

**British Columbia Investment
Agriculture Foundation**
Financial Statements
For the year ended December 31, 2015

British Columbia Investment Agriculture Foundation
Financial Statements
For the year ended December 31, 2015

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Independent Auditors' Report

To the members of the British Columbia Investment Agriculture Foundation

We have audited the accompanying financial statements of the British Columbia Investment Agriculture Foundation, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, 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 and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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. 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 auditors' 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 and fair presentation 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 that the audit evidence we have obtained in 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 British Columbia Investment Agriculture Foundation as at December 31, 2015, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Independent Auditors' Report

Other matter

The financial statements of the British Columbia Investment Agriculture Foundation for the year ended December 31, 2014, were audited by another auditor who expressed an unmodified opinion on those statements on March 23, 2015.

Victoria, Canada
April 1, 2016

Grant Thornton LLP

Chartered Professional Accountants

BC Investment Agriculture Foundation
Statement of Financial Position

December 31, 2015

	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 Assets									
Cash	\$ 578,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments (Note 2 and Schedule 1)	26,804,302	-	-	6,931,482	-	-	-	-	-
Accounts Receivable	12,747	-	-	9,500	-	-	-	-	-
Prepaid Expenses	35,096	-	-	-	-	-	-	-	-
Due From Other Funds	-	17,886	4,836,629	-	992,190	53,573	59,887	432,466	1,777,807
	27,430,514	17,886	4,836,629	6,940,982	992,190	53,573	59,887	432,466	1,777,807
Capital Assets (Note 3)	41,397	-	-	-	-	-	-	-	963
	\$ 27,471,911	\$ 17,886	\$ 4,836,629	\$ 6,940,982	\$ 992,190	\$ 53,573	\$ 59,887	\$ 432,466	\$ 1,778,770
Liabilities and Net Assets									
Current Liabilities									
Accounts Payable and Accrued Liabilities	\$ 77,212	\$ -	\$ -	\$ 5,125	\$ -	\$ -	\$ -	\$ -	\$ -
Due To Other Funds	11,401,660	-	-	129,311	-	-	-	-	-
	11,478,872	-	-	134,436	-	-	-	-	-
Net Assets									
Committed Funds (Note 5)	255,620	-	1,149,913	2,269,135	501,783	-	59,887	297,462	1,778,772
Committed Funds Not Yet Received (Note 5)	-	-	-	-	-	-	-	-	-
Uncommitted Funds	15,696,022	17,886	3,686,716	4,537,411	490,407	53,573	-	135,004	(965)
Invested in Capital Assets	41,397	-	-	-	-	-	-	-	963
	15,993,039	17,886	4,836,629	6,806,546	992,190	53,573	59,887	432,466	1,778,770
	\$ 27,471,911	\$ 17,886	\$ 4,836,629	\$ 6,940,982	\$ 992,190	\$ 53,573	\$ 59,887	\$ 432,466	\$ 1,778,770

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

BC Investment Agriculture Foundation
Statement of Financial Position

December 31, 2015

	Meat Transition Assistance Program Fund	On-Farm Poultry Bio-Security Pilot Fund	Aquaculture Innovation 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	Tree Fruit Replant Supplement Program	Domestic Marketing Strategy Fund
Assets									
Current Assets									
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments (Note 2 and Schedule 1)	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-	-	-
Due From Other Funds	15,578	115,867	60,916	167,022	13	285,262	267,511	92,155	228,540
	15,578	115,867	60,916	167,022	13	285,262	267,511	92,155	228,540
Capital Assets (Note 3)	-	-	-	-	-	-	-	-	-
	\$ 15,578	\$ 115,867	\$ 60,916	\$ 167,022	\$ 13	\$ 285,262	\$ 267,511	\$ 92,155	\$ 228,540
Liabilities and Net Assets									
Current Liabilities									
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due To Other Funds	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Net Assets									
Committed Funds (Note 5)	15,578	115,867	60,916	167,022	-	285,262	267,511	-	228,540
Committed Funds Not Yet Received (Note 5)	-	-	-	-	-	-	-	-	-
Uncommitted Funds	-	-	-	-	13	-	-	92,155	-
Invested in Capital Assets	-	-	-	-	-	-	-	-	-
	15,578	115,867	60,916	167,022	13	285,262	267,511	92,155	228,540
	\$ 15,578	\$ 115,867	\$ 60,916	\$ 167,022	\$ 13	\$ 285,262	\$ 267,511	\$ 92,155	\$ 228,540

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

BC Investment Agriculture Foundation
Statement of Financial Position

December 31, 2015						December 31, 2015	December 31, 2014
	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 Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 578,369	\$ 13,331
Investments (Note 2 and Schedule 1)	-	-	-	-	-	33,735,784	32,426,130
Accounts Receivable	-	417,223	76,757	10,325	12,450	539,002	3,232,703
Prepaid Expenses	-	-	-	-	-	35,096	37,985
Due From Other Funds	-	-	-	-	2,666,953	12,070,255	10,230,054
	-	417,223	76,757	10,325	2,679,403	46,958,506	45,940,203
Capital Assets (Note 3)	-	-	-	-	-	42,360	56,136
	\$ -	\$ 417,223	\$ 76,757	\$ 10,325	\$ 2,679,403	\$ 47,000,866	\$ 45,996,339
Liabilities and Net Assets							
Current Liabilities							
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 82,337	\$ 80,641
Due To Other Funds	1,457	445,564	81,938	10,325	-	12,070,255	10,230,054
	1,457	445,564	81,938	10,325	-	12,152,592	10,310,695
Net Assets							
Committed Funds (Note 5)	-	3,541,970	506,273	1,377,924	1,641,560	14,520,995	14,153,602
Committed Funds Not Yet Received (Note 5)	-	(3,570,311)	(511,454)	(1,377,924)	-	(5,459,689)	(4,977,966)
Uncommitted Funds	(1,457)	-	-	-	1,037,843	25,744,608	26,453,872
Invested in Capital Assets	-	-	-	-	-	42,360	56,136
	(1,457)	(28,341)	(5,181)	-	2,679,403	34,848,274	35,685,644
	\$ -	\$ 417,223	\$ 76,757	\$ 10,325	\$ 2,679,403	\$ 47,000,866	\$ 45,996,339

Approved on behalf of the
British Columbia Investment Agriculture Foundation

Director

Director

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

	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	-	-	-	-	-	-	-	-	-
Other Grants	-	-	-	-	-	-	-	-	-
Provincial Contributions	-	-	-	-	-	-	-	-	-
Investment Income (Note 2)	385,785	-	-	69,027	18,268	-	-	-	-
Royalty Recoveries	-	-	-	-	-	-	-	-	-
	385,785	-	-	69,027	18,268	-	-	-	-
Expenses									
Programs									
Direct Expenditures	-	-	427,481	173,769	215,940	-	-	5,183	97,003
Administration	-	-	29,542	-	-	-	-	3,840	13,741
Directors' Fees	125	-	-	-	-	-	-	-	-
Board Initiated Programs	500	-	89,828	-	-	-	-	-	-
Collaborative Programs	-	-	-	-	-	-	-	-	-
Administration - Other									
Direct	-	-	-	11,021	-	-	-	-	-
Allocated	699,157	-	-	65,000	77,152	-	-	-	-
Directors' Fees	-	-	-	-	-	-	-	-	-
Allocated	117,311	-	-	-	-	-	-	-	-
Investment Management and Custodian Fees	49,049	-	-	13,517	-	-	-	-	-
	866,142	-	546,851	263,307	293,092	-	-	9,023	110,744
Excess (deficiency) of Revenues Over Expenses	(480,357)	-	(546,851)	(194,280)	(274,824)	-	-	(9,023)	(110,744)
Net Assets, Beginning 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
Net Assets, End of Year	\$ 15,993,039	\$ 17,886	\$ 4,836,629	\$ 6,806,546	\$ 992,190	\$ 53,573	\$ 59,887	\$ 432,466	\$ 1,778,770

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 Provincial Fund	Ranching Task Force Funding Initiative Federal Fund	Ranching Task Force Funding Initiative Provincial Fund	Orchard Replant Program	Tree Fruit Replant Supplement Program	Domestic Marketing Strategy Fund
Revenues									
Federal Government Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Provincial Government Grants	-	-	-	-	-	-	-	-	-
Other Grants	-	-	-	-	-	-	-	117,000	-
Provincial Contributions	-	-	-	-	-	-	-	117,000	(44)
Investment Income (Note 2)	-	-	-	-	-	-	10,723	-	4,169
Royalty Recoveries	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	10,723	234,000	4,125
Expenses									
Programs									
Direct Expenditures	-	21,100	17,500	-	-	-	(117,475)	141,845	46,708
Administration	-	4,583	309	-	-	-	-	-	2,968
Directors' Fees	-	-	-	-	-	-	-	-	-
Board Initiated Programs	-	-	-	-	-	-	-	-	-
Collaborative Programs	-	-	-	-	-	-	-	-	-
Administration - Other	-	-	-	-	-	-	-	-	-
Allocated	-	-	-	-	-	-	-	-	-
Directors' Fees	-	-	-	-	-	-	-	-	-
Direct	-	-	-	-	-	-	-	-	-
Allocated	-	-	-	-	-	-	-	-	-
Investment Management and Custodian Fees	-	-	-	-	-	-	-	-	-
	-	25,683	17,809	-	-	-	(117,475)	141,845	49,676
Excess (deficiency) of Revenues Over Expenses	-	(25,683)	(17,809)	-	-	-	128,198	92,155	(45,551)
Net Assets, Beginning of Year	15,578	141,550	78,725	167,022	13	285,262	139,313	-	274,091
Net Assets, End of Year	\$ 15,578	\$ 115,867	\$ 60,916	\$ 167,022	\$ 13	\$ 285,262	\$ 267,511	\$ 92,155	\$ 228,540

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

2015

2014

	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
Provincial Government Grants	-	-	-	-	-	-	2,427,246
Other Grants	-	-	-	-	-	117,000	-
Provincial Contributions	530,388	2,161,557	1,026,610	698,277	2,000,000	6,533,788	3,470,037
Investment Income (Note 2)	-	-	-	-	36,190	524,162	2,680,168
Royalty Recoveries	-	-	-	-	-	-	22,400
	<u>530,388</u>	<u>2,161,557</u>	<u>1,026,610</u>	<u>698,277</u>	<u>2,036,190</u>	<u>7,174,950</u>	<u>8,827,000</u>
Expenses							
Programs							
Direct Expenditures	510,173	2,027,598	904,267	692,122	1,240,805	6,404,019	8,617,522
Administration	20,202	163,492	120,145	5,905	105,851	470,578	330,461
Directors' Fees	-	-	6,999	250	7,814	15,188	19,238
Board Initiated Programs	-	-	-	-	-	90,328	68,624
Collaborative Programs	-	-	-	-	-	-	(19,176)
Administration - Other							
Direct	-	-	-	-	-	11,021	11,508
Allocated	-	-	-	-	-	841,309	848,288
Directors' Fees	-	-	-	-	-	117,311	98,787
Allocated	-	-	-	-	-	-	-
Investment Management and Custodian Fees	-	-	-	-	-	62,566	62,644
	<u>530,375</u>	<u>2,191,090</u>	<u>1,031,411</u>	<u>698,277</u>	<u>1,354,470</u>	<u>8,012,320</u>	<u>10,037,896</u>
Excess (deficiency) of Revenues Over Expenses	13	(29,533)	(4,801)	-	681,720	(837,370)	(1,210,896)
Net Assets, Beginning of Year	(1,470)	1,192	(380)	-	1,997,683	35,685,644	36,896,540
Net Assets, End of Year	\$ (1,457)	\$ (28,341)	\$ (5,181)	\$ -	\$ 2,679,403	\$ 34,848,274	\$ 35,685,644

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

British Columbia Investment Agriculture Foundation
Statement of Cash Flows

December 31, 2015

	2015	2014
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses	\$ (837,370)	\$ (1,210,896)
Items not involving cash:		
Amortization	15,024	20,840
Unrealized gain (loss) on investments	(845,863)	1,251,128
Realized capital gain	258,274	489,469
	<u>(1,409,935)</u>	550,541
Decrease (increase) in accounts receivable	2,693,701	(1,898,799)
Decrease in prepaid expenses	2,889	26,182
Increase (decrease) in accounts payable and accrued liabilities	1,696	(45,286)
(Decrease) in deferred revenue	-	(40,342)
	<u>1,288,351</u>	<u>(1,407,704)</u>
Investing activity		
Increase in investments	(722,065)	(88,777)
Purchase of capital assets	(1,248)	(13,413)
	<u>565,038</u>	<u>(1,509,894)</u>
Increase (decrease) in cash during the year	<u>565,038</u>	<u>(1,509,894)</u>
Cash, beginning of year	<u>13,331</u>	<u>1,523,225</u>
Cash, end of year	<u>\$ 578,369</u>	<u>\$ 13,331</u>

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2015

- **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, 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:

- (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, 2015

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, 2015

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, 2015

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.

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 were directed by the Foundation to fund the tree fruit replant program through the British Columbia Fruit Growers’ Association who coordinated and managed this replant program. The ORP4 Program ended in March, 2015.

Tree Fruit Replant Supplement Program 2015 (“TFRS 2015”) - The foundation received \$117,000 from Summerland Varieties Corporation and \$117,000 from the Provincial Government for the AGRI Tree Fruit Replant Program which began April 1, 2015 and will finish in March 2022. The program will provide funding to

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2015

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

growers who have successfully completed a replant project according the 2015 Tree Fruit Replant Requirements. The program is designed to replant up to 1600 acres of tree fruits to highly successful plantings of high value varieties.

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. Total funding available to cover the period of April 1, 2014 - March 31, 2018 is \$11,296,279. 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. The agreement was extended to March 31, 2016 with a total available funding amount of \$2,941,095. 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 tradeshows, promotional events and incoming/outgoing missions, and creating marketing collateral to support international market development.

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2015

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. 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. An additional agreement was signed in 2015 to cover the period of April 1, 2015 to March 31, 2016. The Province is providing \$4,000,000 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, 2015

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

Unrestricted contributions and grants are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or expenses for projects are recognized.

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 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.

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.

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2015

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

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;
- 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, 2015

2. Investments (held by Northern Trust, managed by HSBC Investments)

	2015				
	Terms to Maturity (in Years)				
	Under 1	1 to 5	Over 5	No Fixed Maturity	Total (at Market)
Cash held by custodian	\$ 44,235	\$ -	\$ -	\$ -	\$ 44,235
Treasury Bills	5,828,281	-	-	-	5,828,281
Government and government guaranteed bonds	749,447	4,363,672	7,445,581	-	12,558,700
Corporate bonds, debentures, and notes	-	4,281,573	5,443,600	-	9,725,173
Equities	-	-	-	5,579,395	5,579,395
	\$ 6,621,963	\$ 8,645,245	\$ 12,889,181	\$ 5,579,395	\$ 33,735,784

	2014				
	Terms to Maturity (in Years)				
	Under 1	1 to 5	Over 5	No Fixed Maturity	Total (at Market)
Cash held by custodian	\$ 89,419	\$ -	\$ -	\$ -	\$ 76,088
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
	\$ 6,737,725	\$ 6,274,106	\$ 13,681,662	\$ 5,745,969	\$ 32,426,130

As at December 31, 2015, the treasury bills yields ranged from .42% to .43% (2014 - 0.94% to 1.19%). Government and government-guaranteed bonds bear interest at rates ranging from .60% to 4.26% (2014 - 0.91% to 4.86%). Corporate bonds, debentures and notes bear interest from 1.33% to 4.15% (2014 - 2.06% to 6.31%).

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2015

2. Investments (held by Northern Trust, managed by HSBC Investments) - Continued

Investment Income

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

	2015		2014
Interest and dividends	\$ 1,111,751	\$	941,994
Realized gains	258,274		489,470
Unrealized (losses) gains	(845,863)		1,248,704
	524,162		2,680,168

3. Capital Assets

	2015			2014	
	Cost	Accumulated Amortization	Net Book Value	\$	Net Book Value
Computer equipment	\$ 188,687	\$ 150,324	\$ 38,363	\$	51,140
Furniture and equipment	9,988	5,991	3,997		4,996
	\$ 198,675	\$ 156,315	\$ 42,360	\$	56,136

4. Provincial Administration Contribution

The Foundation has 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 renews annually on April 1 upon agreement of both parties.

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2015

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, 2015 the Foundation had approved the funding of projects committing the Foundation to payments approximately as follows:

General Program Funds:

	Sustaining Fund	SN Fund	AFF Fund	ACAA Fund	Specified Program Funds ¹	Total
Funds committed by contract						
2016	\$ -	\$ 592,215	\$ 202,310	\$ 281,687	\$ 5,715,949	\$ 6,792,162
2017	-	91,020	58,333	104,583	929,673	1,183,609
2018	-	66,938	58,334	42,738	212,191	380,201
2019	-	-	-	48,517	-	48,517
2020	-	-	-	24,258	-	24,258
	-	750,173	318,978	501,783	6,857,813	8,428,747
Funds committed by Board Approval	-	164,867	-	-	400,627	565,494
Reserves	255,620	234,874	1,950,158	-	3,086,104	5,526,752
Total funds committed	\$ 255,620	\$ 1,149,913	\$ 2,269,135	\$ 501,783	\$ 10,344,544	\$14,520,995

Specified Program Funds:

	Funds Committed by:			Total
	Contract	Board	Reserves	
2010 Fund	\$ -	\$ -	\$ 59,887	\$ 59,887
AI Fund	31,100	-	284,768	315,868
LWT Fund	97,030	-	1,681,742	1,778,772
GF2.2 Fund	3,318,058	223,912	-	3,541,970
GF2E Fund	506,273	-	-	506,273
MTAP Fund	-	-	15,578	15,578
AQUA Fund	54,833	-	6,083	60,916
TFMIII Fund	-	-	167,022	167,022
RTF Fund	-	-	285,262	285,262
ORP4 Fund	-	-	267,511	267,511
DMS Fund	7,750	-	220,790	228,540
Cleanup (Poultry)	-	-	97,461	97,461
CCAP	1,319,309	58,615	-	1,377,924
Buy Local	1,523,460	118,100	-	1,641,560
Total	\$ 6,857,813	\$ 400,627	\$ 3,086,104	\$ 10,344,544

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2015

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, 2015.

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 - Investments
(held by Northern Trust, managed by HSBC Investments)

December 31, 2015

Sustaining and AFF Funds

	<u>2015 Market Value</u>	<u>2014 Market Value</u>
Cash	\$ 44,235	\$ 76,088
Treasury Bills	5,828,281	5,417,213
Government and government guaranteed bonds	12,558,700	10,917,858
Corporate bonds, debentures and notes	9,725,173	10,269,002
Equities	5,579,395	5,642,715
Other	-	103,254
	<u>\$ 33,735,784</u>	<u>\$ 32,426,130</u>

Represented By:

Investments at Cost	\$ 31,994,353	\$ 29,838,836
Unrealized market value adjustment	1,741,431	2,587,295
Total Book Value	<u>\$ 33,735,784</u>	<u>\$ 32,426,130</u>

- *In 2015, the AFF Fund was co-mingled with the Sustaining Fund.*