's Bay, ON was awarded the annual Safety Award for the 2019/20 season amassing an impressive 69,495 person hours with no lost time accidents and no medical aids. They also increased their annual production by almost 20% more than last year.

In addition to the safety award, AFA and the contractors administer an "Environmental and Safety Award System" that recognizes positive work practices. Based on a monthly score card for logging contractor operations, including road building and hauling sectors, the top performing contractors and their workers are formally recognized. All operations show a trend of continual improvement.

### **Sale of Products**

Volume harvested and delivered in 2019-2020 was less than planned (88%) but much better than in the previous year (78%). Sales revenue during the year was projected to be sufficient to sustain forecasted program costs, however in-year adjustments to diversify clients had the benefit of securing better pricing.

Pine sawlogs and poles generate more operating margin because they command a better price at market and approximately 80% of the tree generates sawlog and better material. Whereas, a hardwood tree contains fewer sawlogs (20-30%) and generates narrower margins. A shift of markets and species mix, and product proportions can have a significant impact on achieving financial targets.

Species and product mixes are compared in the chart below to the previous year that concluded with a financial loss at March 31, 2019. This year's species/product mix was higher to conifer logs and less to pulpwood. Combined with a higher overall total, this year's products generated better revenue than planned. This is discussed in the Financial Results section beginning on page 12.

### Comparison of Annual Sales Volume (gmt) by Broad Species Groupings and Product Categories

Species/Product	2018-2019	% of Cut	2019-2020	% of Cut
Conifer Sawlogs (pine, spruce, hemlock, cedar)	124,097	34%	173,121	39%
Hardwood Sawlogs (maple, beech, oak, poplar, birch)	86,193	23%	104,891	23%
Conifer Pulpwood	11,896	3%	11,465	3%
Hardwood Pulpwood	132,854	36%	137,327	31%
Red Pine Poles	10,857	3%	13,080	3%
Veneer	2,798	1%	3,330	1%
Total	368,695		443,210	

## Forest Management

The approved 2010-2020 Forest Management Plan (FMP) for the Algonquin Park Forest details the goals, objectives and strategies for the ten-year period and outlines specific operations for two 5-year terms. The Authority is operating in the second term, 2015-2020. Forest management activities in Algonquin Park must follow FMP prescriptions. Targets set out in the FMP are further refined in the Agency Business Plan (see the following table) as required to reflect economic and operational realities.

The AFA has begun the planning process for a 2021-2031 FMP, including a one-year extension to the current FMP. A planning team and terms of reference have been approved. Work has focused on public consultation and preparing/updating the forest inventory and building the required modeling inputs for strategic planning. AFA's Sustainable Forest Management Plan (CSA SFM certified) rewritten in 2017/18 underwent a re-registration audit in September 2018 and a surveillance audit in September of 2019.

Forest management activities such as prescription setting and tree marking occur in advance of harvesting and of sufficient area to support logging activities for the year. To recover from last year's loss, forest management activities were carefully implemented to rely on some of the previous year's "banked" areas and not invest too far in advance. Contractor capacity to carry out planned activities

was less, especially in tree marking and site preparation. Costs increased as contractor availability decreased.

Forest renewal activities that follow the harvest, such as site preparation and tending reflect actual harvest levels in preceding years and renewal treatments needed. The selection and uniform shelterwood harvesting systems predominantly used in Algonquin Park rely heavily on natural regeneration.

### Operational Performance:

#### AFA Harvest & Forest Management Programs – 2019-2020 Budget versus Actual

Program	2019-2020 Budget	2019-2020 Actual	% of Target
Harvest (m3)	500,000	443,210	89%
<b>Silvicultural Activities</b>			
Silvicultural Effectiveness Monitoring Surveys (ha)	2,200	2,421	110%
Scarification (ha)	55	24	43%
Site preparation (ha)	445	249	56%
Stand Improvement (ha)	2,660	1,802	68%
Tending (ha)	1,890	1,086	57%
Tree marking (ha)	8,500	7,278	86%
Tree planting (# trees '000s)	450	452	100%
Tree planting stock ('000s)	425	430	101%
Tree seed collection (hl)	45	55	122%

### Tree Marking

To implement forest management systems in Algonquin Park it is first necessary to designate which trees are to be harvested and which ones are to be retained, while protecting other resource values. This is done by skilled tree markers who follow the prescriptions prepared by Registered Professional Foresters in the Forest Management Plan. Tree marking was carried out on approximately 7,278 hectares in 2019/20 representing 86% of business planned levels and was sufficient to provide for the actual area harvested and some marking ahead of the upcoming operating year.

### Site Preparation, Tree Planting and Scarification

A total of 452,000 tree seedlings were planted on 313 hectares in 2019/20 representing target achievement of 100%. Average density for the 2019/20 tree plant was approximately 1,450 trees per hectare.

Forest management reporting conventions differentiate between site preparation for artificial regeneration (planting) and scarification for natural regeneration. Both treatments employ the same equipment to expose mineral soil for seeding or to create plantable spots. Site prepared areas may be deferred from planting if they demonstrate high potential to regenerate naturally during good seed years. 249 hectares were site prepared for planting in future years, representing 56% of planned levels and 24 hectares of scarification was completed. Area scheduled for site preparation is guided by post-cut needs and stock ordered for the upcoming season to ensure site prepared areas are planted expeditiously post treatment. Area site prepared in 2019/20 is adequate for planting stock ordered for planting in 2020/21.

Private nurseries are growing 430,000 seedlings under contract with AFA for planting in upcoming years. Trees planted in Algonquin Park are grown from seed sources appropriate for planting within the Park. Seed collection in 2019/20 exceeded business planned levels due to an increase in availability of seed crops and contractors to collect seed. A review of stored seed inventories reveals sufficient volume of seed for our near-term growing stock needs.

### **Tending and Stand Improvement**

Manual tending was performed on 247 hectares to release established white pine and red pine regeneration from competing vegetation. A further 681 hectares of even-aged understory improvement work was completed to improve light conditions for regeneration establishment. This work is essential to protect the investments made to establish and sustain regeneration and receives special project funding from the Forestry Futures Trust Fund.

Stand improvement was completed on 1,802 hectares to assist growth of residual trees and natural regeneration in areas managed under the selection system. This is 68% of business planned levels and compares to 45% last year. Area available for stand improvement fluctuates with hardwood selection harvest areas. Stand improvement is also sometimes carried out concurrently with harvest operations, without the need for renewal account funding, such as when firewood and pulpwood markets are strong. Only funded stand improvement is budgeted and reported.

### **Silvicultural Effectiveness Monitoring**

Regeneration assessments were conducted on over 2,400 hectares to ensure that regeneration treatments are progressing as planned. This was more area than budgeted. Results of 'Free to Grow' assessments are reported in the Management Unit Annual Report to MNRF in November each year and available to the public. Additional to the monitoring area reported are all selection management areas that receive tree marking and audits to ensure appropriate results to predetermined standards. Regardless of the prescribed harvest systems, the actual annual monitoring is reflective of harvest progress and scheduling of treatments and does not include surveys completed to determine plantation survival. Annual targets are usually set lower than FMP targets based on additional information and a better understanding of actual harvest depletions, stage of management and survey timing.

The Authority is satisfied with its operational and forest management performance relative to annual harvest levels. 2019/20 results display more harvest activity which will ultimately result in more renewal activities in subsequent years. Development and revision of targets to ensure achievement of FMP and CSA SFM targets is completed annually within the business planning, work planning and budgetary processes.

## FINANCIAL RESULTS

### AFA Financial Performance – 2019-2020 Budget versus Actual

	2019/20 Budget General Fund \$ (000s)	2019/20 Budget Renewal Fund \$ (000s)	2019/20 Budget Total \$ (000s)	2019/20 Actual General Fund \$ (000s)	2019/20 Actual Renewal Fund \$ (000s)	2019/20 Actual Total \$ (000s)
<b>Revenue</b>	27,680	2,643	30,323	30,135	2,195	32,330
<b>Expense</b>	25,557	1,988	27,545	27,099	1,585	28,684
<b>Operating Income</b>	2,123	655	2,778	3,036	610	3,646
<b>Administrative &amp; Other</b>	2,118	555	2,673	2,296	394	2,690
<b>Net Income &lt;Loss&gt;</b>	5	100	105	740	216	956

#### **Harvesting and the Statement of Operations**

The following commentary references financial information in the Audited Financial Statements and are summarized in the table above to compare with budgeted targets. The budget is based on achieving 92% of the business plans' target volume and with estimates based on values from the previous year's margins, species and product mixes. The year over year vagaries of markets and weather weigh on expectations of results achievable at March 31. The Authority manages year over year profit/losses while achieving the objective of financial self-sufficiency over the longer term. This year's income of \$956,145 combines with previous year's profits/losses resulting in a positive balance of \$1,860,302 over the past five years, or since coming out of the recession (AFA Annual Reports 2015-16 to 2019-2020).

Operating revenues for the year were \$32,330,276 which represents an increase of \$7,220,920 or 29% compared to 2018/19 and slightly over \$2.0 million more than budgeted.

Demand for our contractor produced forest products increased by about 20.3% during the year and slightly higher stumpage and selling prices were achieved resulting in a 29.53% increase in product sales dollars. Standing timber sales volumes decreased significantly in 2019/20 as required mill volumes were obtained by the parties from outside our forest management unit.

"Other revenue" of \$3,240,479 as compared to \$2,290,300 in 2018/19 has been itemized in Note 9. The majority of the increase relates to the receipt of one-time funding from the Ministry of Environment,

Conservation and Parks related to emergency road maintenance funding as a result of damage caused by the spring of 2019's significant run-off of water during the spring freshet.

Costs for contracted production, direct labour and stumpage were higher than the previous year due to increased production levels. Combined with slightly higher spending on public access road maintenance and decreased cost of operations planning, the results show an increase in operating income to \$3,646,247 as compared to \$1,331,369 in the previous year. Operations planning costs associated with our Environmental Management System, CSA certification and the FMP process were \$213,051 as compared to \$270,749 in the previous year.

Administration costs for the year were \$2,690,102 which represents an increase of \$260,638 or 10.7% compared to 2018/19. The increase is primarily related to the estimated cost of providing an allowance for a doubtful account and consulting fees related to governance and planning issues.

### **Forest Renewal Fund**

The method of accounting for Crown Stumpage reflects the requirements of the Crown Forest Sustainability Act. The forest renewal portion of the Crown Stumpage Matrix is retained by the Authority, in trust for the Crown, and is to be used to fund eligible forest renewal work on a cost recovery basis. The forest renewal revenue of \$1,873,403 (\$1,597,492 in 2018/19) from stumpage represents amounts actually charged by the Ministry to customers during the year for renewal fund purposes. Higher sales volumes of about 13.2% did result in higher renewal revenue and as a result of changes in the species mix, in particular pine volumes that were up over the previous year, the overall renewal revenues were up by 17.27%.

Actual allowable forest renewal expenditures incurred during the year amounted to \$1,979,006 as compared to \$1,879,015 in 2019. This increase was related to the increased direct program costs.

Total revenue in the renewal fund of \$1,873,403 (\$1,597,492 in 2018/19) has been sufficient to cover the costs of renewal operations and administration in this period. A surplus of \$216,518 reverses a small deficit of \$26,592 in 2019.

### **Financial Position- Balance Sheet**

The Statement of Financial Position disclosure reflects disclosure requirements affecting government not-for-profit organizations, such as the Authority, recommended by the Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations. Funds received in advance of the planned expenditure are disclosed as "Deferred Contributions" and amounts once referred to, in a single disclosure component, as "Retained Income" have been disclosed as three separate components of 'Net Assets'. This disclosure clarifies the restricted/unrestricted nature of our net asset position.

At March 31, 2020, our cash was \$856,915 lower and our accounts receivable balance was \$2,328,503 higher than the previous year balances. This change resulted from slightly slower customer payment patterns and a normal end of year operating season that resulted in lower inventories being carried and higher accounts receivable. Covid-19 concerns in March 2020 resulted in some of our customers retaining their cash positions, negatively impacting our cash position.

*March 31 payables and accruals were slightly higher by \$96,866 compared to 2018/19 because of our weakened cash position and our efforts to also conserve cash wherever possible by deferring payments slightly.*

*The Renewal Account balance of \$3,482,165 (\$3,265,647 in 2019) remains well above the minimum required balance of \$1,500,000.*

# Financial Statements

Algonquin Forestry Authority

March 31, 2020

**Algonquin Forestry Authority**  
**Year ended March 31, 2020**

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**Management's Responsibility for Financial Information**

Management and the Board of Directors of the Algonquin Forestry Authority are responsible for the financial statements and all other information presented in this Annual Report. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and, where appropriate, include amounts based on Management's best estimates and judgements.

The Algonquin Forestry Authority is dedicated to the highest standards of integrity in its business. To safeguard the Authority's assets, the Authority has a sound and dynamic set of internal financial controls and procedures that balance benefits and costs. Management has developed and maintains financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information in accordance with the *Algonquin Forestry Authority Act*.

The Board of Directors ensures that Management fulfills its responsibilities for financial information and internal control. The Board of Directors meets regularly to oversee the financial activities of the Authority and at least annually to review the audited financial statements and the external auditors' report thereon, and recommends them to the Minister of Natural Resources and Forestry for approval.

The financial statements have been examined by the Auditor General of Ontario. The Auditor General's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the Auditor's examination and opinion.



Tim Doyle, CPA, CA  
Treasurer



Jeff W. Leavey  
General Manager

June 18, 2020

Date

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## INDEPENDENT AUDITOR'S REPORT

To the Algonquin Forestry Authority and to the Minister of Natural Resources and Forestry

### Opinion

I have audited the financial statements of the Algonquin Forestry Authority (the Authority), which comprise the statement of financial position as at March 31, 2020, and the statements of operations, 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 my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### 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 public sector accounting standards, 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 Authority'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 the Authority either intends to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Authority'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 Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority 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.

I 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 I identify during my audit.



Susan Klein, CPA, CA, LPA  
Assistant Auditor General

Toronto, Ontario  
June 18, 2020

# Algonquin Forestry Authority

## Statement of Financial Position

As at March 31

2020

2019

### Assets

#### Current assets

Cash	\$ 311,251	\$ 1,168,166
Accounts receivable (Note 3)	10,926,673	8,598,170
Inventories held for sale	539,275	751,491
Prepaid expenses	27,496	22,930
	<u>11,804,695</u>	<u>10,540,757</u>

#### Capital assets (Note 4)

	<u>512,563</u>	<u>482,717</u>
	<u>\$ 12,317,258</u>	<u>\$ 11,023,474</u>

### Liabilities

#### Current liabilities

Accounts payables and accrued liabilities	\$ 1,745,016	\$ 1,648,150
Contractors' performance holdbacks	102,947	64,486
Due to Consolidated Revenue Fund (Note 11)	496,057	253,264
Deferred contributions (Note 5)	29,776	24,820
	<u>2,373,796</u>	<u>1,990,720</u>

#### Obligation for employee future benefits (Note 6)

	<u>288,735</u>	<u>334,172</u>
	<u>2,662,531</u>	<u>2,324,892</u>

### Net assets

Restricted - Forest Renewal Fund (Notes 7 and 8)	3,482,165	3,265,647
Invested in capital assets	512,563	482,717
Unrestricted - General Fund	5,659,999	4,950,218
	<u>9,654,727</u>	<u>8,698,582</u>
	<u>\$ 12,317,258</u>	<u>\$ 11,023,474</u>

On behalf of the Board:



Director



Director

# Algonquin Forestry Authority

## Statement of Operations

Year Ended March 31

2020

2019

	General Fund	Forest Renewal Fund	Total	Total
<b>Revenue</b>				
Product sales	\$ 27,149,886	\$ -	\$ 27,149,886	\$ 20,959,670
Forest renewal activity	-	1,873,403	1,873,403	1,597,492
Standing timber sales	66,508	-	66,508	261,894
Other (Note 9)	2,918,358	322,121	3,240,479	2,290,300
	<u>30,134,752</u>	<u>2,195,524</u>	<u>32,330,276</u>	<u>25,109,356</u>
<b>Expenses</b>				
Direct program costs	23,512,896	1,585,486	25,098,382	20,430,867
Crown timber stumpage charges (Note 11)	3,033,072	-	3,033,072	2,739,024
Public access road maintenance	295,044	-	295,044	291,068
Operations planning	213,051	-	213,051	270,749
Wood measurement	44,480	-	44,480	46,279
	<u>27,098,543</u>	<u>1,585,486</u>	<u>28,684,029</u>	<u>23,777,987</u>
<b>Operating income</b>	<u>3,036,209</u>	<u>610,038</u>	<u>3,646,247</u>	<u>1,331,369</u>
<b>Administrative and other</b>				
Salaries and benefits	1,513,473	310,082	1,823,555	1,778,400
Bad debts	300,000	-	300,000	72,086
Amortization of capital assets	147,672	53,323	200,995	182,191
Office supplies and other	137,821	557	138,378	145,076
Office rent	37,504	18,793	56,297	58,235
Consulting, legal and miscellaneous	52,931	-	52,931	12,553
Directors' allowance	40,254	-	40,254	52,853
Insurance	20,037	8,281	28,318	28,440
Public relations	27,163	-	27,163	37,564
Staff travel and training	17,840	2,484	20,324	26,171
Interest and bank charges	1,887	-	1,887	35,895
	<u>2,296,582</u>	<u>393,520</u>	<u>2,690,102</u>	<u>2,429,464</u>
Excess (deficiency) of revenue over expenses	<u>\$ 739,627</u>	<u>\$ 216,518</u>	<u>\$ 956,145</u>	<u>\$ (1,098,095)</u>

# Algonquin Forestry Authority

## Statement of Changes in Net Assets

Year Ended March 31

<b>2020</b>	Invested in Capital Assets	Restricted - Forest Renewal Fund	Unrestricted - General Fund	<b>Total</b>
Balance, beginning of year	\$ 482,717	\$ 3,265,647	\$ 4,950,218	<b>\$ 8,698,582</b>
(Deficiency) excess of revenue over expenses	(200,995)	216,518	940,622	<b>956,145</b>
Invested in capital assets	230,841	-	(230,841)	-
Balance, end of year	<b>\$ 512,563</b>	<b>\$ 3,482,165</b>	<b>\$ 5,659,999</b>	<b>\$ 9,654,727</b>
<b>2019</b>	Invested in Capital Assets	Restricted - Forest Renewal Fund	Unrestricted - General Fund	<b>Total</b>
Balance, beginning of year	\$ 451,956	3,292,239	\$ 6,052,482	<b>\$ 9,796,677</b>
(Deficiency) excess of revenue over expenses	(182,191)	(26,592)	(889,312)	<b>(1,098,095)</b>
Invested in capital assets	212,952	-	(212,952)	-
Balance, end of year	<b>\$ 482,717</b>	<b>\$ 3,265,647</b>	<b>\$ 4,950,218</b>	<b>\$ 8,698,582</b>

# Algonquin Forestry Authority

## Statement of Cash Flows

Year Ended March 31

2020

2019

### Cash flows from operating activities:

Excess (deficiency) of revenue over expenses	\$ 956,145	\$ (1,098,095)
Adjustments for non-cash items:		
Amortization of capital assets	200,995	182,191
Gain on sale of capital assets	<u>(16,549)</u>	<u>(13,866)</u>
	<u>1,140,591</u>	<u>(929,770)</u>

### Change in non-cash operating working capital:

Accounts receivable	(2,328,503)	1,847,615
Inventories held for sale	212,216	(230,971)
Prepaid expenses	(4,566)	(20,968)
Accounts payable and accrued liabilities	96,866	(601,309)
Contractors' performance holdbacks	38,461	(10,094)
Due to Consolidated Revenue Fund	242,793	(49,593)
Deferred contributions	4,956	8,932
Obligation for employee future benefits	<u>(45,437)</u>	<u>-</u>
	<u>(642,623)</u>	<u>13,842</u>

### Cash flows from capital activities

Acquisition of capital assets	(230,841)	(218,006)
Proceeds from sale of capital assets	<u>16,549</u>	<u>18,920</u>
	<u>(214,292)</u>	<u>(199,086)</u>

Net decrease in cash	(856,915)	(185,244)
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### Cash

Beginning of year	<u>1,168,166</u>	<u>1,353,410</u>
End of year	<u>\$ 311,251</u>	<u>\$ 1,168,166</u>

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# Algonquin Forestry Authority

## Notes to the Financial Statements

March 31, 2020

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Algonquin Forestry Authority (the "Authority") is a Crown Agency which was established by the Ontario Government on January 4, 1975 under the *Algonquin Forestry Authority Act, 1974*. The Authority is responsible for forest management in Algonquin Provincial Park and operates on a not-for-profit basis. The Authority is exempt from income taxes under the Income Tax Act.

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### 1. Significant accounting policies

#### Basis of accounting

The Authority's financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 series of standards for government not-for-profit organizations. A statement of remeasurement gains and losses has not been presented as there is nothing to report therein.

#### Fund accounting

The General Fund accounts for the Authority's revenue generating and administrative activities. The Forest Renewal Fund accounts for the forest management activities, including silvicultural work.

#### Revenue recognition

Revenue from product sales and forest renewal charges are recognized when the wood is delivered, and the customer takes ownership and assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed and determinable.

The Authority accounts for contributions, which include government grants, under the deferral method of accounting as follows:

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of a period are accrued. Grants relating to future periods are deferred and recognized in the subsequent period when the related activity occurs. Unrestricted contributions are recognized as revenue when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the same basis and at rates corresponding to those of the related capital assets.

Other income is recognized when earned.

#### Inventories held for sale

Inventories held for sale, which consist of harvested wood not yet delivered to customers, are measured at the lower of cost and net realizable value with cost being determined on the first-in, first-out basis. Cost includes all acquisition costs incurred in bringing inventory to its present location and condition. Net realizable value is estimated selling price in the ordinary course of business less any applicable selling expenses.

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# Algonquin Forestry Authority

## Notes to the Financial Statements

March 31, 2020

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### 1. Significant accounting policies (continued)

#### Capital assets

Capital assets are stated at cost. Amortization is provided on the straight-line basis using the following annual rates:

<u>Asset</u>	<u>Rate</u>
Automotive equipment and trailers	25%
Portable steel structures	20%
Technical and data processing equipment	10%
Furniture and fixtures	10%
Leasehold improvements	10%

The cost of bridges and access roads is amortized over the estimated number of operating seasons for which the bridges and roads are to be used, with a maximum amortization period of 10 years. Forest renewal assets (comprised of furniture and fixtures, technical and data processing equipment, automotive equipment and trailers) are amortized on the same basis and at the same rates as the assets mentioned above.

#### Financial instruments

The Authority's financial assets and financial liabilities are accounted for as follows:

Cash is subject to an insignificant risk of change in value so carrying value approximates fair value.

Accounts receivable are recorded at amortized cost less any amount for valuation allowances. Valuation allowances are made to reflect accounts receivable at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exists. Changes in valuation allowances are recognized in the Statement of Operations.

Accounts payable and accrued liabilities, contractors' performance holdbacks and Due to Consolidated Revenue Fund are recorded at amortized cost.

The Authority does not use derivative financial instruments.

#### Employee future benefits

The Authority provides termination benefits to qualifying employees for services rendered prior to January 1, 2016. The costs of severance entitlements under the *Public Service of Ontario Act* and unused vacation entitlements earned by employees during the year are accrued for in the financial statements. The costs of any legislated severance are recognized when earned by eligible employees.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

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# Algonquin Forestry Authority

## Notes to the Financial Statements

March 31, 2020

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### 1. Significant accounting policies (continued)

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. The infectious coronavirus (“COVID-19”) pandemic has added to the Authority’s measurement uncertainty primarily due to a reduction of available information with which to make significant assumptions related to critical estimates as compared to those estimates reported at March 31, 2019. Significant items subject to such estimates and assumptions include determination of the allowance for doubtful accounts receivable, inventory obsolescence, useful lives of capital assets and employee future benefits. Actual results could differ from those estimates. Accounts receivable (see Note 13) are subject to measurement uncertainty due to the Authority’s exposure to credit risk from individual customers. Due to the COVID-19 pandemic, additional measurement uncertainty exists around potential collection delays from customers due to the economic slowdown brought on by emergency measures to combat the spread of COVID-19. These estimates are reviewed periodically and as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

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### 2. Related party transactions

The Authority, under the provisions of the *Algonquin Forestry Authority Act*, is subject to the direction and control of the Ministry of Natural Resources and Forestry (“the Ministry”). During the normal course of operations, the Authority entered into the following related party transactions with the Ministry during the year:

- i) Received funding for the reimbursement of road construction and maintenance costs (see Notes 5 and 9)
- ii) Received funding for the reimbursement of public access road maintenance costs (see Notes 5 and 9)
- iii) Paid crown timber stumpage charges (see Note 11)

During the normal course of operations, the Authority also received funding for the reimbursement of emergency road maintenance (see Note 9) from the Ministry of Environment, Conservation and Parks.

All related party transactions have been recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

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### 3. Accounts receivable

	<u>2020</u>	<u>2019</u>
Trade receivables	\$ 9,347,456	\$ 6,805,020
Billable stumpage and other	1,989,217	1,903,150
	<u>11,336,673</u>	<u>8,708,170</u>
Less: allowance for doubtful accounts	<u>(410,000)</u>	<u>(110,000)</u>
	<u>\$ 10,926,673</u>	<u>\$ 8,598,170</u>

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# Algonquin Forestry Authority

## Notes to the Financial Statements

March 31, 2020

### 4. Capital assets

	<b>2020</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
Bridges and access roads	\$ 5,346,799	\$ 5,346,799	\$ -
Portable steel structures	963,000	801,525	<b>161,475</b>
Forest renewal assets	600,437	470,039	<b>130,398</b>
Automotive equipment	563,006	420,134	<b>142,872</b>
Technical equipment	134,350	121,978	<b>12,372</b>
Data processing equipment	118,506	59,996	<b>58,510</b>
Furniture and fixtures	32,176	32,176	-
Leasehold improvements	21,084	18,774	<b>2,310</b>
Trailers	12,550	7,924	<b>4,626</b>
	<b>\$ 7,791,908</b>	<b>\$ 7,279,345</b>	<b>\$ 512,563</b>
	<b>2019</b>		
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>
Bridges and access roads	\$ 5,346,799	\$ 5,346,799	\$ -
Portable steel structures	963,000	758,062	204,938
Forest renewal assets	560,496	416,533	143,963
Automotive equipment	531,078	434,219	96,859
Technical equipment	124,826	119,643	5,183
Data processing equipment	65,790	42,494	23,296
Furniture and fixtures	32,176	32,176	-
Leasehold improvements	21,084	18,486	2,598
Trailers	12,550	6,670	5,880
	<b>\$ 7,657,799</b>	<b>\$ 7,175,082</b>	<b>\$ 482,717</b>

### 5. Deferred contributions

Deferred contributions represent unspent resources received from the Ministry in the current period and which relate to expenses of future periods. Changes in the deferred contributions balance are as follows:

	Road construction and maintenance	Public access road maintenance	<b>2020 Total</b>	2019 Total
Balance, beginning of year	\$ -	\$ 24,820	<b>\$ 24,820</b>	\$ 15,888
Add: contributions received in the year	1,383,796	300,000	<b>1,683,796</b>	1,722,660
Less: amount spent in the year	(1,383,796)	(295,044)	<b>(1,678,840)</b>	(1,713,728)
Balance, end of year	<b>\$ -</b>	<b>\$ 29,776</b>	<b>\$ 29,776</b>	<b>\$ 24,820</b>

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# Algonquin Forestry Authority

## Notes to the Financial Statements

March 31, 2020

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### 6. Employee future benefits

#### (a) Multi-employer pension plan

The Authority's full-time employees participate in the Public Service Pension Fund ("PSPF") which is a defined benefit pension plan for certain employees of the Province of Ontario and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPF, determines the Authority's annual payments to PSPF. As the sponsor is responsible for ensuring that the pension fund is financially viable, any surpluses or unfunded liabilities arising from the statutory actuarial funding valuations are not assets or obligations of the Authority. The Authority's payments for the year of \$185,561 (2019 - \$171,050) are included in salaries and benefits in the Statement of Operations.

#### (b) Termination benefits

The Authority provides termination benefits to qualifying employees. All full-time employees hired before April 1, 2014 qualify for a severance payment equal to one week of salary for each year of continuous service with the Authority provided before January 1, 2016, to a maximum of one-half of the employees' annual salary. The total obligation for vested severance payments amounts to \$288,735 (2019 - \$334,172) at year end.

#### (c) Non-pension post-retirement benefits

The cost of other non-pension post-retirement benefits is the responsibility of the Province of Ontario, a related party, and accordingly is not accrued or included in the Statement of Operations.

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### 7. Forest Renewal Fund

Effective September 6, 2012, the Authority renewed its agreement with the Ministry to perform forest management activities, including silvicultural work. Funding, on a cost recovery basis, for these activities is derived from stumpage charges levied under the Crown Forest Sustainability Act and grants from the Forestry Futures Fund. The term of the agreement commenced April 1, 2007 and expires March 31, 2027.

The agreement also requires the Authority to maintain a minimum balance of \$1,500,000 in the Forest Renewal Fund.

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### 8. Interfund transfer

The Board of Directors has approved, by resolution, that any loss incurred in the Forest Renewal Fund resulting from forest renewal activity expenses exceeding revenues, net of related capital asset amortization, during the year which cannot be funded by the Forest Renewal Fund without causing the Forest Renewal Fund balance to fall below \$2,500,000 shall be funded by the General Fund. No amount has been transferred during the year (2019 - \$Nil).

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# Algonquin Forestry Authority

## Notes to the Financial Statements

March 31, 2020

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<b>9. Other revenue</b>	<u>2020</u>	<u>2019</u>
Ministry reimbursement - road construction and maintenance	\$ 1,383,796	\$ 1,422,660
Ministry reimbursement - public access road maintenance	295,044	291,068
Ministry of Environment, Conservation and Parks - emergency road maintenance	885,276	-
Interest	396,911	328,298
Gain on sale of capital assets	16,549	13,866
Forestry Futures Trust Ontario	261,430	211,963
Other	1,473	22,445
	<u>\$ 3,240,479</u>	<u>\$ 2,290,300</u>

Included in General Fund other revenue is revenue of \$1.38 million (2019 - \$1.42 million) received by the Authority pursuant to an agreement with the Ministry. The purpose of the agreement is to provide the Authority with reimbursement of road construction and maintenance costs on eligible primary and secondary forest access roads where access to those roads is not limited to the forest industry. A portion of the Ministry funding was passed on to the Authority's customers through a rebate allocated on the basis of sales volumes. In fiscal year 2020, \$269,519 (2019 - \$376,255) was passed on to the Authority's customers and is netted in product sales in the Statement of Operations.

Included in the General Fund other revenue is \$885,276 (2019 - \$Nil) received by the Authority pursuant to a one-time funding agreement with the Ministry of Environment, Conservation and Parks for emergency road maintenance.

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### 10. Remuneration of appointments

Total remuneration of the Board members of the Authority was approximately \$22,200 during the fiscal year (2019 - \$28,000).

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### 11. Crown timber stumpage charges

Crown timber stumpage charges are incurred during the normal course of operations and are paid to the Ministry. Any amounts owing by the Authority at year end are recorded as Due to Consolidated Revenue Fund on the Statement of Financial Position. Year end balances are normally settled in full in the first quarter of the following year.

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### 12. Comparative figures

Certain comparative figures have been adjusted to conform to changes in the current year presentation.

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# Algonquin Forestry Authority

## Notes to the Financial Statements

March 31, 2020

### 13. Financial instruments risk management

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Authority's credit risk arises from its financial assets including cash and accounts receivable. The Authority's accounts receivable are due from various customers and from government agencies. The collectability of the accounts is assessed annually by the Authority and an allowance for doubtful accounts is recorded where appropriate. All cash deposits are held with financial institutions. The amounts outstanding at year end are as follows:

<b>2020</b>					
	<u>Total</u>	<u>Current</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>Over 91 days</u>
Customer receivables	\$ 11,008,434	\$ 3,842,401	\$ 2,606,506	\$ 1,363,889	\$ 3,195,638
Recoverable expenses	<u>328,239</u>	<u>326,089</u>	<u>2,150</u>	<u>-</u>	<u>-</u>
Gross receivables	<b>11,336,673</b>	4,168,490	2,608,656	1,363,889	3,195,638
Less: allowance for doubtful accounts	<u>(410,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(410,000)</u>
Net receivables	<b><u>\$ 10,926,673</u></b>	<b><u>\$ 4,168,490</u></b>	<b><u>\$ 2,608,656</u></b>	<b><u>\$ 1,363,889</u></b>	<b><u>\$ 2,785,638</u></b>
<b>2019</b>					
	<u>Total</u>	<u>Current</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>Over 91 days</u>
Customer receivables	\$ 8,340,370	\$ 3,369,282	\$ 1,486,746	\$ 1,329,776	\$ 2,154,566
Recoverable expenses	<u>367,800</u>	<u>366,021</u>	<u>1,779</u>	<u>-</u>	<u>-</u>
Gross receivables	<u>8,708,170</u>	<u>3,735,303</u>	<u>1,488,525</u>	<u>1,329,776</u>	<u>2,154,566</u>
Less: allowance for doubtful accounts	<u>(110,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(110,000)</u>
Net receivables	<b><u>\$ 8,598,170</u></b>	<b><u>\$ 3,735,303</u></b>	<b><u>\$ 1,488,525</u></b>	<b><u>\$ 1,329,776</u></b>	<b><u>\$ 2,044,566</u></b>

There have been no significant changes from the previous year in the exposure to credit risk or to the policies, procedures and methods used to measure this risk.

# Algonquin Forestry Authority

## Notes to the Financial Statements

March 31, 2020

### 13. Financial instruments risk management (continued)

#### Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, contractors' performance holdbacks and amounts due to the Consolidated Revenue Fund. The Authority mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining adequate cash balances in the near-term if unexpected cash outflows arise.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

	<b>2020</b>			
	<b>Within 6 months</b>	<b>6 months to 1 year</b>	<b>1-5 years</b>	<b>&gt;5 years</b>
Accounts payable and accrued liabilities	\$ 1,745,016	\$ -	\$ -	\$ -
Contractors' performance holdbacks	102,947	-	-	-
Due to Consolidated Revenue Fund	496,057	-	-	-
	<b>\$ 2,344,020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>2019</b>			
	<b>Within 6 months</b>	<b>6 months to 1 year</b>	<b>1-5 years</b>	<b>&gt;5 years</b>
Accounts payable and accrued liabilities	\$ 1,648,150	\$ -	\$ -	\$ -
Contractors' performance holdbacks	64,486	-	-	-
Due to Consolidated Revenue Fund	253,264	-	-	-
	<b>\$ 1,965,900</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

There have been no significant changes from the previous year in the exposure to liquidity risk or to the policies, procedures and methods used to measure this risk.

## PUBLIC APPOINTMENTS – BOARD of DIRECTORS

	<u>DATE OF APPOINTMENT</u>	<u>CURRENT TERM'S EXPIRATION</u>
<b>CHAIR: David Lemkay</b> Douglas, ON	September 12, 2012	October 16, 2022
<b>Sarah Bros</b> North Bay, ON	February 1, 2013	January 31, 2021
<b>Gordon Clark</b> Coldwater, ON	June 30, 2016	June 29, 2019
<b>Carl Corbett</b> Huntsville, ON	June 22, 2016	June 5, 2022
<b>Robert Howe</b> Barry's Bay, ON	October 25, 2019	October 24, 2022
<b>Damion Ketchum</b> Toronto, ON	August 4, 2016	September 25, 2022
<b>Charles Lauer</b> Peterborough, ON	January 5, 2015	January 4, 2021
<b>Rodney Smith</b> Arnprior, ON	August 4, 2016	August 15, 2022

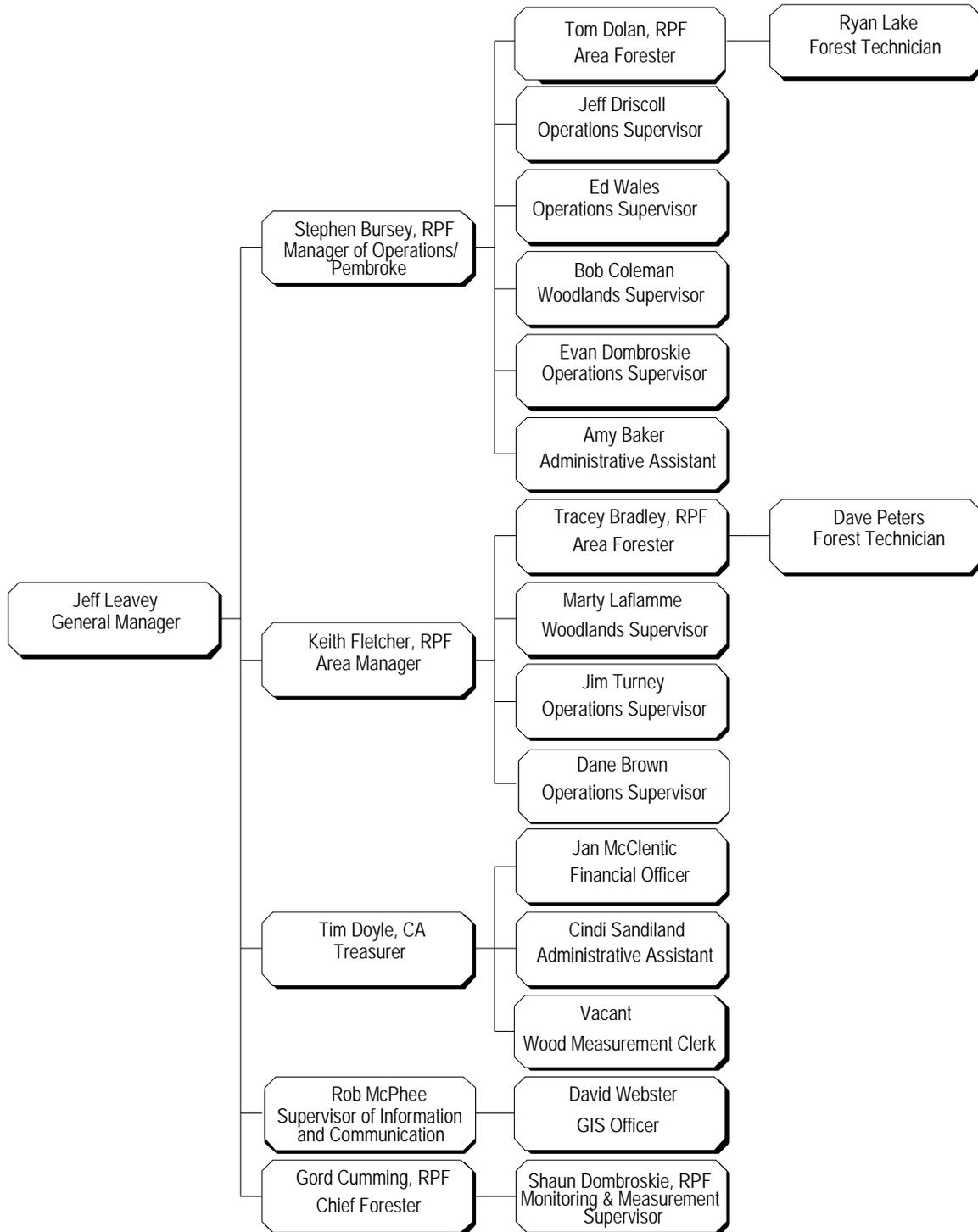
*The total remuneration paid to Directors for this fiscal period is \$28,000.*

**OFFICERS:**                      **Jeffrey W. Leavey**                      **Timothy K. Doyle, CPA, CA**  
General Manager                      Secretary-Treasurer

### **GENERAL MEETINGS:**

<b>May 3-4, 2019</b> Keene, ON	<b>June 17, 2019</b> Teleconference	<b>September 6-7, 2019</b> Algonquin Park, ON
<b>October 25-26, 2019</b> Huntsville, ON	<b>December 6-7, 2019</b> Petawawa, ON	<b>February 7-8, 2020</b> Burleigh Falls, ON
<b>March 20-21, 2020</b> Huntsville, ON		

## ORGANIZATION CHART (Full-Time, Regular Staff)



# Algonquin Forestry Authority

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*This publication is available in French upon request.  
Sur demande, vous pouvez obtenir la version française de ce rapport annuel.*

*\*\*\* This publication has been printed on PEFC sourced paper.*