

**British Columbia Investment
Agriculture Foundation
Financial Statements
For the year ended December 31, 2010**

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Financial Statements
For the year ended December 31, 2010**

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Independent Auditor's Report

To the Members of
British Columbia Investment Agriculture Foundation

We have audited the accompanying financial statements of the British Columbia Investment Agriculture Foundation ("BCIAF") which comprise the statement of financial position as at December 31, 2010 and the statements of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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.

Auditor's 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. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe the audit evidence we have obtained 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 British Columbia Investment Agriculture Foundation as at December 31, 2010, and its results of operations for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

BDO Canada LLP

Chartered Accountants

Vancouver, British Columbia

BC Investment Agriculture Foundation
Statement of Financial Position

As at December 31

	Canadian Adaptation and Rural Development Fund	Safety Net Fund	Agri-Food Futures and Agri-Food Fund	Advancing Canadian Agriculture Program Fund	2010 Industry Opportunities Fund	Poultry Industry Bio-Security Fund	Livestock Waste Tissue Fund
Assets							
Current							
Cash and Temporary Investments (Note 2)	\$ 35,110,204	\$ -	\$ 8,214,258	\$ -	\$ 2,196,386	\$ -	\$ -
Grant Advances (Note 3)	-	-	-	-	-	-	-
Grants Receivable	-	-	-	-	-	-	-
Accounts Receivable	29,541	-	-	-	-	-	-
Prepaid Expenses	42,284	-	-	13,967	-	-	-
Due From Other Funds	-	8,139,199	-	2,994,174	89,423	911,394	82
	35,182,029	8,139,199	8,214,258	2,994,174	89,423	911,394	3,035,916
Capital Assets (Note 4)	83,918	-	-	-	-	-	963
	35,265,947	8,139,199	8,214,258	2,994,174	89,423	911,394	3,036,961
Liabilities and Net Assets							
Current Liabilities							
Accounts Payable and Accrued Liabilities	116,229	-	9,387	-	-	-	8,670
Deferred Revenue	-	-	-	53,868	-	-	-
Due To Other Funds	19,556,146	-	287,701	-	-	-	-
	19,672,375	-	297,088	53,868	-	-	8,670
Net Assets							
Committed Funds (Note 7)	227,446	1,919,440	2,816,068	2,723,539	32,063	911,394	3,028,291
Uncommitted Funds	15,282,208	6,219,759	5,101,102	216,767	57,360	-	(963)
Invested in Capital Assets	83,918	-	-	-	-	-	963
	15,593,572	8,139,199	7,917,170	2,940,306	89,423	911,394	3,028,291
	\$ 35,265,947	\$ 8,139,199	\$ 8,214,258	\$ 2,994,174	\$ 89,423	\$ 911,394	\$ 3,036,961

Approved on behalf of the
British Columbia Investment Agricultural Foundation

Director

Director

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

BC Investment Agriculture Foundation
Statement of Financial Position

As at December 31 2010 2009

	Meat Transition Assistance Program Fund	On-Farm Poultry Bio-Security Pilot Fund	Bio-Fuels Opportunities for Producers Initiative	Okanagan Tree Fruit Strategy Fund	Invasive Plant Management Program Fund	Aquaculture Innovation Fund	Tree Fruit Sector Fund	Ranching Task Force Fund	TOTAL	TOTAL
Assets										
Current										
Cash and Temporary Investments (Note 2)	\$ 3,910,807	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,431,655	\$ 44,930,055
Grant Advances (Note 3)	-	-	-	-	-	-	-	-	-	647,933
Grants Receivable	-	-	-	-	-	-	-	-	-	1,509,983
Accounts Receivable	-	-	-	-	-	-	-	-	43,508	27,115
Prepaid Expenses	-	-	-	-	-	-	-	-	42,366	31,806
Due From Other Funds	-	355,302	-	215,941	-	104,593	2,000,000	2,000,000	-	-
	3,910,807	355,302	-	215,941	-	104,593	2,000,000	2,000,000	49,517,529	47,146,892
Capital Assets (Note 4)	-	-	-	215,941	-	104,593	2,000,000	2,000,000	84,881	43,283
	3,910,807	355,302	-	215,941	-	104,593	2,000,000	2,000,000	49,602,410	47,190,175
Liabilities and Net Assets										
Current Liabilities										
Accounts Payable and Accrued Liabilities	-	-	-	-	-	-	-	-	134,286	108,978
Deferred Revenue	-	-	-	-	-	-	-	-	68,868	120,508
Due To Other Funds	1,776	-	-	-	-	-	-	-	-	-
	1,776	-	-	-	-	-	-	-	203,154	229,486
Net Assets										
Committed Funds (Note 7)	3,910,322	355,302	-	214,044	-	104,593	2,000,000	2,000,000	22,710,200	21,481,669
Uncommitted Funds	(1,291)	-	-	1,897	-	-	-	-	26,604,175	25,435,737
Invested in Capital Assets	-	-	-	-	-	-	-	-	84,881	43,283
	3,909,031	355,302	-	215,941	-	104,593	2,000,000	2,000,000	49,399,256	46,960,689
	\$ 3,910,807	\$ 355,302	\$ -	\$ 215,941	\$ -	\$ 104,593	\$ 2,000,000	\$ 2,000,000	\$ 49,602,410	\$ 47,190,175

Approved on behalf of the
British Columbia Investment Agricultural Foundal
Director
Director

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

BC Investment Agriculture Foundation
Statement of Operations and Changes in Net Assets

For the year ended December 31

	Sustaining Fund	Canadian Adaptation and Rural Development Fund	Safety Net Fund	Agri-Food Futures Fund	Advancing Canadian Agriculture and Agri-Food Fund	Canadian Agricultural Adaptation Program Fund	2010 Industry Opportunities Fund	Poultry Industry Bio-Security Fund	Livestock Waste Tissue Fund
Revenues									
Federal Government Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,690,532	\$ -	\$ -	\$ -
Provincial Government Grants	-	-	-	-	-	-	-	-	-
Provincial Administration Contribution (Note 5)	6,656	-	-	-	-	-	-	-	-
Other Contributions	-	-	-	-	-	-	-	-	-
Investment Income	1,978,947	-	-	761,587	177,243	24,680	-	-	-
Royalty Recoveries (Note 6)	10,396	-	-	-	-	-	-	-	-
	1,995,999	-	-	761,587	177,243	2,715,212	-	-	-
Expenses									
Programs									
Direct Expenditures	92	8,195	722,225	975,365	755,796	257,818	(3,423)	-	351,249
Administration	-	138	17,035	-	11,649	74,553	852	945	113,389
Directors' Fees	-	-	-	-	-	2,125	-	-	375
Board Initiated Programs	22,554	-	229,188	-	40,886	-	-	-	-
Collaborative Programs	-	-	-	-	90,674	203,608	-	-	-
Administration Provincial (Note 5)	6,656	-	-	-	-	-	-	-	-
Administration - Other	-	-	-	-	-	-	-	-	-
Direct	-	-	-	38,637	-	-	-	-	-
Allocated	956,956	-	-	65,000	104,248	-	-	-	-
Directors' Fees	-	-	-	-	-	-	-	-	-
Direct	-	-	-	-	-	-	-	-	-
Allocated	127,367	-	-	-	-	-	-	-	-
Investment Management and Custodian Fees	53,334	-	-	19,098	-	-	-	-	-
	1,166,959	8,333	968,448	1,098,100	1,003,253	538,104	(2,571)	945	465,013
Excess (deficiency) of Revenues Over Expenses	829,040	(8,333)	(968,448)	(336,513)	(826,010)	2,177,108	2,571	(945)	(465,013)
Net Assets, Beginning of Year	14,664,532	26,259	9,107,647	8,253,683	3,766,316	-	86,852	930,209	3,593,304
Fund Transfers (Note 9)	100,000	-	-	-	-	-	-	(17,870)	(100,000)
Net Assets, End of Year	\$ 15,593,572	\$ 17,926	\$ 8,139,199	\$ 7,917,170	\$ 2,940,306	\$ 2,177,108	\$ 89,423	\$ 911,394	\$ 3,028,291

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

BC Investment Agriculture Foundation
Statement of Operations and Changes in Net Assets

For the year ended December 31

2010 2009

	Meat Transition Assistance Program Fund	On-Farm Poultry Bio-Security Pilot Initiative	Bio-Fuels Opportunities for Producers Fund	Okanagan Tree Fruit Strategy Fund	Invasive Plant Management Program Fund	Aquaculture Innovation Fund	Tree Fruit Sector Fund	Ranching Task Force Fund	TOTAL	TOTAL
Revenues										
Federal Government Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,690,532	\$ 6,930,684
Provincial Government Grants	-	-	-	-	-	-	2,000,000	2,000,000	4,000,000	-
Provincial Administration Contribution (Note 5)	-	-	-	-	-	-	-	-	6,656	57,489
Other Contributions	-	-	-	-	-	-	-	-	-	160,000
Investment Income	275,886	-	-	33,104	-	-	-	-	3,251,447	3,579,439
Royalty Recoveries (Note 6)	-	-	-	-	-	-	-	-	10,396	16,656
	275,886	-	-	33,104	-	-	2,000,000	2,000,000	9,959,031	10,744,268
Expenses										
Programs										
Direct Expenditures	566,977	18,560	102,183	906,338	600,000	45,000	-	-	5,306,375	13,507,589
Administration	18,442	6,305	-	-	-	407	-	-	243,715	383,294
Directors' Fees	-	-	-	-	-	-	-	-	2,500	4,895
Board Initiated Programs	-	2,435	-	-	-	-	-	-	295,063	191,829
Collaborative Programs	-	-	-	-	-	-	-	-	294,282	103,618
Administration Provincial (Note 5)	-	-	-	-	-	-	-	-	6,656	57,489
Administration - Other	-	-	-	-	-	-	-	-	-	-
Direct	-	-	-	-	-	-	-	-	38,637	132,383
Allocated	-	-	-	-	-	-	-	-	1,126,204	1,183,984
Directors' Fees	-	-	-	-	-	-	-	-	-	-
Direct	-	-	-	-	-	-	-	-	-	500
Allocated	-	-	-	-	-	-	-	-	127,367	120,734
Investment Management and Custodian Fees	7,233	-	-	-	-	-	-	-	79,665	83,691
	592,652	27,300	102,183	906,338	600,000	45,407	-	-	7,520,464	15,770,006
Excess (deficiency) of Revenues Over Expenses	(316,766)	(27,300)	(102,183)	(873,234)	(600,000)	(45,407)	2,000,000	2,000,000	2,438,567	(5,025,738)
Net Assets, Beginning of Year	4,225,797	364,732	102,183	1,089,175	600,000	150,000	-	-	46,960,689	51,986,427
Fund Transfers (Note 9)	-	17,870	-	-	-	-	-	-	-	-
Net Assets, End of Year	\$ 3,909,031	\$ 355,302	\$ -	\$ 215,941	\$ -	\$ 104,593	\$ 2,000,000	\$ 2,000,000	\$ 49,399,256	\$ 46,960,689

The accompanying summary of significant accounting policies and notes form an integral part of these financial statements

British Columbia Investment Agriculture Foundation
Summary of Significant Accounting Policies

December 31, 2010

Fund Accounting	The Foundation's financial statements are prepared on a fund accounting basis. Inter-fund balances are eliminated.				
Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.				
Capital Assets	<p>Purchased capital assets exceeding \$500 are recorded at cost. Amortization based on the estimated useful life of the asset is calculated as follows:</p> <table><tr><td>Computer equipment</td><td>- 30% diminishing-balance basis</td></tr><tr><td>Furniture and equipment</td><td>- 20% diminishing-balance basis</td></tr></table>	Computer equipment	- 30% diminishing-balance basis	Furniture and equipment	- 20% diminishing-balance basis
Computer equipment	- 30% diminishing-balance basis				
Furniture and equipment	- 20% diminishing-balance basis				
Revenue Recognition	<p>Contributions, grants, royalty recoveries and grant repayments are recognized as revenue when received or when grant claims have been submitted for expenditures made under ongoing programs. Funds received or billed to cover specific program expenses of a fund are deferred until the related expense has been incurred. Investment income is also recorded as revenue when received and fluctuations in the market value of investments are recorded as investment income in the year such fluctuations occur.</p> <p>Royalty recoveries are credited to the Sustaining Fund unless otherwise specified in agreements with the various Fund sponsors.</p>				
Donated Goods and Services	The Foundation records donated goods and services as a contribution and corresponding expense where the amounts are reasonably determinable.				
Program Expenditure Recognition	The Foundation records amounts advanced under approved projects as an expense upon disbursement.				
Financial Instruments	The Foundation's financial instruments include cash and temporary investments, grant advances, grants receivable, accounts receivable, and accounts payable and accrued liabilities.				

British Columbia Investment Agriculture Foundation Summary of Significant Accounting Policies

December 31, 2010

Financial Instruments - Continued

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification. The classification depends on the purpose for which the financial instruments are acquired and their characteristics. Except in very limited circumstances, the classification is not changed subsequent to initial recognition. All transactions related to financial instruments are recorded on a settlement date basis.

The Foundation classified its cash and temporary investments as available-for-sale. As a result, they are carried in the Statement of Financial Position at fair value with changes in fair value recognized in the Statement of Operations. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, fair value is determined by using valuation techniques which refer to observable market data.

Financial instruments other than cash and temporary investments are recorded at cost. The fair value of these other financial instruments are considered to approximate their carrying value due to their short term nature.

Allocation of Expenses and Investment Income Among Funds

The Board has adopted a policy to allocate expenses and investment income among the funds as follows:

- expenses directly attributable to a Fund are charged to the Fund to which they relate;
- expenses are charged to the Agri-Food Futures (AFF) Fund pursuant to the terms of the Agri-Food Futures Trust Agreement;
- in consideration of the activity required to administer the Advancing Canadian Agriculture and Agri-Food Fund (ACAAF) program an annual allocation of 9% of non-fund specific expenses is charged to this Fund;
- all other non-fund specific expenses are recorded in the Sustaining Fund where they are expected to be covered by investment revenues allocated to that Fund;

British Columbia Investment Agriculture Foundation
Summary of Significant Accounting Policies

December 31, 2010

**Allocation of Expenses
and Investment
Income Among
Funds - Continued**

- investment income and investment management and custodian fees related to the MTAP, CAAP and AFF Funds are recorded in their respective Funds;
- the ACAAF Fund and OTFS Fund are allocated a portion of investment income net of investment management and custodian fees based on their average fund balances in the year relative to the other remaining average fund balances; and
- the remaining investment income is recorded in the Sustaining Fund to cover other non-fund specific expenses.

**Statement of Cash
Flows**

A statement of cash flows has not been provided as cash flow information is readily available from the financial statements.

**Future Direction
Of Standards for
Not-for-profit
Organizations**

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the Foundation, are as follows:

Future Accounting Framework

The Accounting Standards Board has approved a new framework for the new accounting standards for not-for-profit organizations that is based on existing Canadian GAAP and incorporates the 4400 series of standards which relate to situations unique to not-for-profit organizations. The new standard is available as Part III of the CICA Handbook - Accounting, and is effective January 1, 2012. Early adoption is permitted. Not-for-profit organizations have the option of adopting International Financial Reporting Standards.

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2010

1. Operations

The British Columbia Investment Agriculture Foundation (the "Foundation") was incorporated under the British Columbia Society Act as a not-for-profit Society on October 31, 1996. The Foundation has ten member organizations representing the agri-food, rural and agri-business sectors. The Foundation is dedicated to assisting British Columbia's producers, processors, agri-business and rural communities to adapt, diversify and grow. A Board consisting of 13 directors, representing a diversity of perspectives across the entire industry, and an ex-officio, non-voting director from each of the federal and provincial governments manages the Foundation.

The Foundation is exempt from income taxes under the Income Tax Act (Canada).

The Foundation invests, manages, and disburses provincial and federal funds under a number of general and specified programs as follows:

(a) General Program Funds

The Canadian Adaptation and Rural Development ("CARD") Fund - in March 1999, the federal Minister of Agriculture and Agri-Food Canada announced funding allocations for regional adaptation councils and national programs. The CARD Fund reports these funding contributions and the related program expenses.

The Safety Net ("SN") Fund - the SN Fund reports funding contributions received from the federal and provincial governments and the related program expenses used to fund projects in the agriculture and agri-food industry which are market driven and developmental in nature, or to facilitate structural changes needed by the sector to meet future challenges.

The Agri-Food Futures ("AFF") Fund - in March 2001, the Province and the Foundation entered into a Trust Agreement to assist the agriculture and agri-food industry in achieving and maintaining competitiveness and self reliance. During 2001 and 2002, the Foundation received an aggregate of \$22,818,001 in funding contributions from the Province. The Trust Agreement provides that the Province, as settlor of the trust, may pay additional money into the AFF Fund from time to time. The AFF Fund reports these funding contributions and the related program expenses. Pursuant to the Trust Agreement with the Province the Foundation acts as Trustee over the funds. Pursuant to the terms of this agreement, allocations of general administration to this fund are limited to the greater of 0.5% of the average Fund balance or \$65,000 annually.

The Advancing Canadian Agriculture and Agri-Food ("ACAAF") Fund - in April 2004, the federal Minister of Agriculture and Agri-Food Canada announced, as a successor to the CARD program, funding of \$8,500,000 for five years for national, multi-regional and regional initiatives in the production and processing sector to enable current and emerging issues to be addressed.

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2010

1. Operations - Continued

During the year, the Foundation received \$Nil (2009 - \$597,133) in funding contributions and has received \$9,339,585 to date under this initiative. The ACAAF Fund reports these contributions and the related program expenses. Funding for the Program ended March 31, 2009. The remaining funds will be granted according to the CAAP Fund criteria.

(b) Specified Program Funds

The Canadian Agricultural Adaptation Program ("CAAP") Fund - in October 2009, the Foundation entered into a contribution agreement with the Minister of Agriculture and Agri-Food that provides for funding, subject to the Minister's discretion, of up to \$6,228,873 to the CAAP Fund, plus a potential \$1,185,480 of funding for collective outcome funding, over a five-year period. The objective of CAAP is to facilitate the agriculture, agri-food, and agri-based products sector's ability to seize opportunities, to respond to new and emerging issues, and pathfind and pilot solutions to new and ongoing issues in order to help it adapt and remain competitive.

The 2010 Industry Opportunities ("2010") Fund - in March 2005, the Foundation received a \$1,000,000 grant from the provincial government towards implementing a 2010 Industry Opportunities Initiative. It is expected that the Fund will enable eligible industry applicants to develop strategies and programs to increase the awareness of, and demand for, British Columbia agriculture, food, seafood and beverage products and the products and services of the agri-tourism, culinary tourism and garden-inspired tourism sectors, and to capitalize on the opportunities associated with the 2010 Vancouver Winter Olympics.

The Poultry Industry Bio-Security ("AI") Fund - in March 2005, the Foundation received a \$1,500,000 grant from the provincial government towards implementing recommendations flowing from the Canadian Poultry Industry Forum - Avian Influenza - Lessons Learned and Moving Forward.

In 2007, the Foundation received an additional \$100,000 grant from the provincial government to establish a fund for the clean-up and disposal on non supply-managed premises infected by avian influenza.

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2010

1. Operations - Continued

The Livestock Waste Tissue ("LWT") Fund - in March 2005, the Foundation received a one-time contribution of \$5,000,000 toward the implementation of the British Columbia Waste and Specified Risk Material Handling and Disposal Strategy. The fund will assist British Columbia livestock producers, slaughter facility operators and renderers in their pursuit of sustainable waste tissue management methods by facilitating, supporting and coordinating: research, feasibility studies, pilot and demonstration projects, infrastructure development and transitional waste handling through strategic partnerships, education and awareness.

The Meat Transition Assistance Program ("MTAP") Fund - in April 2006, the Foundation received a \$4,000,000 grant from the provincial government towards helping British Columbia's new and existing slaughter houses meet the standards under the Ministry of Health's Meat Inspection Regulation by September 30, 2007. This program has been introduced to increase livestock slaughter capacity throughout British Columbia by ensuring there are sufficient licensed facilities to provide livestock producers reasonable access to slaughter services. In March 2008 the Foundation received \$3,255,000 of additional funding for the MTAP Program from the provincial government.

The On-Farm Poultry Bio-Security Pilot ("OPBP") Fund - in April 2006, the Foundation received a \$1,500,000 grant from the federal government towards funding pilot projects for on-farm biosecurity which encompass all sectors of the poultry industry in British Columbia. The goal is to nationally position Canada's poultry sector to reduce the incidence and spread of avian influenza and other zoonotic diseases that threaten domestic poultry premises in Canada.

The Biofuels Opportunities for Producers ("BOPI") Initiative - in September 2006, the Foundation received a \$310,686 grant from the federal government towards the development of a national strategy requiring five percent average renewable content in transport fuel by 2010. Of particular interest is ensuring that the five percent target is implemented in ways that result in the greatest possible benefit to the agriculture sector, including ownership of biofuels production facilities by agricultural producers. In 2010 the remaining funds for BOPI were returned to the federal government, and this initiative is now closed.

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2010

1. Operations - Continued

Okanagan Tree Fruit Strategies ("OTFS") Fund - in March 2007 the Foundation was entrusted with \$3,000,000 from the provincial government to enable British Columbia's Tree Fruit industry to implement the Okanagan Tree Fruit Strategy and deliver the orchard replant program. The Ministry of Agriculture and Lands has stipulated that the British Columbia Fruit Growers Association have the final authority for decisions on the best use of these funds.

Invasive Plant Management Program ("IPMP") Fund - in October 2008 the Foundation received \$600,000 from the provincial government to be directed towards funding the Invasive Plant Council of BC in support of coordinating management of invasive plants for the broad public interest, to support local weed committees' invasive plant management and education programs throughout British Columbia, and to fund the single agency cooperative weed management areas in British Columbia. The Ministry of Agriculture and Lands has stipulated that the Invasive Plant Council of B.C. have the final authority for decisions on the best use of these funds. Funds were fully paid out in 2010.

Aquaculture Innovation ("AQUA") Fund - in March 2009 the Foundation received \$160,000 from the BC Pacific Salmon Forum in support of technological innovation for closed-system aquaculture and ecosystem-based management.

Tree Fruit Sector Fund -in September 2010 the Foundation received \$2,000,000 from the provincial government in support of strategic investments in the Tree Fruit Sector.

Ranching Task Force Fund - in September 2010 the Foundation received \$2,000,000 from the provincial government in support of priorities identified by the Ranching Task Force.

In addition to the above general and specified program Funds the Foundation maintains a **Sustaining Fund** to provide a solid financial base to continue its investments in industry development for many years to come. This Fund records net investment income and expenses not otherwise allocated to other Funds.

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2010

2. Cash and Temporary Investments

	2010				
	Terms to Maturity (In Years)				
	Under 1	1 to 5	Over 5	No Fixed Maturity	Total (at Market)
Cash	\$ 2,468,817	\$ -	\$ -	\$ -	\$ 2,468,817
Term deposits	6,000,000	-	-	-	6,000,000
Government and government guaranteed bonds	-	10,752,502	13,017,393	-	23,769,895
Corporate bonds, debentures, and notes	-	6,022,251	3,719,277	-	9,741,528
Equities	-	-	-	7,317,181	7,317,181
Other	-	-	-	134,234	134,234
	\$ 8,468,817	\$ 16,774,753	\$ 16,736,670	\$ 7,451,415	\$ 49,431,655

The term deposits bear interest at .95%. Government and government guaranteed bonds bear interest at rates ranging from 2.30% to 11.0%. Corporate bonds, debentures and notes bear interest from 3.18% to 7.90%.

3. Grant Advances

Upon request by the BC Agriculture Council (the "Council"), pursuant to the Agreements between the Foundation, the Government of Canada ("Canada"), and the Council, the Foundation advances funds to the Council to implement the Environmental Farm Plan Program. These advances are non-interest bearing and the Council is accountable for these advances until such time as they submit a disbursement report to the Foundation. Upon receipt of this report, the Foundation submits a claim to Canada and records a grant receivable from Canada for the amount claimed. The Program ended in March 2009 and the final requisition and payment wasn't received until 2010.

4. Capital Assets

	2010			2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Computer equipment	\$ 117,637	\$ 35,355	\$ 82,282	\$ 42,293	
Furniture and equipment	5,619	3,020	2,599	990	
	\$ 123,256	\$ 38,375	\$ 84,881	\$ 43,283	

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2010

5. Provincial Administration Contribution

Effective January 5, 2009, the Ministry withdrew the provision of a full-time equivalent staff person but agreed to continue to provide a half equivalent (0.5) support person to March 31, 2010. Effective April 1, 2009, the Foundation entered into a Memorandum of Understanding with the Ministry through which the Ministry fully recovers costs for office space, workstations, office equipment and supplies made available to the Foundation. This Memorandum of Understanding terminates on March 31, 2014 and may be renewed for an additional term upon agreement of both parties.

6. Royalty Recovery Agreements

The Foundation has entered into royalty recovery agreements with program recipients which require the recipients to pay royalties on sales of products developed with financial assistance from the Foundation, up to the amount of the original funding.

7. Committed Funds

The Foundation has made various commitments to make program expenditures. Some funds are committed by way of contract with program fund recipients, some funds have been committed by approval of the Board but are awaiting execution of a signed contract and other funds have been reserved by the Board to apply to specific approved projects and/or initiatives. As at December 31, 2010 the Foundation had approved the funding of projects committing the Foundation to payments approximately as follows:

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2010

7. Committed Funds - Continued

	General Program Funds					Specified Program Funds	Total
	Sustaining Fund	CAAP Fund	SN Fund	AFF Fund	ACAA Fund		
Funds committed by contract							
2011	\$ -	\$ 282,549	\$ 1,165,783	\$ 205,472	\$ 743,259	\$ 949,732	\$ 3,346,795
2012	227,446	33,713	437,680	24,480	895,826	14,000	1,633,145
2013	-	1,235,543	3,000	19,980	701,050	-	1,959,573
2014	-	-	3,000	-	-	-	3,000
2015+	-	-	6,750	-	355,404	-	362,154
	227,446	1,551,805	1,616,213	249,932	2,695,539	963,732	7,304,667
Funds committed by Board approval	-	915,893	303,227	7,000	28,000	17,409	1,271,529
Reserves	-	-	-	2,559,136	-	11,574,868	14,134,004
Total funds committed	\$ 227,446	\$ 2,467,698	\$ 1,919,440	\$ 2,816,068	\$ 2,723,539	\$ 12,556,009	\$ 22,710,200

Specified Program Funds

Funds Committed by:

	Contract	Board	Reserves	Total
2010 Fund	\$ 32,063	\$ -	\$ -	\$ 32,063
AI Fund	18,000	-	893,395	911,395
LWT Fund	577,829	17,409	2,433,053	3,028,291
OTFS Fund	-	-	214,044	214,044
MTAP Fund	-	-	3,910,322	3,910,322
OPBP Fund	311,840	-	43,461	355,301
AQUA Fund	24,000	-	80,593	104,593
Tree Fruit Sector	-	-	2,000,000	2,000,000
Ranching Task Force	-	-	2,000,000	2,000,000
Total	\$ 963,732	\$ 17,409	\$ 11,574,868	\$ 12,556,009

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2010

8. Financial Instrument Risks

The Foundation, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks at December 31, 2010.

(a) Credit Risk

Credit risk is the risk that the Foundation will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Foundation to significant concentrations of credit risk consist primarily of cash and temporary investments, grants receivable, and accounts receivable. The Foundation limits its exposure to credit risk by placing its cash and temporary investments with high credit quality governments, financial institutions and corporations in accordance with investment policies adopted by the Board. Grants receivable are due from the federal government and other receivables are due primarily from various agriculture associations.

(b) Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is not exposed to foreign exchange risk as all financial instruments are denominated in Canadian dollars.

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rates and terms of cash and temporary investments are as disclosed in Note 2.

(d) Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market.

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2010

8. Financial Instrument Risks - Continued

(e) Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its obligations as they fall due. The Foundation maintains adequate levels of working capital to ensure all its obligations can be met when they fall due and tracks commitments to ensure funds committed do not exceed fund balances (Note 7).

The Foundation has adopted by-laws established in accordance with the Society Act to limit the amount of credit exposure in any one type of investment instrument and to ensure investments meet specified minimum standards of quality. The Foundation has also adopted an investment policy pursuant to which investments are managed conservatively to secure the preservation of capital and the availability of liquid funds as required by the Foundation. The Foundation retains a qualified investment firm to invest surplus funds in accordance with its investment policy.

9. Transfers Between Funds

During the year, the Board approved the following transfers between funds:

- (a) A transfer in the amount of \$17,870 was made in 2010 from the Poultry Industry Bio-Security (AI-BC) Fund to the On-Farm Poultry Bio-Security Pilot (AI-CA) Fund as a result of a decision by the federal government that certain funds spent in the past under the federal program should have been spent under the provincial fund.
- (b) As a result of a joint decision by the Province and the Board to use provincial funds to cover the administration for the approved project "Implementation of the BC Agriculture and Food Climate Action Initiative" (SI004) and in recognition of investment income earned in prior years that was recorded in the Livestock Waste Tissue Fund, a transfer in the amount of \$100,000 was made in 2010 from the Livestock Waste Tissue Fund to the Sustaining Fund.

British Columbia Investment Agriculture Foundation
Schedule 1 - Cash and Temporary Investments

December 31, 2010

	Sustaining Fund	AFFF Fund	MTAP Fund	CAAP Fund	2010 Market Value	2009 Market Value
Cash	\$ 227,628	\$ 23,208	\$ 21,594	\$ 2,196,386	\$ 2,468,816	\$ 311,734
Term Deposits	4,325,000	1,125,000	550,000	-	6,000,000	2,900,000
Government and Government Guaranteed Bonds	17,851,941	3,847,324	2,070,630	-	23,769,895	26,574,821
Corporate bonds, debentures, and notes	7,146,652	1,909,837	685,040	-	9,741,529	7,536,091
Equities	5,458,870	1,285,348	572,963	-	7,317,181	7,501,976
Other	100,113	23,541	10,580	-	134,234	105,433
	35,110,204	8,214,258	3,910,807	2,196,386	49,431,655	44,930,055
Represented by:						
Investments at Cost	34,017,953	7,831,370	3,831,987	2,196,386	47,877,696	44,179,561
Unrealized Market Value Adjustment	1,092,251	382,888	78,820	-	1,553,959	750,494
Total Book Value	\$ 35,110,204	\$ 8,214,258	\$ 3,910,807	\$ 2,196,386	\$ 49,431,655	\$ 44,930,055