

**British Columbia Investment
Agriculture Foundation**
Financial Statements
For the year ended December 31, 2014

British Columbia Investment Agriculture Foundation
Financial Statements
For the year ended December 31, 2014

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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, 2014 and the statements of operations and changes in net assets and cash flows 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

BDO Canada LLP

Chartered Accountants

Vancouver, British Columbia
March 3, 2015

BC Investment Agriculture Foundation
Statement of Financial Position

December 31, 2014

	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
Assets									
Current									
Cash and Temporary Investments (Note 2 and Schedule 1)	\$ 25,181,393	\$ -	\$ -	\$ 7,258,068	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	5,383	-	-	-	-	-	-	-	-
Prepaid Expenses	37,985	-	-	-	-	-	-	-	-
Due From Other Funds	-	17,886	5,383,480	-	1,267,014	53,573	59,887	441,489	1,888,551
	25,224,761	17,886	5,383,480	7,258,068	1,267,014	53,573	59,887	441,489	1,888,551
Capital Assets (Note 3)	55,173	-	-	-	-	-	-	-	963
	\$ 25,279,934	\$ 17,886	\$ 5,383,480	\$ 7,258,068	\$ 1,267,014	\$ 53,573	\$ 59,887	\$ 441,489	\$ 1,889,514
Liabilities and Net Assets									
Current Liabilities									
Accounts Payable and Accrued Liabilities	\$ 56,268	\$ -	\$ -	\$ 7,709	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-	-	-	-	-	-
Due To Other Funds	8,750,270	-	-	249,533	-	-	-	-	-
	8,806,538	-	-	257,242	-	-	-	-	-
Net Assets									
Committed Funds (Note 5)	295,477	-	1,685,159	2,955,244	761,887	-	59,887	436,767	1,894,458
Committed Funds Not Yet Received (Note 5)	(410)	-	-	-	-	-	-	-	-
Uncommitted Funds	16,123,156	17,886	3,698,321	4,045,582	505,127	53,573	-	4,722	(5,907)
Invested in Capital Assets	55,173	-	-	-	-	-	-	-	963
	16,473,396	17,886	5,383,480	7,000,826	1,267,014	53,573	59,887	441,489	1,889,514
	\$ 25,279,934	\$ 17,886	\$ 5,383,480	\$ 7,258,068	\$ 1,267,014	\$ 53,573	\$ 59,887	\$ 441,489	\$ 1,889,514

Approved on behalf of the
British Columbia Investment Agricultural Foundation

Director

Director

The accompanying notes and schedules form an integral part of these financial statements

BC Investment Agriculture Foundation
Statement of Financial Position

December 31, 2014

	Meat Transition Assistance Program Fund	On-Farm Poultry Bio-Security Pilot Fund	Aquaculture Innovation Fund	Tree Fruit Marketing and Infrastructure Innovative Initiative Federal Fund	Tree Fruit Marketing and Infrastructure Innovative Initiative Provincial Fund	Ranching Task Force Funding Initiative Federal Fund	Ranching Task Force Funding Initiative Provincial Fund	Orchard Replant Program	Domestic Marketing Strategy Fund
Assets									
Current									
Cash and Temporary Investments (Note 2 and Schedule 1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	-	-	-	-	-	-	-	-	44
Prepaid Expenses	-	-	-	-	-	-	-	-	-
Due From Other Funds	32,242	141,550	78,725	-	167,022	13	285,262	139,313	274,047
	32,242	141,550	78,725	-	167,022	13	285,262	139,313	274,091
Capital Assets (Note 3)	-	-	-	-	-	-	-	-	-
	\$ 32,242	\$ 141,550	\$ 78,725	\$ -	\$ 167,022	\$ 13	\$ 285,262	\$ 139,313	\$ 274,091
Liabilities and Net Assets									
Current Liabilities									
Accounts Payable and Accrued Liabilities	\$ 16,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Revenue	-	-	-	-	-	-	-	-	-
Due To Other Funds	-	-	-	-	-	-	-	-	-
	16,664	-	-	-	-	-	-	-	-
Net Assets									
Committed Funds (Note 5)	15,578	127,834	78,725	-	167,022	-	285,262	139,313	274,091
Committed Funds Not Yet Received (Note 5)	-	-	-	-	-	-	-	-	-
Uncommitted Funds	-	13,716	-	-	-	13	-	-	-
Invested in Capital Assets	-	-	-	-	-	-	-	-	-
	15,578	141,550	78,725	-	167,022	13	285,262	139,313	274,091
	\$ 32,242	\$ 141,550	\$ 78,725	\$ -	\$ 167,022	\$ 13	\$ 285,262	\$ 139,313	\$ 274,091

Approved on behalf of the
British Columbia Investment Agricultural Foundation

The accompanying notes and schedules form an integral part of these financial statements

BC Investment Agriculture Foundation
Statement of Financial Position

December 31, 2014						2014			2013
	Canada - BC Agri-Innovation Program 2 Fund	Canada - BC Agri-Innovation Program 2015-18 Fund	BC Agrifoods Export Program Fund	Climate Change Adaptation Program Fund	Buy Local Program Fund		TOTAL		TOTAL
Assets									
Current									
Cash and Temporary Investments (Note 2 and Schedule 1)	\$ -	\$ -	\$ -	\$ -	\$ -		32,439,461	\$	35,601,355
Accounts Receivable	144,630	751,966	100,458	230,222	2,000,000		3,232,703		1,333,904
Prepaid Expenses	-	-	-	-	-		37,985		64,167
Due From Other Funds	-	-	-	-	-		-		-
	144,630	751,966	100,458	230,222	2,000,000		35,710,149		36,999,426
Capital Assets (Note 3)	-	-	-	-	-		56,136		63,383
	\$ 144,630	\$ 751,966	\$ 100,458	\$ 230,222	\$ 2,000,000		\$ 35,766,285	\$	\$ 37,062,809
Liabilities and Net Assets									
Current Liabilities									
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -		80,641	\$	125,927
Deferred Revenue	-	-	-	-	-		-		40,342
Due To Other Funds	146,100	750,774	100,838	230,222	2,317		-		-
	146,100	750,774	100,838	230,222	2,317		80,641		166,269
Net Assets									
Committed Funds (Note 5)	613,834	3,347,116	615,585	400,363	-		14,153,602		14,985,207
Committed Funds Not Yet Received (Note 5)	(615,304)	(3,345,924)	(615,965)	(400,363)	-		(4,977,966)		(2,453,006)
Uncommitted Funds	-	-	-	-	1,997,683		26,453,872		24,300,956
Invested in Capital Assets	-	-	-	-	-		56,136		63,383
	(1,470)	1,192	(380)	-	1,997,683		35,685,644		36,896,540
	\$ 144,630	\$ 751,966	\$ 100,458	\$ 230,222	\$ 2,000,000		\$ 35,766,285	\$	\$ 37,062,809

Approved on behalf of the
British Columbia Investment Agricultural Foundation

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 Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Provincial Government Grants	-	-	-	-	-	-	-	-	-
Provincial Contributions	-	-	-	-	-	-	-	-	-
Investment Income (Note 2)	1,894,723	-	-	562,605	101,665	1,704	-	-	-
Royalty Recoveries	22,400	-	-	-	-	-	-	-	-
	<u>1,917,123</u>	<u>-</u>	<u>-</u>	<u>562,605</u>	<u>101,665</u>	<u>1,704</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses									
Programs									
Direct Expenditures	-	-	786,702	234,626	26,600	788,761	20,380	111,212	64,198
Administration	-	-	15,838	-	5	11,801	27	710	24,578
Directors' Fees	-	-	-	-	-	-	-	-	-
Board Initiated Programs	9,419	-	59,205	-	-	-	-	-	-
Collaborative Programs	-	-	-	-	-	(19,176)	-	-	-
Administration - Other									
Direct	-	-	-	11,508	-	-	-	-	-
Allocated	675,266	-	-	65,000	108,022	-	-	-	-
Directors' Fees									
Direct	-	-	-	-	-	-	-	-	-
Allocated	98,787	-	-	-	-	-	-	-	-
Investment Management and Custodian Fees	49,467	-	-	13,177	-	-	-	-	-
	<u>832,839</u>	<u>-</u>	<u>861,745</u>	<u>324,311</u>	<u>134,627</u>	<u>781,386</u>	<u>20,407</u>	<u>111,922</u>	<u>88,776</u>
Excess (deficiency) of Revenues Over Expenses	1,084,184	-	(861,745)	238,294	(32,962)	(779,682)	(20,407)	(111,922)	(88,776)
Net Assets, Beginning of Year	15,389,212	17,886	6,245,225	6,762,532	1,299,976	833,255	80,294	553,411	1,978,290
Net Assets, End of Year	\$ 16,473,396	\$ 17,886	\$ 5,383,480	\$ 7,000,826	\$ 1,267,014	\$ 53,573	\$ 59,887	\$ 441,489	\$ 1,889,514

The accompanying notes and schedules 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

	Meat Transition Assistance Program Fund	On-Farm Poultry Bio-Security Pilot Initiative	Aquaculture Innovation Fund	Tree Fruit Marketing and Infrastructure Innovative Initiative Federal Fund	Tree Fruit Marketing and Infrastructure Innovative Initiative Provincial Fund	Ranching Task Force Funding Initiative Federal Fund	Ranching Task Force Funding Initiative Provincial Fund	Orchard Replant Program	Domestic Marketing Strategy Fund
Revenues									
Federal Government Contributions	\$ -	\$ -	\$ -	\$ 187,283	\$ -	\$ 39,866	\$ -	\$ -	\$ -
Provincial Government Grants	-	-	-	-	-	-	-	427,246	-
Provincial Contributions	-	-	-	-	-	-	-	-	44
Investment Income (Note 2)	-	-	-	-	27,918	-	24,817	30,579	36,157
Royalty Recoveries	-	-	-	-	-	-	-	-	-
	-	-	-	187,283	27,918	39,866	24,817	457,825	36,201
Expenses									
Programs									
Direct Expenditures	-	30,000	59,167	185,452	467,682	35,086	529,305	925,123	389,135
Administration	-	4,795	1,099	1,831	1,221	4,780	3,186	255	13,607
Directors' Fees	-	-	-	-	-	-	-	-	-
Board Initiated Programs	-	-	-	-	-	-	-	-	-
Collaborative Programs	-	-	-	-	-	-	-	-	-
Administration - Other									
Direct	-	-	-	-	-	-	-	-	-
Allocated	-	-	-	-	-	-	-	-	-
Directors' Fees									
Direct	-	-	-	-	-	-	-	-	-
Allocated	-	-	-	-	-	-	-	-	-
Investment Management and Custodian Fees	-	-	-	-	-	-	-	-	-
	-	34,795	60,266	187,283	468,903	39,866	532,491	925,378	402,742
Excess (deficiency) of Revenues Over Expenses	-	(34,795)	(60,266)	-	(440,985)	-	(507,674)	(467,553)	(366,541)
Net Assets, Beginning of Year	15,578	176,345	138,991	-	608,007	13	792,936	606,866	640,632
Net Assets, End of Year	\$ 15,578	\$ 141,550	\$ 78,725	\$ -	\$ 167,022	\$ 13	\$ 285,262	\$ 139,313	\$ 274,091

The accompanying notes and schedules form an integral part of these financial statements

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

2014 2013

For the year ended December 31

	Canada - BC Agri-Innovation Program 2 Fund	Canada - BC Agri-Innovation Program 2015-18 Fund	BC Agrifoods Export Program Fund	Climate Change Adaptation Program Fund	Buy Local Program Fund	TOTAL	TOTAL
Revenues							
Federal Government Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	227,149	\$ 1,980,501
Provincial Government Grants	-	-	-	-	2,000,000	2,427,246	-
Provincial Contributions	927,730	1,694,204	429,064	418,995	-	3,470,037	1,887,054
Investment Income (Note 2)	-	-	-	-	-	2,680,168	1,086,727
Royalty Recoveries	-	-	-	-	-	22,400	-
	<u>927,730</u>	<u>1,694,204</u>	<u>429,064</u>	<u>418,995</u>	<u>2,000,000</u>	<u>8,827,000</u>	<u>4,954,282</u>
Expenses							
Programs							
Direct Expenditures	1,022,907	1,585,099	938,712	417,375	-	8,617,522	9,672,541
Administration	58,624	101,570	82,597	1,620	2,317	330,461	315,219
Directors' Fees	1,708	6,343	11,187	-	-	19,238	7,501
Board Initiated Programs	-	-	-	-	-	68,624	136,081
Collaborative Programs	-	-	-	-	-	(19,176)	356,847
Administration - Other							
Direct	-	-	-	-	-	11,508	11,956
Allocated	-	-	-	-	-	848,288	929,155
Directors' Fees							
Direct	-	-	-	-	-	-	-
Allocated	-	-	-	-	-	98,787	92,021
Investment Management and Custodian Fees	-	-	-	-	-	62,644	70,000
	<u>1,083,239</u>	<u>1,693,012</u>	<u>1,032,496</u>	<u>418,995</u>	<u>2,317</u>	<u>10,037,896</u>	<u>11,591,321</u>
Excess (deficiency) of Revenues Over Expenses	(155,509)	1,192	(603,432)	-	1,997,683	(1,210,896)	(6,637,039)
Net Assets, Beginning of Year	154,039	-	603,052	-	-	36,896,540	43,533,579
Net Assets, End of Year	\$ (1,470)	\$ 1,192	\$ (380)	\$ -	\$ 1,997,683	\$ 35,685,644	\$ 36,896,540

The accompanying notes and schedules form an integral part of these financial statements

BC Investment Agriculture Foundation
Statement of Cash Flows
For the year ended December 31

	2014	2013
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses	\$ (1,210,896)	\$ (6,637,039)
Items not involving cash:		
Amortization	20,840	24,819
	<u>(1,190,056)</u>	<u>(6,612,220)</u>
Changes in non-cash working capital balances:		
Decrease (increase) in accounts receivable	(1,898,799)	(721,001)
Decrease (increase) in prepaid expenses	26,182	2,217
Increase in accounts payable and accrued liabilities	(45,286)	(82,039)
Decrease in deferred revenue	(40,342)	4,085
	<u>(3,148,301)</u>	<u>(7,408,958)</u>
Investing activity		
Purchase of capital assets	<u>(13,593)</u>	<u>(10,789)</u>
Decrease in cash and temporary investments during the year	<u>(3,161,894)</u>	<u>(7,419,747)</u>
Cash and temporary investments, beginning of year	<u>35,601,355</u>	<u>43,021,102</u>
Cash and temporary investments, end of year	<u>\$ 32,439,461</u>	<u>\$ 35,601,355</u>

The accompanying notes and schedules form an integral part of these financial statements

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2014

1. Nature of Operations and Summary of Significant Accounting Policies

a) Nature and Purpose of Organization

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 manages the Foundation. The federal and provincial governments may appoint a non-voting, liaison officer to the board.

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:

(i) 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.

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2014

1. Nature of Operations and Summary of Significant Accounting Policies - Continued

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.

The Foundation 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.

(ii) 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 CAAP program ended March 31, 2014.

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 2006, 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, 2014

1. Nature of Operations and Summary of Significant Accounting Policies - 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. During 2012 the Foundation transferred \$3,480,694 of the remaining funds to the BC Food Processors Association as requested by the Ministry of Health to support the development and implementation of a new provincial meat inspection system for provincially licensed slaughter facilities.

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.

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. In August and September 2011, the Foundation received an additional total of \$325,458 from Fisheries and Oceans Canada, at the request of the provincial government, to further support aquaculture innovation and capacity building through projects such as evaluation of closed containment aquaculture, and the development of sustainable aquaculture projects, practices and technologies.

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2014

1. Nature of Operations and Summary of Significant Accounting Policies - Continued

Tree Fruit Marketing and Infrastructure Innovative Initiative (“TFMII”) Fund (Provincial and Federal) - in September 2010 the Foundation received \$2,000,000 from the provincial government in support of strategic investments in the Tree Fruit Sector. For the federal portion, amounts spent under this initiative are initially funded through the Sustaining Fund until claims are made with the federal government. This initiative will improve the competitiveness of the BC tree fruit industry through investment in innovative and environmentally friendly technology in packing and storage infrastructure; development of marketing and value added opportunities to increase consumption of fresh and processed apples; and development of strategies and measures to address pest management and other environmental issues. Assessment of the competitiveness of the BC apple industry is a critical component of the initiative. The underlying goal is to improve the net returns to growers while enhancing societal values through improved environmental sustainability and consumer health. In general, projects should result in broad industry benefits. The TFMII Program ended in 2014.

Ranching Task Force (“RTF”) Funding Initiative Fund (Provincial and Federal) - in September 2010 the Foundation received \$2,000,000 from the provincial government in support of priorities identified by the Ranching Task Force. The funding available for this initiative is a total of up to \$5,000,000 which includes the \$2,000,000 received from the provincial government and up to a further \$3,000,000 available from the federal government. For the federal portion, amounts spent under this initiative are initially funded through the Sustaining Fund until claims are made with the federal government. This initiative will improve the competitiveness of the BC beef industry through strategic investments in: market research and development of attribute branding, development of certification/standards to support attribute branding, value-chain innovation and development; new product incubation/development and investment; consumer education and business missions to support new exporters in emerging markets; and technological innovations that reduce costs or increase value.

The underlying goal is to create more value for beef produced in BC. In general projects should result in broad industry benefits. The RTF Program ended in 2014.

Orchard Replant Program (“ORP4”) - in May 2012 the Foundation received \$2,000,000 from the provincial government to be directed towards program delivery of a Tree Fruit Replant Program. These funds will be directed by the Foundation to fund the tree fruit replant program through the British Columbia Fruit Growers’ Association who will coordinate and manage this replant program.

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2014

1. Nature of Operations and Summary of Significant Accounting Policies - Continued

Domestic Marketing Strategy Fund (“DMS”) - in April 2012 the Foundation received \$1,500,000 from the provincial government for the Marketing British Columbia Agrifoods Program, to promote all British Columbia agrifoods, domestically in British Columbia, including primary agriculture, processed foods and seafood among other products to consumers. This funding supports developing a comprehensive marketing strategy and implementation plan, including initiatives to promote British Columbia agrifoods through the Program.

The Canada-BC Agri-Innovation Program Growing Forward 2 (GF2 and 2015-18) - in April 2013 the Foundation entered into an agreement with the BC Ministry of Agriculture to deliver the Canada-BC Agri-Innovation Program Growing Forward 2 throughout the province for the period covering April 22, 2013 to March 31, 2015. In aggregate, a maximum of \$3,000,000 will be available through the federal and provincial Growing Forward 2 Agreement. In January 2014, the GF2 agreement was modified by adding a second phase (GF2.2) to the program. An additional \$10,436,279 in funding was committed to cover the period of April 1, 2014 - March 31, 2018. Amounts spent under this program may initially be funded through the Sustaining Fund until advances are received under the terms of the agreement. The Canada-BC Agri-Innovation Program (CBCAIP) under *Growing Forward 2* is a program designed to increase industry competitiveness and sustainability. Through the program, industry, academia, value-added food processors, retailers and others in the agri-food industry will have access to funding to support the acceleration of innovation through late-stage research and pilot projects that lead to the commercialization and/or adoption of innovative products, technologies and practices.

The BC Agrifoods Export Program Growing Forward 2 (“GF2E”) - in October 2013 the Foundation entered into an agreement with the BC Ministry of Agriculture to deliver the BC Agrifoods Export Program Growing Forward 2 throughout the province for the period covering October 3, 2013 to March 31, 2014. In aggregate, a maximum of \$660,000 will be available through the federal and provincial Growing Forward 2 Agreement. Amounts spent under this program may initially be funded through the Sustaining Fund until advances are received under the terms of the agreement. The funding for this Program is available to enable industry engagement in international market development activities, including participation in international tradeshow, promotional events and incoming/outgoing missions, and creating marketing collateral to support international market development. In March 2014, the GF2 agreement was modified by adding a second year (April 1 2014 - March 31 2015) to the program. An additional \$825,000 in funding was committed to cover the period of April 1, 2014 - March 31, 2015. In September 2014, the agreement was modified by adding an additional \$300,000 to the period April 1, 2014 - March 31, 2015.

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2014

1. Nature of Operations and Summary of Significant Accounting Policies - Continued

Climate Change Adaption Program (CCAP) - in April 2014 the Foundation entered into an agreement with BC Ministry of Agriculture to deliver a portion of the Climate Change Adaption Program. The province agreed to provide funding of \$3,032,068, which was increased in November 2014 by \$956,450 for a total of \$3,998,518. Amounts spent under this program may initially be funded through the Sustaining Fund until advances are received under the terms of the agreement. This is an industry-led program designed to help industry improve its capacity to adapt successfully to climate change and thereby enhance its competitiveness and sustainability. The program provides funding for the development and implementation of collaborative regional adaption strategies, innovative adaption action at the farm level, industry communication, program administration, and program management and project development function led by the B.C. Agriculture & Food Climate Action Initiative.

BC Buy Local - in December 2014 the Foundation entered into an agreement with the BC Ministry of Agriculture to deliver the BC Buy Local Program throughout the province for the period covering December 13, 2014 to March 31, 2015. The Province is providing \$2,000,000 to support the Program. The program is an application-driven cost-shared program that provides the B.C. agrifoods industry with funding to support their ability to strengthen marketing and promotional efforts in the domestic market. Cost-shared funding will enable the B.C. agrifoods industry to conduct advertising, communications and promotional activities including focused market research, developing promotional materials. Executing advertising and promotional campaigns and undertaking public relations and social media activities to support domestic market development in the province.

Sustaining Fund - 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. The Sustaining Fund records net investment income and expenses not otherwise allocated to other Funds.

b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO).

c) Fund Accounting

The Foundation's financial statements are prepared on a fund accounting basis. Inter-fund balances are eliminated.

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2014

1. Nature of Operations and Summary of Significant Accounting Policies - Continued

d) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) 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.

e) Capital Assets

Purchased capital assets exceeding \$500 are recorded at cost. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer equipment - 30% diminishing-balance basis
Furniture and equipment - 20% diminishing-balance basis

f) Revenue Recognition

Contributions, grants, and royalty recoveries 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.

Grant revenues are unconditional transfers of funds to the Foundation for activities that meet eligibility criteria set by the funding program. Grants are not subject to government audit. Contributions, unlike grants, are subject to performance conditions that are specified in a contribution agreement. Contributions are subject to government audit.

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.

Royalty recoveries are credited to the Sustaining Fund unless otherwise specified in agreements with the various Fund sponsors.

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2014

1. Nature of Operations and Summary of Significant Accounting Policies - Continued

g) Donated Goods and Services

The Foundation records donated goods and services as a contribution and corresponding expense where the amounts are reasonably determinable.

h) Program Expenditure Recognition

The Foundation records amounts advanced under approved projects as an expense upon disbursement.

i) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all cash and temporary investments have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items re-measured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

j) 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
- investment income and investment management and custodian fees related to the CAAP and AFF Funds are recorded in their respective Funds;

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2014

1. Nature of Operations and Summary of Significant Accounting Policies - Continued

j) Allocation of Expenses and Investment Income Among Funds - Continued

- the ACAAF Fund, RTF, TFMIII, DMS, and ORP4 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.

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2014

2. Cash and Temporary Investments

	2014				
	Terms to Maturity (in Years)				
	Under 1	1 to 5	Over 5	No Fixed Maturity	Total (at Market)
Cash	\$ 89,419	\$ -	\$ -	\$ -	\$ 89,419
Treasury Bills	5,417,213	-	-	-	5,417,213
Government and government guaranteed bonds	1,231,093	3,092,730	6,594,035	-	10,917,858
Corporate bonds, debentures, and notes	-	3,181,376	7,087,627	-	10,269,002
Equities	-	-	-	5,642,715	5,642,715
Other				103,254	103,254
	<u>\$ 6,737,725</u>	<u>\$ 6,274,106</u>	<u>\$13,681,662</u>	<u>\$ 5,745,969</u>	<u>\$32,439,461</u>
	2013				
	Terms to Maturity (in Years)				
	Under 1	1 to 5	Over 5	No Fixed Maturity	Total (at Market)
Cash	\$ 1,585,898	\$ -	\$ -	\$ -	\$ 1,585,898
Treasury Bills	6,229,427	-	-	-	6,229,427
Government and government guaranteed bonds	854,871	4,422,215	6,929,461	-	12,206,547
Corporate bonds, debentures, and notes	-	2,273,258	6,844,157	-	9,117,415
Equities	-	-	-	6,462,068	6,462,068
	<u>\$ 8,670,196</u>	<u>\$ 6,695,473</u>	<u>\$ 13,773,618</u>	<u>\$ 6,462,068</u>	<u>\$ 35,601,355</u>

As at December 31, 2014, the treasury bills bear interest at rates ranging from .94% to 1.19% (2013 - 0.91% to 1.08%). Government and government guaranteed bonds bear interest at rates ranging 0.91 to 4.86 (2013 - 1.75% to 11.00%). Corporate bonds, debentures and notes bear interest from 2.06% to 6.31% (2013 - 2.20% to 7.768%).

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2014

2. Cash and Temporary Investments - Continued

Investment Income

Details of the total investment income for the year are as follows:

	2014	2013
Interest and dividends	\$941,994	\$1,264,271
Realized gains (losses)	489,470	(241,168)
Unrealized gains	1,248,704	63,624
	<u>\$2,680,168</u>	<u>\$1,086,727</u>

3. Capital Assets

	2014		2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 187,439	\$ 136,299	\$ 51,140	\$ 62,053
Furniture and equipment	9,988	4,992	4,996	1,330
	<u>\$ 197,427</u>	<u>\$ 141,291</u>	<u>\$ 56,136</u>	<u>\$ 63,383</u>

4. 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, 2015 and may be renewed for an additional term upon agreement of both parties.

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2014

5. 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, 2014 the Foundation had approved the funding of projects committing the Foundation to payments approximately as follows:

	General Program Funds					Specified Program Funds	Total
	Sustaining Fund	CAAP Fund	SN Fund	AFF Fund	ACAA Fund		
Funds committed by contract							
2015	-	-	946,883	103,415	761,887	3,634,626	5,446,811
2016	-	-	287,583	-	-	1,077,810	1,365,393
2017	-	-	71,630	-	-	103,951	175,581
2018	-	-	66,938	-	-	-	66,938
	-	-	1,373,034	103,415	761,887	4,816,387	7,054,723
Funds committed by Board approval	-	-	173,213	350,000	-	497,087	1,020,300
Reserves	295,477	-	138,913	2,501,830	-	3,142,360	6,078,580
Total funds committed	\$ 295,477	\$ -	\$ 1,685,160	\$ 2,955,245	\$ 761,887	\$ 8,455,834	14,153,603

Specified Program Funds

Funds Committed by:

	Contract	Board	Reserves	Total
2010 Fund	\$ -	\$ -	\$ 59,887	\$ 59,887
AI Fund	32,304	-	434,834	467,138
LWT Fund	30,719	61,425	1,802,314	1,894,458
GF2 Fund	613,834	-	-	613,834
GF2.2 Fund	2,997,596	349,520	-	3,347,116
GF2E Fund	529,443	86,142	-	615,585
MTAP Fund	-	-	15,578	15,578
AQUA Fund	68,333	-	10,392	78,725
TFMIII Fund	-	-	167,022	167,022
RTF Fund	-	-	285,262	285,262
ORP4 Fund	-	-	139,313	139,313
DMS Fund	143,795	-	130,296	274,091
Cleanup (Poultry)	-	-	97,462	97,462
CCAP	400,363	-	-	400,363
Total	\$ 4,816,387	\$ 497,087	\$ 3,142,360	\$ 8,455,834

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2014

6. 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, 2014.

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 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. Accounts receivable are due from the federal and provincial governments, and various agriculture associations.

b) 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.

c) 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. The foundation holds investments in equities, therefore is subject to market risk.

d) 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 5).

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.

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

December 31, 2014

	Sustaining Fund	AFF Fund	2014 Market Value	2013 Market Value
Cash	\$ 50,710	\$ 38,710	\$ 89,420	\$ 1,585,898
Treasury Bills	3,905,774	1,511,438	5,417,212	6,229,427
Government and government guaranteed bonds	8,517,037	2,400,820	10,917,857	12,206,547
Corporate bonds, debentures and notes	8,214,619	2,054,384	10,269,003	9,117,415
Equities	4,412,489	1,230,226	5,642,715	6,462,068
Other	80,764	22,490	103,254	-
	25,181,393	7,258,068	32,439,461	35,601,355
Represented By:				
Investments at Cost	23,189,151	6,663,016	29,852,167	34,265,189
Unrealized market value adjustment	1,992,242	595,052	2,587,294	1,336,166
	\$ 25,181,393	\$ 7,258,068	\$ 32,439,461	\$ 35,601,355