



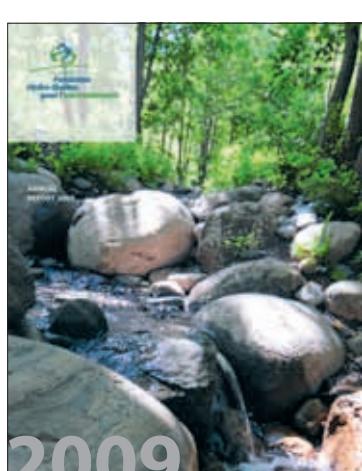
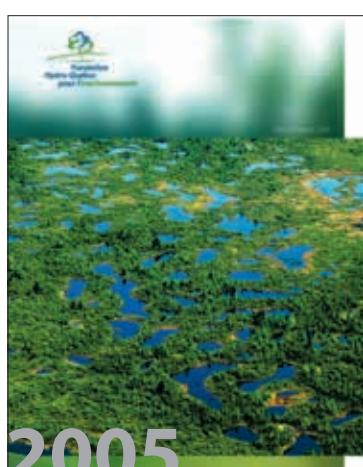
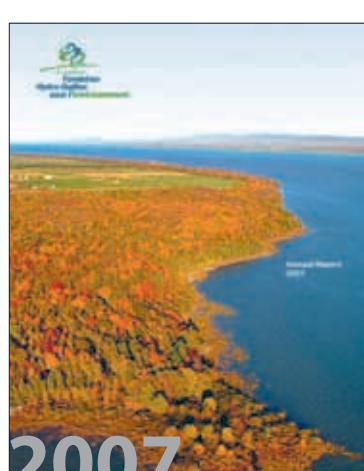
ANNUAL REPORT

2010



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“For the past decade, the Foundation has contributed to the preservation of Québec’s natural heritage for the generations of today and tomorrow.”

MESSAGE FROM MANAGEMENT

For the past 10 years, the Fondation Hydro-Québec pour l'environnement has been working closely with organizations and municipalities involved in projects to protect natural areas. Through their actions, the Foundation contributes to the preservation of an ecological heritage for the benefit of present and future generations across Québec.

In 2010, the Foundation contributed to 15 projects intended to preserve the natural heritage and promote environmentally responsible behavior. One example is an enhancement project for the Baie de Rimouski, an ecosystem that is important for migrating birds but is exposed to intensive local use and tourism. Another example is a restoration project to speed up vegetation regeneration and restore wildlife in the Rivière Ha! Ha! delta, which was devastated by the 1996 flooding in the Saguenay region.

Since its inception in 2001, the Foundation has granted \$9.7 million to 160 projects with a total value of about \$33 million. Through these projects, our partners have protected 14,500 hectares of land, forest and wetland environments, and 128 rivers and lakes. They have also supported the protection of nearly 200 at-risk species and helped to make a wide public more aware of the need to protect biodiversity. We congratulate them for their efforts and determination.

We would like to thank the experts on the advisory committee for their assistance in reviewing the projects submitted to the Foundation, as well as the members of the Board of Directors for their outstanding commitment to environmental protection. We particularly wish to acknowledge the contributions of Maria Vaccaro, Raymond Champoux and Maurice Richard, who have completed their terms as directors, and we welcome their successors, André Besner, Martin Doucet and Claude Grondin.



Marie-José Nadeau
President



Marie-Anne Sauvé
Executive Director

THE FOUNDATION

MISSION

The Fondation Hydro-Québec pour l'environnement is a nonprofit organization whose mission is to help Québec communities develop a sense of ownership of the surrounding environment, enjoy it responsibly and pass on this natural heritage to future generations.

OBJECTIVES

The Foundation funds practical initiatives that are the result of collaborative efforts by local organizations and that serve the interests of communities across Québec. All projects must have the following aims:

- To protect, restore and enhance natural areas
- To educate target publics about local environmental issues.

These objectives go hand in hand: an environmental protection or rehabilitation project will have no enduring effect if the people who have an impact on the site do not feel concerned. Similarly, the message of an awareness-raising or educational activity will go unheeded if it does not give the people involved the means to make a difference in their environment.

Educating the public about general environmental issues is not part of the Foundation's mission. The Foundation supports projects that are likely to have direct, positive impacts on specific natural areas. Educational projects satisfy this criterion if they focus on changing the way clearly defined target groups behave with respect to the natural areas they use.

PRINCIPLES

- Support local initiatives that reflect the desire of communities to steward their environment
- Focus on joint projects that have the active support of a number of partners
- Fund initiatives with positive and tangible environmental and social impacts.

CONDITIONS OF PARTICIPATION

Within the limits of the funding allocated each year by Hydro-Québec, the following are eligible for a grant from the Foundation:

- Charitable or nonprofit organizations duly registered in Canada and able to show that their projects are not personal or for profit but serve community interests
- Projects that are in line with the Foundation's mission and principles and that contribute to the achievement of its objectives.

BREAKDOWN OF THE FOUNDATION'S CONTRIBUTIONS (2001–2010)*

Basses-terres du Saint-Laurent	\$3,870,555
Appalaches	\$2,148,013
Estuaire et golfe du Saint-Laurent	\$1,778,521
Laurentides centrales	\$854,301
Laurentides méridionales	\$806,761
Hautes-terres de Mistassini	\$98,481
Basses-terres de l'Abitibi et de la baie James	\$85,550
Plateau de la Basse-Côte-Nord	\$73,385
Bassin de la baie d'Ungava	\$34,300

* According to the Ecological Reference Framework adopted by the government of Québec.





Short-eared owl

"Over the past decade, the Foundation has granted \$9.7 million to 160 projects worth a total of some \$33 million."

In 2010, the Foundation supported 15 projects developed by nonprofit organizations endeavoring to conserve and enhance Québec's natural heritage. These organizations help to protect fragile species, preserve their habitats, and make communities aware of local environmental issues.

Since it began operation in 2001, the Foundation has contributed some \$9.7 million to 160 projects spread throughout all the administrative regions of Québec. The estimated total value of the projects is \$33 million.

The Foundation gives preference to projects that focus on community stewardship of the natural environment. The table below divides the projects funded into four classes: three classes reflect the types of biophysical environment targeted by the Foundation and the fourth is for environmental education and awareness initiatives.

REVIEW OF OPERATIONS



**Coastal trail,
Baie de Rimouski**

Grant Distribution by Class

	Number of Projects		Amounts Granted to Partners (\$)	
	2010	Since 2001	2010	Since 2001
Lands and Forests	5	40	402,050	3,511,093
Rivers and Lakes	4	41	129,790	2,212,577
Wetlands	3	43	165,300	2,734,333
Awareness and Education	3	36	259,800	1,291,864
Total	15	160	956,940	9,749,867

Protection, restoration and enhancement of lands and forests

In 2010, the Foundation funded five projects in this class. Two of the projects involve eradication of invasive alien plants in Montréal-area woodlands, and the other three focus on improving control of public access to achieve a balance between use and conservation of natural areas.

Area of Lands and Forests That Have Benefited from Action by Foundation Partners

Period	Area (ha)
2010	680
Total since 2001	7,270

Protection, restoration and enhancement of rivers and lakes

The four projects in this class focus on restoring degraded habitats and include public education and awareness activities. One example is the project to restore vegetation on the banks of the Rivière Saint-Charles, which supplies drinking water to 250,000 residents of the city of Québec.

Number of Rivers and Lakes That Have Benefited from Action by Foundation Partners

Period	Number of Rivers	Number of Lakes	Total Number of Rivers and Lakes
2010	4	—	4
Total since 2001	67	61	128

Protection, restoration and enhancement of wetlands

Three initiatives in this class received Foundation support. An example is the project to protect and enhance the Baie de Rimouski and Île Saint-Barnabé. Various interpretation methods will be employed to reconcile use of the areas by tens of thousands of visitors with the preservation of ecologically rich coastal habitats.

Area of Wetlands That Have Benefited from Action by Foundation Partners

Period	Area (ha)
2010	162
Total since 2001	7,358

Awareness and education

In this class, the Foundation supported three projects that employ different strategies to raise public awareness of local environmental issues. In the Estrie administrative region, for example, visitors to the new interpretation centre at the Rivière aux Cerises marsh can discover the important role and biological richness of this wetland through a highly original interactive permanent exhibit.

Educational Projects

Period	Number of Projects*	Projects Related to Lands and Forests	Projects Related to Rivers and Lakes	Projects Related to Wetlands
2010	3	—	2	1
Total since 2001	36	12	18	19

* A project may involve several types of environment.

Protection of threatened and vulnerable species or species likely to be so designated

In 1996, the Québec government adopted a biodiversity strategy and action plan, thus confirming its adherence to the principles and objectives of the United Nations Convention on Biological Diversity.¹

The Foundation supports this action plan by compiling the data supplied by partners on the species and ecosystems targeted by their projects.

In 2010, 14 threatened or vulnerable species and 15 species likely to be so designated, according to the classification in the *Act respecting threatened or vulnerable species*,² benefited from projects supported by the Foundation.

Since 2001, the Foundation has contributed to the survival of 60 of the 97 plant and animal species designated threatened or vulnerable under this Act as at October 1, 2010.

In addition, from 2003 to 2005, the Foundation supported a project to bring striped bass back to the Fleuve Saint-Laurent (St. Lawrence River). This fish, once extirpated in Québec, was reintroduced using stocks imported from New Brunswick.

Number of Threatened or Vulnerable Species Targeted by Foundation-Funded Projects since 2001*

Extirpated community	1
Threatened or vulnerable species	60
Species likely to be designated threatened or vulnerable	133

* Each species is counted only once although some have benefited from several projects. Their status reflects the designation in effect when the project involving them was accepted by the Foundation.

1. Adopted in June 1992 at the Earth Summit in Rio de Janeiro, the Convention on Biological Diversity was ratified in December 1993 by some 30 countries and over 160 more have ratified it since then. This international agreement gives equal importance to the sustainable use of resources and to conservation. It covers the entire living world, not just wild plants and animals.

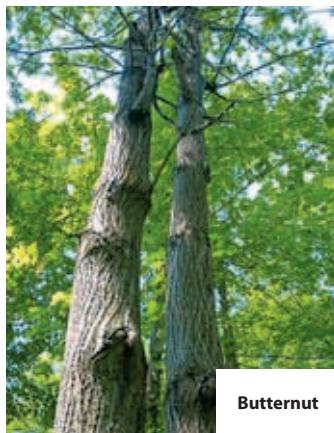
2. Adopted by the Québec government in 1989, the *Act respecting threatened or vulnerable species* provides for a designation process in which a threatened species is one whose extirpation is feared, and a vulnerable species is one whose survival is precarious, but for which extirpation is not expected.



Pair of harlequin ducks



Common map turtle



Butternut



Northern long sedge

FOUNDATION'S CONTRIBUTION TO THE PROTECTION OF PLANT AND ANIMAL SPECIES IN 2010

Threatened or Vulnerable Species			Species Likely to Be Designated Threatened or Vulnerable				
Species	Status	Partners*	Species	Partners*			
Plants							
Canadian maidenhair fern (<i>Adiantum pedatum</i>)	v	5	northern long sedge (<i>Carex folliculata</i>)	3			
Canada wild ginger (<i>Asarum canadense</i>)	v	5	golden whitlowgrass (<i>Draba aurea</i>)	2			
American ginseng (<i>Panax quinquefolius</i>)	t	5	common hackberry (<i>Celtis occidentalis</i>)	4			
ostrich fern (<i>Matteuccia struthiopteris</i>)	v	4	butternut (<i>Juglans cinerea</i>)	3, 4, 5			
Birds							
golden eagle (<i>Aquila chrysaetos</i>)	v	1	American eel (<i>Anguilla rostrata</i>)	7			
harlequin duck (<i>Histrionicus histrionicus</i>)	v	1	rufa red knot (<i>Calidris canutus rufa</i>)	2			
anatum peregrine falcon (<i>Falco peregrinus anatum</i>)	v	1, 2, 5, 7	Nelson's sharp-tailed sparrow (<i>Ammadramus nelsoni</i>)	1, 2			
Barrow's goldeneye (<i>Bucephala islandica</i>)	v	1, 2, 7	common nighthawk (<i>Chordeiles minor</i>)	1			
horned grebe (<i>Podiceps auritus</i>)	t	1, 7	short-eared owl (<i>Asio flammeus</i>)	1			
bald eagle (<i>Haliaeetus leucocephalus</i>)	v	1, 2, 7	chimney swift (<i>Chaetura pelagica</i>)	2			
yellow rail (<i>Coturnicops noveboracensis</i>)	t	1	Leach's storm-petrel (<i>Oceanodroma leucorhoa</i>)	1			
Caspian tern (<i>Sterna caspia</i>)	t	1	Canada warbler (<i>Wilsonia canadensis</i>)	2			
Turtles							
common map turtle (<i>Graptemys geographica</i>)	v	6	rusty blackbird (<i>Euphagus carolinus</i>)	1			
eastern spiny softshell turtle (<i>Apalone spinifera</i>)	t	6	Reptiles				
Number of species: 14							
Number of species: 15							
t Threatened species (extirpation feared) v Vulnerable species (at risk, extirpation not expected)							

* Partners

- 1 Comité ZIP Côte-Nord du Golfe
- 2 Comité ZIP du Sud-de-l'Estuaire
- 3 Union québécoise de réhabilitation des oiseaux de proie (UQROP)
- 4 Comité Écologique du Grand Montréal (CEGM)
- 5 Ville de Sainte-Julie
- 6 Nature Conservancy of Canada (NCC)
- 7 Musée du Fjord

GEOGRAPHICAL DISTRIBUTION OF PROJECTS SUPPORTED BY THE FOUNDATION IN 2010



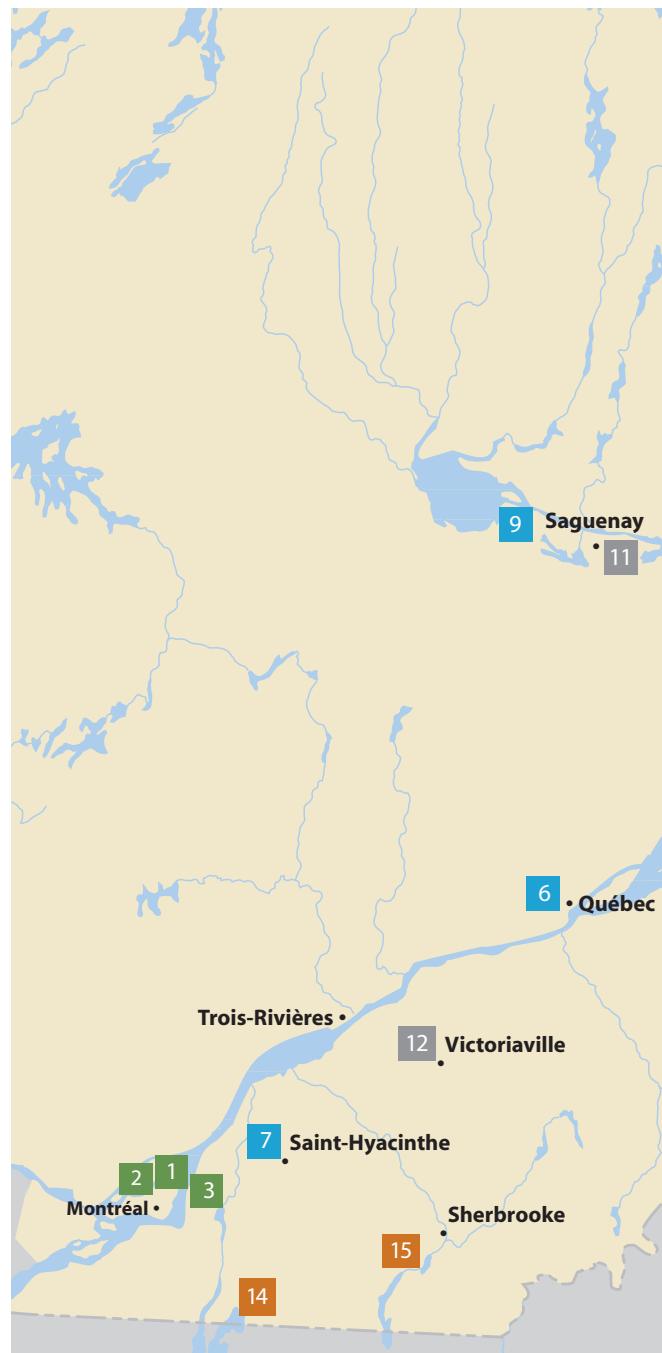
Saint-Sulpice woodland

LANDS AND FORESTS

- 1 Biodiversity restoration and enhancement in natural areas on the Île de Montréal (phases 2 and 3)
- 2 Wildlife restoration and development in Parc du Boisé-de-Saint-Sulpice
- 3 Protection and enhancement of part of the Mont-Saint-Bruno forest
- 4 Protection and enhancement of the Forêt d'enseignement et de recherche Comeau
- 5 Protection and enhancement of natural areas on Entry Island

RIVERS AND LAKES

- 6 Restoration and enhancement of riparian land in the Rivière Saint-Charles watershed – Phase 1: Rivière Saint-Charles
- 7 Restoration and enhancement of an essential site for rehabilitation of birds of prey
- 8 Restoration and enhancement of the eastern shore of the Rivière Godbout estuary
- 9 Restoration of wildlife habitats in Ruisseau Xavier-Boivin



WETLANDS

- 10 Protection and enhancement of biodiversity in Baie de Rimouski coastal habitats
- 11 Restoration, protection and enhancement of the Rivière Ha! Ha! delta
- 12 Bank renaturalization and enhancement of Roger-Paquet pond

AWARENESS AND EDUCATION

- 13 User awareness of the important bird area (IBA) along the Baie des Sept îles
- 14 Promotion of responsible boating practices among users of the Rivière aux Brochets and Baie Missisquoi
- 15 Permanent exhibit at the Centre d'interprétation du marais de la Rivière aux Cerises



Diagram for boardwalk
at Roger-Paquet pond



Big Hill, Entry Island



Young spiny
soft-shelled turtle

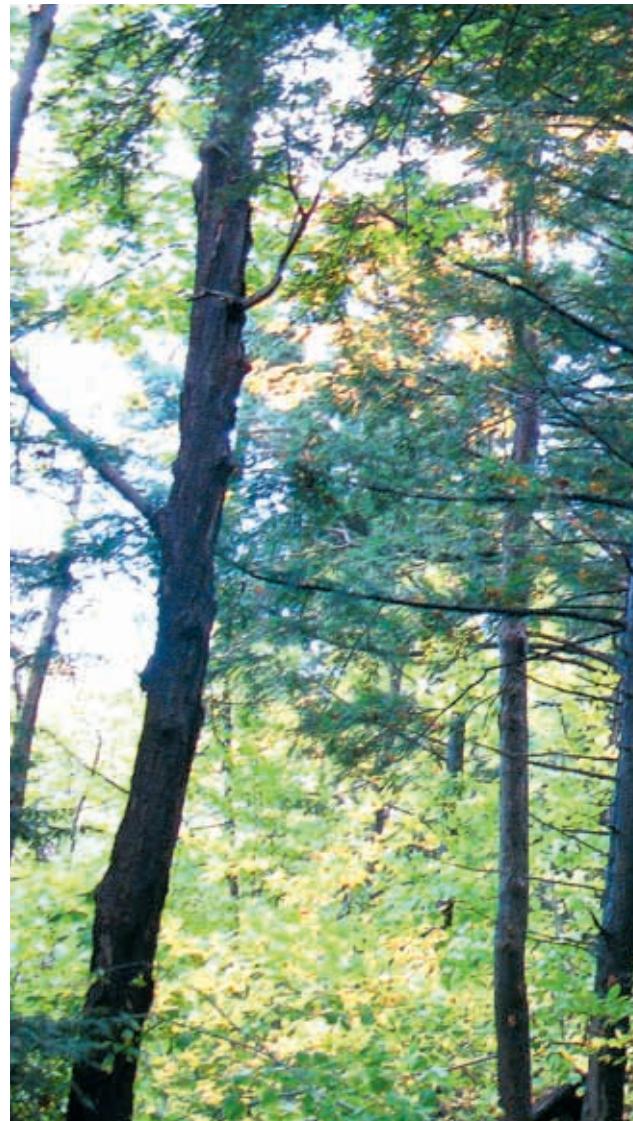


Project	Area (ha)	Proponent	Total Estimated Cost (\$)	Foundation Contribution (\$)
Biodiversity restoration and enhancement in natural areas on the Île de Montréal (phases 2 and 3)	15	Ville de Montréal	583,700	200,000
Wildlife restoration and development in Parc du Boisé-de-Saint-Sulpice	8.4	Comité Écologique du Grand Montréal	201,100	95,000
Protection and enhancement of part of the Mont-Saint-Bruno forest	4.2	Ville de Sainte-Julie	912,900	43,000
Protection and enhancement of the Forêt d'enseignement et de recherche Comeau conservation area	248	Centre d'expérimentation et de développement en forêt boréale	61,400	49,900
Protection and enhancement of natural areas on Entry Island	397	Entry Island Future Committee	29,200	14,150
Total	680 *		1,788,300	402,050

* Includes lands and forests affected by the projects in the Rivers and Lakes class: riparian areas along the Rivière Saint-Charles (1 ha), Rivière Godbout (1.1 ha) and Ruisseau Xavier-Boivin (5.3 ha).

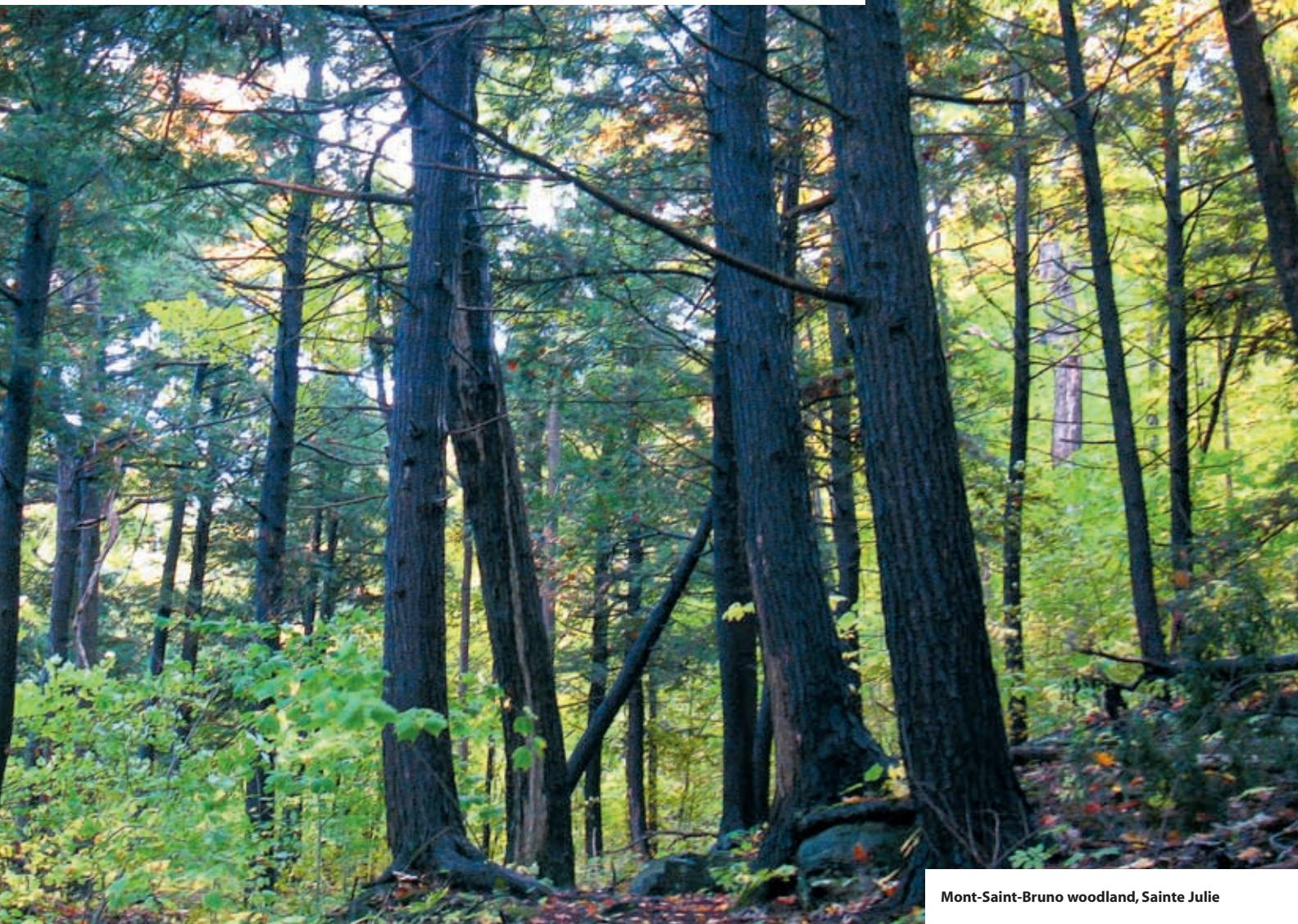


Planting in a natural area of the Île de Montréal



"7,270 hectares of lands and forests protected since 2001, including 680 in 2010."

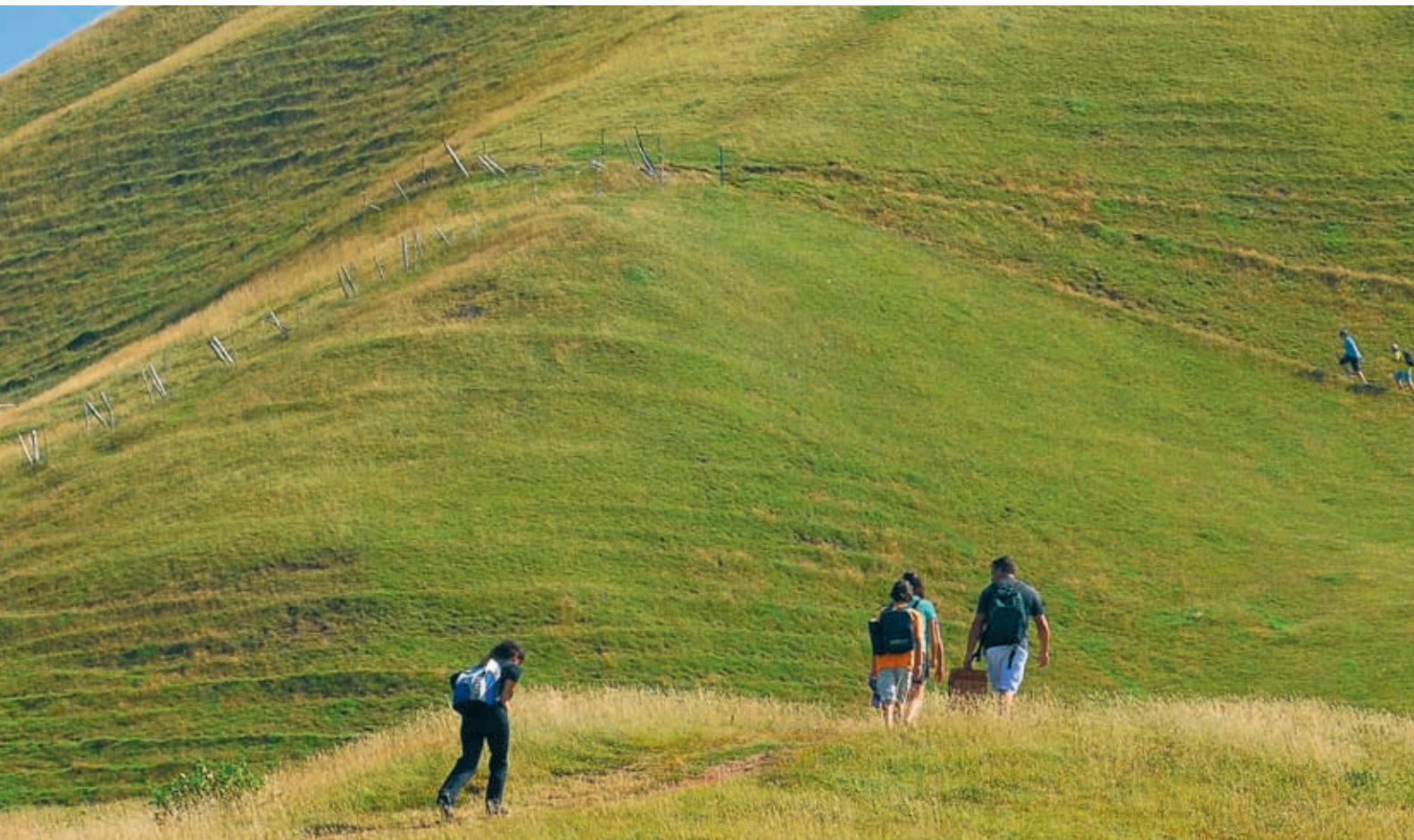
LANDS AND FORESTS



Mont-Saint-Bruno woodland, Sainte Julie

European buckthorn is a highly invasive shrub brought from Europe as a decorative plant. Particularly abundant in southwestern Québec, it is considered a serious threat to woodland biodiversity in the Montréal area. In 2010, the Ville de Montréal, in partnership with various government departments and environmental organizations, implemented the second phase of a **biodiversity restoration and enhancement project in natural areas** on the Île de Montréal. Thirty graduating high school students from various cultural communities cut down hundreds of thousands of buckthorn plants in the Mount Royal ecoterritory, Île-de-la-Visitation nature park and Bois-de-Liesse nature park. They also removed buckthorn suckers in wooded areas treated during the first phase of the project (cutting must be repeated for several consecutive years to exhaust the roots). The students then planted 1,375 native plants (15 species of trees and shrubs) while learning about Québec's natural heritage. The third phase of the project is scheduled for summer 2011.

Parc du Boisé-de-Saint-Sulpice is a remnant of the 104.6 hectares of land granted to the Sulpician missionaries in the early 18th century. Although today it covers only 7 hectares, this natural area is still a major stopover for many migrating birds. The project by the Comité Écologique du Grand Montréal covers several aspects: redevelopment of the trail network and closure of unauthorized trails, which fragment the woodland and cause vegetation to be trampled, installation of bird nest boxes and feeders, eradication of invasive plant species and education of Ahuntsic-Cartierville borough residents regarding the woodland's ecological importance. These activities are part of a much larger project to protect and restore a rare urban ecosystem of great ecological value.



Mont-Saint-Bruno provincial park is the second most popular park in Québec, with over 750,000 visitors per year. About 30,000 people enter the park through a woodland adjacent to the mountain's northeast flank. The Ville de Sainte-Julie wants to create a buffer area around the park and has purchased about 2 hectares of this woodland to add to the 2 hectares it received as a donation. The municipality plans to mark the property, close the unauthorized trails and develop a walking trail to control access to the park. A 400-m interpretation circuit will also be developed to teach visitors about the importance of a wooded area containing plant species that are at risk in Québec, such as butternut and Canadian maidenhair fern.

About 15 kilometres from Baie-Comeau, the **Forêt d'enseignement et de recherche Comeau** harbors very diversified plant life amid mixed stands containing yellow birch, a fairly rare species in the area. For a number of years, illegal garbage dumping and tree cutting have caused the deterioration of this special teaching and research woodland. To combat these harmful practices, the Centre d'expérimentation et de développement en forêt boréale decided to promote and organize use of the forest. The project includes restoration of a walking trail and development of a new one, installation of reception signs, interpretation panels and other signage, and publication of an illustrated promotional brochure with a trail map. The objective is to encourage the local public to discover the attractions and ecological value of Comeau forest so they will use it responsibly and protect it.

Entry Island is the only inhabited island in the Îles-de-la-Madeleine archipelago that is not connected by land to the rest of the archipelago. Every year, over 8,000 visitors come to admire a magnificent view from Big Hill, the highest peak in the archipelago. The sandstone cliffs characteristic of the Entry Island landscape are home to many seabirds, including the black guillemot, Atlantic puffin, northern gannet and razorbill. The Entry Island Future Committee's protection and enhancement project includes several activities: marking of trails to direct visitor traffic, production of an information brochure and installation of 11 interpretation panels to inform visitors about the island's history and rich ecology.



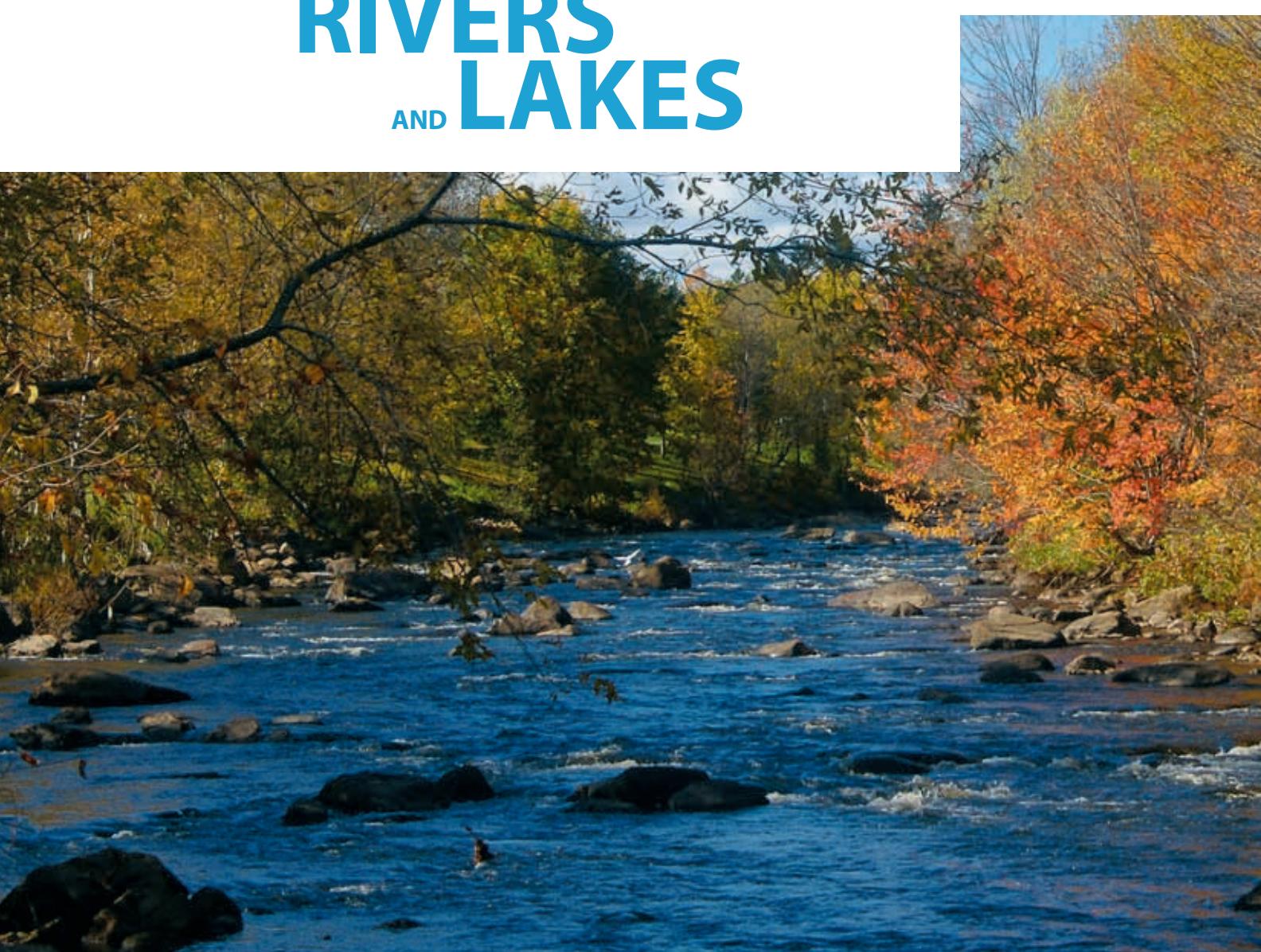
Big Hill trail,
Entry Island



Yellow birch,
Comeau forest

“Since its inception, the Foundation has supported 41 projects targeting rivers and lakes, including four in 2010.”

RIVERS AND LAKES



Project	Number of Streams, Rivers and Lakes	Proponent	Total Estimated Cost (\$)	Foundation Contribution (\$)
Restoration and enhancement of riparian land in the Rivière Saint-Charles watershed* – Phase 1: Rivière Saint-Charles	1 river	Association pour la protection de l'environnement du lac Saint-Charles et des Marais du Nord	155,200	24,990
Restoration and enhancement of an essential site for rehabilitating birds of prey	1 river	Union québécoise de réhabilitation des oiseaux de proie	81,200	45,000
Restoration and enhancement of the east shore of the Rivière Godbout estuary*	1 river	Comité ZIP de la rive nord de l'estuaire	54,400	24,800
Restoration of wildlife habitats in Ruisseau Xavier-Boivin*	1 stream	Groupe Naïades (formerly Comité ZIP Alma-Jonquière)	79,700	35,000
Total	4 streams and rivers		370,500	129,790

* These projects also affect the land and forests adjacent to the Rivière Saint-Charles (1 ha), the Rivière Godbout (1.1 ha) and Ruisseau Xavier-Boivin (5.3 ha). The area of these environments is included in the Lands and Forests class.



Rivière Saint-Charles



Model tree plantation used in restoration of Ruisseau Xavier-Boivin

The water quality in the **Rivière Saint-Charles** has improved considerably in recent years thanks to the efforts of many organizations. However, erosion is still a serious problem in some stretches of the river. During heavy rainfall, the degraded banks do not provide an effective barrier against runoff polluted with leachates from urban soil. In 2010, the Association pour la protection de l'environnement du lac Saint-Charles et des Marais du Nord (APEL) launched a project to restore the banks of the upper Rivière Saint-Charles along property belonging to the Ville de Québec. Having been revegetated with some 340 trees, 3,800 shrubs and 1,200 other plants, the banks once again play the essential ecological and biological roles of trapping and filtering runoff-borne sediment, screening the water from sun and wind and providing suitable habitats for animals and plants. APEL also promotes awareness with signs warning of replanted areas and fragile banks, a brochure on how to behave to avoid interfering with bank regeneration, etc. This project will help to improve biodiversity and water quality in a river that supplies drinking water to 250,000 people in the city of Québec.

The *Chouette à voir!* interpretation centre operated by the **Union québécoise de réhabilitation des oiseaux de proie** (UQROP) has a dual vocation: rehabilitate injured birds of prey and educate the public about the various raptor species in Québec. Visited by thousands of people every year, the *Chouette à voir!* complex covers more than 20 hectares of woodland and includes nine rehabilitation aviaries and eleven viewing aviaries in a natural setting. In August 2009, torrential rain caused sinking of the Rivière Salvail's banks at the entrance to the site. To rectify the situation, UQROP cleared the riverbed and restored the bank profile. It also launched a "bank school" project with two objectives: first to restore and stabilize 180 metres of riparian land, and second to use this initiative to educate the public and promote awareness of river management issues and ecological engineering techniques. Training activities target different publics: students, businesspeople, organizations and volunteers.



Restoration of banks
along the Rivière Salvail



The **Rivière Godbout estuary** is one of 20 important coastal habitats on the north shore of the Fleuve Saint-Laurent (St. Lawrence River). At the mouth of the renowned salmon river is a beach that is a very popular swimming, hiking and camping area for Godbout residents and tourists. Owing to inadequate development, this fragile environment suffers the negative impacts of uncontrolled use: trampled vegetation, scattered garbage, eroded banks. To counter these impacts, the Comité ZIP de la rive nord de l'estuaire has organized a number of activities, including construction of a stairway to channel access to the beach, planting native species in barren areas and raising public awareness of the precious environmental assets of the estuary, which harbors high concentrations of marine mammals and waterfowl.

The headwaters of **Ruisseau Xavier-Boivin** are in mountainous country and the water quality is good in the upper stretch. This important tributary of the Rivière des Aulnaies waters the land in the municipality of Hébertville, southwest of Lac Saint-Jean, and traverses farmland where riparian areas have been heavily eroded. Sediment from erosion affects the quality of the aquatic habitats in the lower reaches of the stream. To rectify the situation, the Groupe Naïades (formerly the Comité ZIP Alma-Jonquière) has built weirs and developed spawning grounds, stabilized the streambed and reforested the banks. It has also helped about 20 agricultural businesses to adopt practices or create developments that reduce their impact on the stream. All of these activities will create suitable reproduction and feeding conditions for the wildlife that lives in and near the stream: birds, forage fish and semiaquatic mammals.



Controlled access to the
Rivière Godbout estuary



WETLANDS

“Ten species at risk have been protected through wetlands programs supported by the Foundation in 2010.”



**Planting in the
Rivière Ha! Ha! delta**

Project	Area (ha)	Proponent	Total Estimated Cost (\$)	Foundation Contribution (\$)
Protection and enhancement of biodiversity in Baie de Rimouski coastal habitats	20	Comité ZIP du Sud-de-l'Estuaire	68,400	48,400
Restoration, protection and enhancement of the Rivière Ha! Ha! delta	12	Musée du Fjord	232,900	99,400
Renaturalization of banks and enhancement of Roger-Paquet pond	6	Ville de Victoriaville	53,200	17,500
Total	38		354,500	165,300

Baie de Rimouski

Protected from the erosive action of wind and waves by Île Saint-Barnabé, the **Baie de Rimouski shoreline** is known for the outstanding diversity of its plant and animal life. The bay shelters a salt marsh, an eelgrass bed and several islands that attract an abundance of nesting and migrating birds. The visiting public, however, exerts a great deal of pressure on this fragile ecosystem. To manage this pressure, the Comité ZIP du Sud-de-l'Estuaire has created an interpretation circuit along the coast trail and on Île Saint-Barnabé and published an interpretation booklet describing the biodiversity and geodiversity of Rimouski's coastal habitats. The booklet also provides advice on responsible outdoor activities.

The **Rivière Ha! Ha! delta** is a waterfowl gathering area acknowledged by the Québec Ministère des Ressources naturelles et de la Faune. When a storm caused flooding in the Saguenay in 1996, the Lac Ha! Ha! dike gave way and a torrent of mud, gravel and debris flowed into the Baie des Ha! Ha! Aquatic vegetation was buried under sediment that was 75 cm thick in some places, and fish left the devastated area. Although nature has regenerated the area more quickly than expected, the Musée du Fjord, with assistance from the Comité ZIP Saguenay and local partners, has undertaken to replant the bayshore in order to triple the area of the intertidal wetland. Planting a hectare of shrubs and trees bordering the high-tide zone will also improve the ecosystem's ability to regenerate and will have a positive impact on the entire delta. In addition, the Musée du Fjord has developed a sandbar interpretation trail and organized educational activities and guided tours to raise public awareness of the delta's ecological bounty and encourage people to protect it.

As part of a Ville de Victoriaville project, a model bank was developed on **Roger-Paquet pond** in Terre-des-Jeunes park for the purpose of demonstrating revegetation techniques. The municipality also installed duck nest boxes and built an observation boardwalk with about ten interpretation panels. The objective was to enhance awareness among the park's many visitors of the role of urban wetlands and to explain how to protect the riparian environments along the Rivière Nicolet. The municipality's project includes an awareness day, planting workshops and a communication campaign about the new facilities.

Project	Proponent	Total Estimated Cost (\$)	Foundation Contribution (\$)
User awareness of the Important Bird Area (IBA) at Baie des Sept Îles	Comité ZIP Côte-Nord du Golfe	32,200	14,500
Promotion of responsible boating practices among users of the Rivière aux Brochets and Baie Missisquoi	Nature Conservancy of Canada	27,500	20,300
Permanent exhibit at the Centre d'interprétation du marais de la Rivière aux Cerises	Les Amis du marais de la Rivière aux Cerises	475,600	225,000
Total		535,300	259,800

"Over the past decade, 36 education and awareness projects have been made possible by financial support from the Foundation."

AWARENESS AND EDUCATION



The **Baie des Sept Îles** is classified as an Important Bird Area (IBA) and is part of an international network of over 10,000 such sites, 92 of which are in Québec. It earned this status because it is a haven for more than 1% of the world's population of razorbills, great black-backed gulls and herring gulls. It is also used by the peregrine falcon, Barrow's goldeneye and short-eared owl, three species at risk in Québec. The Comité ZIP Côte-Nord du Golfe, in conjunction with bird photographers and area users, has produced a guide on the Baie des Sept Îles IBA containing practical advice for users of the area. This guide spearheads an awareness and enhancement campaign targeting the many types of visitors to the IBA territory (including the Sept Îles archipelago and Checkley plain): kayakers, off-road drivers, cruise and pleasure boaters, hikers, cyclists, aircraft pilots, paramotorists and hunters. The objective is to inform users about the heritage species in the IBA, raise their awareness of the need to protect the Baie de Sept Îles habitats and provide advice on responsible recreation and activities.

The **Rivière aux Brochets**, a tributary of Lac Champlain (Lake Champlain), is one of the last Québec habitats of the eastern spiny softshell turtle. It is also home to the common map turtle. These two species have respectively been designated threatened and vulnerable in Québec. In 2003, Nature Conservancy of Canada, in conjunction with other organizations, began a program to monitor and maintain turtle nesting sites in the Lac Champlain area. It became apparent, however, that protecting egg-laying sites would not be sufficient to support the survival of the two species. Many turtles are injured or killed by motorboats before they reach breeding age. Nature Conservancy of Canada plans to deploy about 20 buoys in the Rivière aux Brochets to encourage pleasure boaters to reduce speed in the areas frequented by the turtles. Warning signs will also be posted upstream and downstream of the four sensitive stretches of the river. Nature Conservancy of Canada is also hoping that the publication of bulletins, organization of information meetings and posting of signs at the three boat-launch ramps will educate users about this important biodiversity issue.

Since 1997, Les Amis du marais de la Rivière aux Cerises (LAMRAC) association has put a lot of effort into protecting the eponymous marsh. Like a kidney for Lac Memphrémagog, the **Rivière aux Cerises marsh** filters and purifies the area's water. In line with a development plan introduced in 1998, LAMRAC is building an interpretation centre to fulfill its education mission and inform the 120,000 people who visit the site each year. In addition to various educational activities, this interpretation centre will house a permanent exhibit on the history, habitats, animals, plants and fundamental ecological role of the marsh. LAMRAC is also betting that when the public understands how fragile this wetland is and what pressures it faces from real-estate development and proliferation of alien reed grass, people will be more inclined to contribute to its conservation.



Cruise passengers exploring
the Baie des Sept Îles



Rivière aux Cerises marsh

FINANCIAL STATEMENTS

MANAGEMENT'S REPORT

The financial statements of the Fondation Hydro-Québec pour l'environnement as well as all information contained in this report fall under the responsibility of Management and are approved by the Board of Directors. This responsibility involves choosing the appropriate accounting conventions that comply with Canadian generally accepted accounting principles.

To fulfill its responsibilities, Management maintains a control system designed to provide reasonable assurance as to the protection of assets, the accounting of transactions and the reliability of the financial statements.

The Fondation Hydro-Québec pour l'environnement acknowledges its responsibility in managing its affairs in accordance with the governing legislation.

The auditors of KPMG LLP audited the financial statements of the Fondation Hydro-Québec pour l'environnement in accordance with Canadian auditing standards. Their independent auditors' report discusses the nature and scope of this audit as well as their related opinion.



Marie-Anne Sauvé
Executive Director
Montréal, March 23, 2011

INDEPENDENT AUDITORS' REPORT

To the Directors

We have audited the accompanying financial statements of the Fondation Hydro-Québec pour l'environnement, which comprise the balance sheet as at December 31, 2010, the statements of operations and changes in net assets for the year then ended, and notes containing a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Foundation's Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In assessing these risks, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fondation Hydro-Québec pour l'environnement as at December 31, 2010, and the results of its operations for the year then ended, in accordance with Canadian generally accepted accounting principles.

The logo consists of the letters "KPMG" in a stylized, italicized font, followed by "LLP" in a smaller, regular font, with a small asterisk (*) positioned above the "P". A horizontal line extends from the bottom of the "G" in "KPMG" across to the end of the "P" in "LLP".

Chartered Accountants
Montréal, Canada
March 23, 2011

* CA Auditor permit no.6992

BALANCE SHEET

As at December 31, 2010, with comparative figures for 2009

In Canadian dollars	2010	2009
Assets		
Cash	2,096,877	2,947,214
Interest receivable	1,992	510
Contributions receivable from Hydro-Québec	38,440	33,417
	2,137,309	2,981,141
Liabilities		
Accounts payable	68,142	218,074
Net assets		
Restricted to environmental projects	1,723,247	1,817,843
Unrestricted	345,920	945,224
	2,069,167	2,763,067
	2,137,309	2,981,141

See the notes to the financial statements.

On behalf of the Board,

Marie-José Nadeau
President

Armand Couture
Director

STATEMENT OF OPERATIONS

Year ended December 31, 2010, with comparative figures for 2009

In Canadian dollars	2010	2009
Revenue		
Hydro-Québec – Contributions from (Note 3)		
Divisions	350,000	350,000
Special fund	82,002	168,591
Interest income	12,619	13,871
	444,621	532,462
Expenditure		
Environmental projects (Note 2)		
Approved during the year	246,016	238,625
Approved during previous years	805,520	844,634
	1,051,536	1,083,259
General overhead and project management	86,985	119,103
	1,138,521	1,202,362
Excess of (expenditure over revenue)	(693,900)	(669,900)

See the notes to the financial statements.

CHANGES IN NET ASSETS

Year ended December 31, 2010, with comparative figures for 2009

In Canadian dollars	2010	2009			
	Restricted to environmental projects ⁽¹⁾	Unrestricted		Total	Total
Net assets at beginning of year	1,817,843	945,224		2,763,067	3,432,967
Excess of (expenditure over revenue)					
revenue over expenditure	(805,520)	111,620		(693,900)	(669,900)
Internally restricted with respect to projects approved in 2010 (Note 2)	710,924	(710,924)		–	–
Net assets at end of year	1,723,247	345,920		2,069,167	2,763,067

(1) As at December 31, net assets restricted to environmental projects were as follows:

In Canadian dollars	2010	2009
Surplus restricted to projects		
Approved during the year	710,924	782,025
Approved during previous years	1,012,323	1,035,818
	1,723,247	1,817,843

See the notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2010

The Fondation Hydro-Québec pour l'environnement (the "Foundation") was constituted on January 19, 2001, under Division III of the Québec *Companies Act* and started its activities on that date. Its mission is to contribute to the long-term enhancement and protection of the environment; to promote the conservation, restoration and enhancement of fauna, flora and natural habitats; and to support local needs for stewardship of the environment. Its Board of Directors is composed of six Hydro-Québec officers and four outside directors. The Foundation is a nonprofit organization that is exempt from taxes within the meaning of the *Income Tax Act*.

1. Significant Accounting Policies

These financial statements for the Foundation were prepared by Management in accordance with Canadian generally accepted accounting principles.

a) *Use of estimates*

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the use of estimates that affect the assets and liabilities reported in the financial statements and the itemized revenues and expenditures for the periods presented. Actual amounts could differ from those estimates.

b) *Revenue recognition*

The Foundation uses the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when they are received, and as receivables if the amount can be reasonably estimated and payment is reasonably assured. Restricted contributions are recognized as revenue in the fiscal year in which the related expenditures are incurred. Special fund revenue comes from the interest on the balance of a fund set up by Hydro-Québec in the amount of \$10,000,000.

c) *Expenditure recognition*

Expenditures related to environmental projects are recorded as the expenditures are incurred by the organizations in question and approved by the Foundation.

2. Restrictions Affecting Net Assets

During the year, the Board of Directors of the Foundation approved financial support for 15 environmental projects (19 in 2009, 20 in 2008, 15 in 2007, 22 in 2006, 20 in 2005, 15 in 2004, 10 in 2003, 10 in 2002 and 14 in 2001) for a total commitment of \$956,940, of which \$246,016 was paid out during the year. The balance of \$710,924 is internally restricted in order to reserve unrestricted surplus in an amount corresponding to future reimbursement requests for approved environmental projects. The Foundation may not use this amount for other purposes without the prior consent of the Board of Directors.

During the year, a total amount of nil (\$52,672 in 2009 for projects in 2001, 2005, 2006 and 2007) was transferred from net assets restricted to environmental projects to unrestricted net assets because some expenditures were less than the amount initially authorized and some budgets were suspended.

	Total commitment	Paid out during the year	Paid out during previous years	Internally restricted
In Canadian dollars				
Lands and forests	402,050	28,709	—	373,341
Rivers and lakes	129,790	61,545	—	68,245
Wetlands	165,300	54,512	—	110,788
Awareness and education	259,800	101,250	—	158,550
Total - 2010	956,940	246,016	—	710,924
Total - 2009	1,020,650	432,260	238,625	349,765
Total - 2008	1,301,550	235,921	690,596	375,033
Total - 2007	1,448,235	102,055	1,169,554	176,626
Total - 2006	1,006,573	22,580	873,094	110,899
Total - 2005	854,096	12,704	841,392	—
Total - 2004	669,625	—	669,625	—
Total - 2003	1,318,838	—	1,318,838	—
Total - 2002	804,850	—	804,850	—
Total - 2001	368,510	—	368,510	—
Total 2001 to 2010	9,749,867	1,051,536	6,975,084	1,723,247

3. Related Party Transactions

During the year, the Foundation received contributions from Hydro-Québec totaling \$432,002 (\$518,591 in 2009), including \$82,002 (\$168,591 in 2009) in annual interest generated by funds specially reserved by Hydro-Québec for the Foundation, and \$350,000 in contributions from Hydro-Québec TransÉnergie, Hydro-Québec Distribution and the company's Direction principale – Environnement et affaires corporatives (\$350,000 in 2009 from Hydro-Québec Production, Hydro-Québec TransÉnergie, Hydro-Québec Distribution and the Direction principale – Environnement et affaires corporatives). The Foundation incurred expenses of \$65,448 (\$95,945 in 2009) in relation to Hydro-Québec. These services provided by the various administrative units for the benefit of the Foundation are billed on the basis of real costs under agreements between the Foundation and these units.

4. Statement of Cash Flows

No Statement of Cash Flows was prepared because it would not contain any relevant additional information.

5. Comparative Information

Some of the prior year's data have been reclassified to conform to the presentation adopted in the current year.

BOARD OF DIRECTORS – 2010

Marie-José Nadeau

President, Fondation Hydro-Québec pour l'environnement
Executive Vice-President – Corporate Affairs and Secretary General Hydro-Québec

Stella Leney

Board Secretary, Fondation Hydro-Québec pour l'environnement
General Manager – Environment and Corporate Affairs Hydro-Québec

André Besner

Director, Environment and Sustainable Development Hydro-Québec

Armand Couture

President – Société Bédelmar ltée
Chairman of the Board
Institut national de la recherche scientifique (INRS)

Martin Doucet

Regional Manager – Manicouagan and Director – Production Hydro-Québec Production

Francine Émond

Director

Claude Grondin

Director – Wildlife Initiatives
Fondation de la faune du Québec

Louise Pelletier

Acting Director – Development Projects and Nuclear Power Generation Hydro-Québec Production

Patrick Plante

President – Initium

Agathe Simard

Regional Director – Richelieu and Director – Distribution System Hydro-Québec Distribution

For more detailed information on the mission, priorities and operations of the Fondation Hydro-Québec pour l'environnement or on the projects it supports, please visit: www.hydroquebec.com/fondation-environnement

The photographs in this report are the sole property of the organizations and professional photographers listed below, or of the Fondation Hydro-Québec pour l'environnement. None of these photographs may be reproduced without the owner's permission.

[Page 4] *Short-eared owl*: Samuel Belleau. *Coastal trail, Baie de Rimouski*: Jacques Langlois, winner of the photography contest held by Haltes marines de la route des navigateurs.

[Page 6] *Pair of harlequin ducks*: Banque d'images Hydro-Québec. *Ringneck snake*: Sébastien Rouleau.

[Page 7] *Common map turtle*: Pierre-André Bernier. *Butternut*: Nature-Action Québec. *Northern long sedge*: Frédéric Coursol.

[Page 8] *Saint-Sulpice woodland*: Alarie Photo.

[Page 9] *Diagram for boardwalk at Roger-Paquet pond*: Ville de Victoriaville. *Big Hill, Entry Island*: Michel Bonato, Tourisme Îles-de-la-Madeleine. *Young spiny soft-shelled turtle*: Caroline Bélair, NCC.

[Pages 10–11] *Planting in a natural area of the Île de Montréal*: Malin Anagrius. *Mont-Saint-Bruno woodland, Sainte-Julie*: Nature-Action Québec.

[Pages 12–13] *Big Hill trail, Entry Island*: Michel Bonato, Tourisme Îles-de-la-Madeleine. *Yellow birches, Comeau forest*: Pascal Giguère.

[Pages 14–15] *Rivière Saint-Charles*: Mélanie Deslongchamps, Association pour la protection de l'environnement du lac Saint-Charles et des Marais du Nord. *Model tree plantantion used in restoration of Ruisseau Xavier-Boivin*: Groupe Naïades.

[Pages 16–17] *Restoration of banks along the Rivière Salvail*: Guy Fitzgerald. *Controlled access to the Rivière Godbout estuary*: Comité ZIP de la rive nord de l'estuaire.

[Pages 18–19] *Baie de Rimouski*: Armand Dubé, Tourisme Rimouski. *Planting in the Rivière Ha! Ha! delta*: Ghislain Sylvain, Comité ZIP Saguenay.

[Page 20] *Cruise passengers exploring the Baie des Sept îles*: Marc Loiselle.

[Page 21] *Rivière aux Cerises marsh*: Les amis du marais de la Rivière aux Cerises.

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