

**British Columbia Investment
Agriculture Foundation**
Financial Statements
For the year ended December 31, 2016

British Columbia Investment Agriculture Foundation
Financial Statements
For the year ended December 31, 2016

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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 British Columbia Investment Agriculture Foundation, which comprise the statement of financial position as at December 31, 2016, and the statement of operations, changes in fund balances 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 British Columbia Investment Agriculture Foundation as at December 31, 2016, 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.

Victoria, Canada
March 29, 2017

Grant Thornton LLP

BC Investment Agriculture Foundation
Statement of Financial Position

December 31, 2016

	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	\$ 119,960	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments (Note 2 and Schedule 1)	26,305,209	-	-	7,076,267	-	-	-	-	-
Accounts Receivable	14,703	-	-	-	-	-	-	-	-
Prepaid Expenses	43,769	-	-	-	-	-	-	-	-
Due From Other Funds		17,886	4,307,463		827,543	53,573	59,887	428,435	1,644,805
	26,483,641	17,886	4,307,463	7,076,267	827,543	53,573	59,887	428,435	1,644,805
Capital Assets (Note 3)	28,984	-	-	-	-	-	-	-	-
	\$ 26,512,625	\$ 17,886	\$ 4,307,463	\$ 7,076,267	\$ 827,543	\$ 53,573	\$ 59,887	\$ 428,435	\$ 1,644,805
Liabilities and Net Assets									
Current Liabilities									
Accounts Payable and Accrued Liabilities	\$ 143,856	\$ -	\$ -	\$ 5,125	\$ -	\$ -	\$ -	\$ -	\$ -
Due To Other Funds	9,822,014	-	-	141,722	-	-	-	-	-
	9,965,870	-	-	146,847	-	-	-	-	-
Net Assets									
Committed Funds (Note 5)	253,620	-	1,754,628	1,755,991	541,910	-	59,887	297,462	1,644,805
Committed Funds Not Yet Received (Note 5)	-	-	-	-	-	-	-	-	-
Uncommitted Funds	16,264,151	17,886	2,552,835	5,173,429	285,633	53,573	-	130,973	-
Invested in Capital Assets	28,984	-	-	-	-	-	-	-	-
	16,546,755	17,886	4,307,463	6,929,420	827,543	53,573	59,887	428,435	1,644,805
	\$ 26,512,625	\$ 17,886	\$ 4,307,463	\$ 7,076,267	\$ 827,543	\$ 53,573	\$ 59,887	\$ 428,435	\$ 1,644,805

Approved on behalf of the
B.C. Investment Agriculture 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, 2016

	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 Provincial Fund	Orchard Replant Program	Tree Fruit Replant Supplement Program	Domestic Marketing Strategy Fund	Canada - BC Agri-Innovation Program 2 Fund
Assets									
Current									
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments (Note 2 and Schedule 1)	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	7,750	-
Prepaid Expenses	-	-	-	-	-	-	-	-	-
Due From Other Funds	15,578	92,371	38,387	167,022	285,275	270,719	-	231,144	-
	15,578	92,371	38,387	167,022	285,275	270,719	-	238,894	-
Capital Assets (Note 3)	-	-	-	-	-	-	-	-	-
	\$ 15,578	\$ 92,371	\$ 38,387	\$ 167,022	\$ 285,275	\$ 270,719	\$ -	\$ 238,894	\$ -
Liabilities and Net Assets									
Current Liabilities									
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due To Other Funds	-	-	-	-	-	-	-	-	1,457
	-	-	-	-	-	-	-	-	1,457
Net Assets									
Committed Funds (Note 5)	15,578	92,371	38,387	167,022	285,275	270,719	-	90,500	-
Committed Funds Not Yet Received (Note 5)	-	-	-	-	-	-	-	-	-
Uncommitted Funds	-	-	-	-	-	-	-	148,394	(1,457)
Invested in Capital Assets	-	-	-	-	-	-	-	-	-
	15,578	92,371	38,387	167,022	285,275	270,719	-	238,894	(1,457)
	\$ 15,578	\$ 92,371	\$ 38,387	\$ 167,022	\$ 285,275	\$ 270,719	\$ -	\$ 238,894	\$ -

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

BC Investment Agriculture Foundation
Statement of Financial Position

December 31, 2016 December 31, 2015

December 31, 2016

	Canada - BC Agri-Innovation Program 2015-18 Fund	BC Agrifoods Export Program Fund	Climate Change Adaptation Program Fund	Buy Local Program Fund	Grow Local Program Fund	TOTAL	TOTAL
Assets							
Current							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	119,960	\$ 578,369
Investments (Note 2 and Schedule 1)	-	-	-	-	-	33,381,476	33,735,784
Accounts Receivable	541,575	185,038	157,153	26,257	30,000	962,476	539,002
Prepaid Expenses	-	-	-	-	-	43,769	35,096
Due From Other Funds	-	-	-	2,524,374	-	10,964,462	12,070,255
	541,575	185,038	157,153	2,550,631	30,000	45,472,143	46,958,506
Capital Assets (Note 3)	-	-	-	-	-	28,984	42,360
	\$ 541,575	\$ 185,038	\$ 157,153	\$ 2,550,631	\$ 30,000	\$ 45,501,127	\$ 47,000,866
Liabilities and Net Assets							
Current Liabilities							
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	148,981	\$ 82,337
Due To Other Funds	602,811	196,655	157,153	26,257	16,393	10,964,462	12,070,255
	602,811	196,655	157,153	26,257	16,393	11,113,443	12,152,592
Net Assets							
Committed Funds (Note 5)	2,800,732	682,009	823,023	2,182,069	-	13,755,988	14,520,995
Committed Funds Not Yet Received (Note 5)	(2,861,968)	(693,626)	(823,023)	-	-	(4,378,617)	(5,459,689)
Uncommitted Funds	-	-	-	342,305	13,607	24,981,329	25,744,608
Invested in Capital Assets	-	-	-	-	-	28,984	42,360
	(61,236)	(11,617)	-	2,524,374	13,607	34,387,684	34,848,274
	\$ 541,575	\$ 185,038	\$ 157,153	\$ 2,550,631	\$ 30,000	\$ 45,501,127	\$ 47,000,866

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, 2016

	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	\$ 1,481	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Grants	-	-	-	-	-	-	-	-	-
Provincial Contributions	-	-	-	-	-	-	-	-	-
Investment Income (Note 2)	1,483,463	-	-	406,573	17,316	-	-	-	-
	<u>1,484,944</u>	<u>-</u>	<u>-</u>	<u>406,573</u>	<u>17,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses									
Programs									
Direct Expenditures	-	-	429,978	200,621	112,079	-	-	-	126,298
Administration	-	-	26,519	-	-	-	-	4,031	7,667
Directors' Fees and Expenses	-	-	-	-	-	-	-	-	-
Board Initiated Programs	43,307	-	72,669	-	-	-	-	-	-
Administration - Other									
Direct	-	-	-	7,136	-	-	-	-	-
Allocated	721,938	-	-	62,989	69,884	-	-	-	-
Directors' Fees and Expenses									
Allocated	116,630	-	-	-	-	-	-	-	-
Investment Management and Custodian Fees	49,353	-	-	12,953	-	-	-	-	-
	<u>931,228</u>	<u>-</u>	<u>529,166</u>	<u>283,699</u>	<u>181,963</u>	<u>-</u>	<u>-</u>	<u>4,031</u>	<u>133,965</u>
Excess (deficiency) of Revenues Over Expenses	553,716	-	(529,166)	122,874	(164,647)	-	-	(4,031)	(133,965)
Net Assets, Beginning of Year	15,993,039	17,886	4,836,629	6,806,546	992,190	53,573	59,887	432,466	1,778,770
Net Assets, End of Year	<u>\$ 16,546,755</u>	<u>\$ 17,886</u>	<u>\$ 4,307,463</u>	<u>\$ 6,929,420</u>	<u>\$ 827,543</u>	<u>\$ 53,573</u>	<u>\$ 59,887</u>	<u>\$ 428,435</u>	<u>\$ 1,644,805</u>

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, 2016

	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 Provincial Fund	Orchard Replant Program	Tree Fruit Replant Supplement Program	Domestic Marketing Strategy Fund	Canada - BC Agri-Innovation Program 2 Fund
Revenues									
Federal Government Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Grants	-	-	-	-	-	-	(5,304)	-	-
Provincial Contributions	-	-	-	-	-	-	(5,305)	-	-
Investment Income (Note 2)	-	-	-	-	-	3,208	-	3,951	-
	-	-	-	-	-	3,208	(10,609)	3,951	-
Expenses									
Programs									
Direct Expenditures	-	13,940	21,381	-	-	-	81,546	(7,750)	-
Administration	-	9,556	1,148	-	-	-	-	1,347	-
Directors' Fees and Expenses	-	-	-	-	-	-	-	-	-
Board Initiated Programs	-	-	-	-	-	-	-	-	-
Administration - Other									
Direct	-	-	-	-	-	-	-	-	-
Allocated	-	-	-	-	-	-	-	-	-
Directors' Fees and Expenses	-	-	-	-	-	-	-	-	-
Allocated	-	-	-	-	-	-	-	-	-
Investment Management and Custodian Fees	-	-	-	-	-	-	-	-	-
	-	23,496	22,529	-	-	-	81,546	(6,403)	-
Excess (deficiency) of Revenues Over Expenses	-	(23,496)	(22,529)	-	-	3,208	(92,155)	10,354	-
Net Assets, Beginning of Year	15,578	115,867	60,916	167,022	285,275	267,511	92,155	228,540	(1,457)
Net Assets, End of Year	\$ 15,578	\$ 92,371	\$ 38,387	\$ 167,022	\$ 285,275	\$ 270,719	\$ 0	\$ 238,894	\$ (1,457)

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

	2016		2015				
For the year ended December 31, 2016							
	Canada - BC Agri-Innovation Program 2015-18 Fund	BC Agrifoods Export Program Fund	Climate Change Adaptation Program Fund	Buy Local Program Fund	Grow Local Program Fund	TOTAL	TOTAL
Revenues							
Federal Government Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	1,481	-
Other Grants	-	-	-	-	-	(5,304)	117,000
Provincial Contributions	3,178,088	1,154,665	1,099,263	2,000,000	30,000	7,456,711	6,533,788
Investment Income (Note 2)	-	-	-	34,303	-	1,948,814	524,162
	<u>3,178,088</u>	<u>1,154,665</u>	<u>1,099,263</u>	<u>2,034,303</u>	<u>30,000</u>	<u>9,401,702</u>	<u>7,174,950</u>
Expenses							
Programs							
Direct Expenditures	3,047,711	1,058,863	1,095,871	2,022,867	-	8,203,405	6,404,019
Administration	163,272	94,613	3,392	159,027	16,393	486,965	470,578
Directors' Fees and Expenses	-	7,625	-	7,438	-	15,063	15,188
Board Initiated Programs	-	-	-	-	-	115,976	90,328
Administration - Other							
Direct	-	-	-	-	-	7,136	11,021
Allocated	-	-	-	-	-	854,811	841,309
Directors' Fees and Expenses							
Allocated	-	-	-	-	-	116,630	117,311
Investment Management and Custodian Fees	-	-	-	-	-	62,306	62,566
	<u>3,210,983</u>	<u>1,161,101</u>	<u>1,099,263</u>	<u>2,189,332</u>	<u>16,393</u>	<u>9,862,292</u>	<u>8,012,320</u>
Excess (deficiency) of Revenues Over Expenses	(32,895)	(6,436)	-	(155,029)	13,607	(460,590)	(837,370)
Net Assets, Beginning of Year	(28,341)	(5,181)	-	2,679,403	-	34,848,274	35,685,644
Net Assets, End of Year	<u>\$ (61,236)</u>	<u>\$ (11,617)</u>	<u>\$ -</u>	<u>\$ 2,524,374</u>	<u>\$ 13,607</u>	<u>\$ 34,387,684</u>	<u>\$ 34,848,274</u>

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

British Columbia Investment Agriculture Foundation
Statement of Cash Flows

December 31, 2016

BC Investment Agriculture Foundation		
Statement of Cash Flows		
For the year ended December 31		
	2016	2015
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses	\$ (460,590)	\$ (837,370)
Items not involving cash:		
Amortization	13,376	15,024
Unrealized gain (loss) on investments	89,895	(845,863)
Realized capital gain	856,302	258,274
	498,983	(1,409,935)
Decrease (increase) in accounts receivable	(423,474)	2,693,701
Decrease (increase) in prepaid expenses	(8,673)	2,889
Increase in accounts payable and accrued liabilities	66,644	1,696
	133,480	1,288,351
Investing activity		
(Increase) in investments	(591,889)	(722,065)
(Purchase) of capital assets	-	(1,248)
	(591,889)	(723,313)
Increase (decrease) in cash during the year	(458,409)	565,038
Cash, beginning of year	578,369	13,331
Cash, end of year	\$ 119,960	\$ 578,369

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2016

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, 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, 2016

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, 2016

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 Nature of Operations and 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, 2016

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

Tree Fruit Marketing and Infrastructure Innovative Initiative (“TFMIII”) 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 - 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.

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2016

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

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 finished in March 2016. The program provided funding to growers who successfully completed a replant project according to the 2015 Tree Fruit Replant Requirements. The program was 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 \$11,697,822. 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, 2018 with a total available funding amount of \$4,300,000. 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, 2016

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 Fund - 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. Additional agreements were signed in 2015 and in 2016 to cover the period of April 1, 2015 to March 31, 2017. The Province has provided \$6,000,000 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.

BC Grow Local Fund- in September 2016 the Foundation entered into an agreement with the BC Ministry of Agriculture to provide services, accept applications, and recommend ten Grow Local projects to the Ministry. The ministry will provide the Foundation a maximum of \$50,000 to provide these services. The Grow Local program grants up to \$25,000 in funding to ten communities to support community-led solutions to help British Columbians access and use information on how to grow food.

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, 2016

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

The Foundation follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue in the Sustaining Fund year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured."

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.

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2016

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

h) Program Expenditure Recognition

The Foundation records amounts advanced under approved projects as an expense upon receipt and approval of prescribed contractual requirements.

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, 2016

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

	2016				
	Terms to Maturity (in Years)				
	Under 1	1 to 5	Over 5	No Fixed Maturity	Total (at Market)
Cash	\$ 44,398	\$ -	\$ -	\$ -	\$ 44,398
Treasury Bills	3,351,593	-	-	-	3,351,593
Government and government guaranteed bonds	-	4,191,965	9,475,870	-	13,667,835
Corporate bonds, debentures, and notes	-	5,256,578	3,835,776	-	9,092,354
Equities	-	-	-	7,225,296	7,225,296
	\$ 3,395,991	\$ 9,448,543	\$13,311,646	\$ 7,225,296	\$33,381,476

	2015				
	Terms to Maturity (in Years)				
	Under 1	1 to 5	Over 5	No Fixed Maturity	Total (at Market)
Cash	\$ 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

As at December 31, 2016, treasury bill yields were .45% (2015 - 0.42% to 0.43%). Government and government-guaranteed bonds bear interest at rates ranging from 1.25% to 11.00% (2015 - 0.60% to 4.26%). Corporate bonds, debentures and notes bear interest from 1.27% to 7.78% (2015 - 1.33% to 4.15%).

British Columbia Investment Agriculture Foundation
Notes to the Financial Statements

December 31, 2016

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:

	2016		2015
Interest and dividends	\$ 1,002,617	\$	1,111,751
Realized gains	856,302		258,274
Unrealized (losses) gains	89,895		(845,863)
	\$ 1,948,814	\$	524,162

3. Capital Assets

	2016			2015	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Computer equipment	\$ 176,491	\$ 150,705	\$ 25,786	\$	38,363
Furniture and equipment	9,988	6,790	3,198		3,997
	\$ 186,479	\$ 157,495	\$ 28,984	\$	42,360

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, 2016

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, 2016 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						
2017	\$ -	\$ 935,226	\$ 225,701	\$ 297,546	\$ 5,075,093	\$ 6,533,566
2018	-	299,883	78,179	106,055	565,581	1,049,698
2019	-	175,140	-	114,051	-	289,191
2020	-	-	-	24,258	-	24,258
	\$ -	\$ 1,410,249	\$ 303,880	\$ 541,910	\$ 5,640,674	\$ 7,896,713
Funds committed by Board Approval						
	-	113,025	116,053	-	993,175	1,222,253
Reserves						
	253,620	231,354	1,336,058	-	2,815,990	4,637,022
Total funds committed						
	\$ 253,620	\$ 1,754,628	\$ 1,755,991	\$ 541,910	\$ 9,449,839	\$ 13,755,988

¹Specified Program Funds:

	Funds Committed by:			Total
	Contract	Board	Reserves	
2010 Fund	\$ -	\$ -	\$ 59,887	\$ 59,887
AI Fund	-	-	297,462	297,462
LWT Fund	68,906	-	1,575,899	1,644,805
MTAP Fund	-	-	15,578	15,578
OPBP Fund	28,275	-	64,096	92,371
AQUA Fund	33,335	-	5,052	38,387
TFMIII Fund	-	-	167,022	167,022
RTF Fund	-	-	285,275	285,275
ORP4 Fund	-	-	270,719	270,719
DMS Fund	15,500	-	75,000	90,500
GF2 2015-2018 Fund	2,636,937	163,795	-	2,800,732
GF2E Fund	573,607	108,402	-	682,009
CCAP Fund	823,023	-	-	823,023
BC Buy Local Fund	1,461,091	720,978	-	2,182,069
Total	\$ 5,640,674	\$ 993,175	\$ 2,815,990	\$ 9,449,839

British Columbia Investment Agriculture Foundation Notes to the Financial Statements

December 31, 2016

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, 2016.

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
Notes to the Financial Statements

December 31, 2016

7. Disclosure

On November 28, 2016 the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, the ten highest paid employees and all contractors who are paid at least \$75,000 annually.

During the year, the Society paid \$86,500 to directors.

During the year, the Society paid \$427,424 in remuneration to four people who are employees or contractors, whose remuneration, during the applicable period, was at least \$75,000.