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MESSAGE FROM THE CEO

Serge Buy

The Agricultural Institute of Canada (AIC) continued to deliver on important projects in 2016.

Last year’s annual conference, focused on the dissemination of research, led to a Best Practices Report that has gathered significant interest from scientists, commodity groups and other stakeholders. Media took interest as well with articles published by a number of commodity groups.

We were also pleased to have AIC featured in the Hill Times last year, a political weekly of influence in Ottawa, where our opinion piece was published right beside a contribution from the Minister of Agriculture and Agri-Food Canada.

Throughout the year, we continued to raise important issues related to agricultural research — and worked with partners and stakeholders to improve our sector’s visibility.

We continue to deliver on our mandate and, as a result, AIC’s work is being noticed and its network is growing. Our communications and advocacy have been effective tools to increase our relevance.

As we work to ensure greater support and awareness, the question often comes up: “why support yet another organization?”

For AIC, the answer is simple: we are the only national association fully dedicated to agricultural research and innovation. Knowing this distinction, people must ask themselves whether there is a role for such an organization.

Our Board of Directors, our members, partners and stakeholders certainly believe there is such a role and that AIC plays an important role. Thanks to all of you, we have been able to deliver tangible results.

Looking ahead, much remains to be done. In order to continue to be the national voice for agricultural research and innovation in Canada, we will need to further our efforts and confirm even more support than ever before.

Thank you, once again, to everyone who has played a part in our success to date.

Serge Buy
Researchers, government officials, industry representatives, and other agricultural research stakeholders came together on April 13-14 in Ottawa to help develop recommendations on research dissemination to reinforce best practices and identify concrete actions for implementation in the agriculture sector.

Over two days, conference participants attended workshops and provided advice based on their experiences and expertise in:

1. Dissemination Strategies and Participation Channels for Agricultural Research
2. Knowledge Transfer and Extension

Several overarching themes and points of consensus emerged during discussion:

Policies are needed that clearly identify structures and conditions that will boost knowledge sharing and the dissemination of agricultural innovations in the sector. Human and financial resources to address infrastructure, staffing, training and retention issues are needed to achieve this.

Dissemination strategies need to unpack the complexity of agricultural innovations when communicating with end-users. Innovations should be explained to farmers, ranchers, and producers in an understandable manner using targeted channels including but not limited to social media, print material, and continuing education platforms.

Communication efforts must also target the consumer and public at large who are increasingly removed from understanding food production. On-farm learning opportunities such as field days and open farms, as well as public broadcasting programs could encourage a better understanding of the impacts of agricultural R&D and engage the public in informed, open, and constructive dialogue.

Agricultural extension and knowledge transfer programs are crucial to the adoption of research outputs on Canadian farms. However, structural changes and the diminishing role of provincial and federal governments have resulted in the need for a new participatory research and extension model that is based on knowledge-sharing and co-learning. This will benefit both the research and farming communities. The delivery of these programs requires increased intervention from other key actors including commodity groups, agrologists and the private sector, as well as built-in funding for knowledge transfer activities.

Interdisciplinary and cross-sectoral partnerships speed up the introduction of new innovations to the market, making new technologies available to consumers and producers and ensuring broader dissemination of information. However, a formal mechanism is needed for the exploitation of IP resulting from agricultural research by stakeholders involved in partnerships.
Participants called for:

- Further financial resources for capacity-building including infrastructure, staffing, training, and retention to address research dissemination, knowledge transfer and IP issues.
- Recognition of the crucial role of producers and consumers in the research value chain.
- The implementation of new participatory research and extension models that engage end-users and stakeholders throughout the research process.
- Enhanced intellectual property management structures for collaborative research to enhance the socio-economic impact of agricultural research and to accelerate knowledge transfer through commercialization opportunities.

The full conference report can be downloaded here (French is here).
The knowledge system underpinning agriculture is a crucial driver of agricultural growth and productivity in Canada. Our full agricultural potential cannot be realized without research that is informed by real problems on the ground – nor without genuine efforts to effectively disseminate research outcomes to end-users and a broader audience.

At AIC 2016, there was especially strong consensus that stakeholders in the agriculture sector would benefit from the sharing of best practices in agricultural research dissemination.

The Agricultural Institute of Canada (AIC) therefore compiled a collection of twenty best practices from across the sector, as a follow-up to our Conference Report, in order to provide concrete examples of knowledge sharing and information dissemination. Our hope is that these examples help give tangible ideas on how, among others, to deliver research results to end-users, engage stakeholders and evaluate programs.

The ultimate goal underlying all of these strategies and approaches is to unpack the complexity of agricultural research, explain new research findings, foster public trust and support commercialization of new technologies and processes.

The best practices outlined in this collection were divided into three sections, each of them comprising a set of sub-themes representing different dimensions of research dissemination, namely:

A. Communicating Agricultural Research
B. Transferring New Knowledge
C. Commercializing Agricultural Innovation

While these examples represent only a small part of the remarkable efforts and work being done in the sector, AIC hopes that this document will be used by agricultural stakeholders from across the sector as a valuable reference tool to assist them in their continued efforts to better disseminate agricultural research.

The full Best Practices Report can be downloaded here.
Chair

Wilf Keller, PhD, PAg
President and CEO, Ag-West Bio Inc.

Wilf Keller was elected to the AIC Board of Directors in 2016.

Originally from Melville, Saskatchewan, Wilf completed a doctoral degree with a specialization in Crop Science in 1972 at the University of Saskatchewan. He then studied as a postdoctoral scientist in the Max-Planck Institut für Biologie, in Tubingen, Germany.

Wilf worked at the Research Branch of Agriculture Canada in Ottawa from 1973-89, where he pursued research on cell genetics of selected Canadian crops and contributed to the establishment of a plant biotechnology research program, which he chaired from 1980-89. In 1990, he accepted a position with the Plant Biotechnology Institute (PBI) of the National Research Council of Canada in Saskatoon and served as Group Leader for canola biotechnology research and Head of the Transgenic Plant Centre until 1999, when he assumed the position of Research Director.

In July 2007, Wilf assumed the role of Acting Director General, PBI for a period of one year. From June 2008 to May 2012, Wilf served as president and CEO for Genome Prairie.

Wilf has been actively involved in the development and application of biotechnologies for the genetic modification of crops, particularly canola. He has collaborated with numerous government, university and industry groups and has provided training for researchers in plant biotechnology. He has led major research initiatives on the application of genomics in canola improvement, the development of industrial bioproducts from vegetable oils, and production of bioactive natural products in plants for enhanced human health and quality of life. He has given many presentations and lectures on biotechnology including public awareness and public education aspects of this emerging field.

In June, 2010, Wilf was honoured with a Lifetime Achievement Award by the Society for In Vitro Biology.

Vice Chair

Richard Heck, PhD, PAg
Associate Professor, School of Environmental Sciences, University of Guelph

Richard Heck was elected to the AIC Board of Directors in 2011, and re-elected in 2014. He was nominated by the Canadian Society of Soil Science.

He obtained his undergraduate degree in agriculture, specializing in agronomy, at the University of Saskatchewan. Both of his graduate degrees, also from the University of Saskatchewan, were in the area of soils, first focusing on soil salinity at the masters level, then on cementation processes in tropical soils at the doctoral level. As a post-doctoral fellow, within a CIDA-sponsored project, he led research initiatives within a major irrigation region of Brazil.

Dr. Heck is an associate professor (Soils and Landscape Processes) in the School of Environmental Sciences at the University of Guelph, where he has been since 2000.

Currently, he is recognized internationally for his work to adapt CAT scan technology to the characterized soil architecture, and the development of structure-related soil quality indicators. In this regard, he has collaborated widely with researchers from the Americas, Europe, Africa and Asia.

Recently, he was elected Vice-Chair of the Soil Morphology and Micromorphology Commission of the International Union of Soil Science.
Al Scholz was elected to the AIC Board of Directors in 2011 and re-elected to a second term in 2014. He has been active in Canada’s agriculture, food and environmental industry for over 30 years as a management consultant, business owner, community leader, author and a speaker at conferences and seminars. His expertise includes best management practice of top farmers, succession planning, value-add strategies, business planning, community-based rural development, entrepreneurship, association management and agricultural policy. He has also worked internationally in agricultural development and food security for over ten years.

Al Scholz is a graduate of the College of Agriculture (BSA), College of Education (BEd) and the Graduate School of Environment and Sustainability (M. SEM) from the University of Saskatchewan. Currently, he sits on Provincial Council of the Institute of Certified Management Consultants of Saskatchewan, the Luther Care Communities Board of Directors, the Board of Farm Management Canada and a Board member of Agronomes/Agrology Canada.

Ryan Barrett was elected to the AIC Board of Directors in 2016. Ryan works with the PEI Potato Board as the Research and Communications Coordinator. In this capacity, he works with other industry stakeholders to coordinate research projects and is responsible for communications for the PEI Potato Board.

Previously, Ryan worked with the Canadian Milking Shorthorn Society where he was responsible for marketing and communication projects and projects relating to genetic improvement for the breed. He also brings experience from Jersey Canada, having served as the publications editor for their magazine and website.

He holds an MSc in Dairy Genetics from the University of Guelph and a BSc in Animal Science from the Nova Scotia Agricultural College.

Jim Brandle joined the AIC Board of Directors in 2016. Jim is the CEO of Vineland Research and Innovation Centre, a position he assumed in 2007 with the organization’s start-up. In this capacity, he leads a team of research scientists and support staff in consumer and sensory research, horticultural and greenhouse production systems and applied genomics. Prior to this work, he was the site leader for Agriculture and Agri-Food Canada’s Canadian Crop Genomics Initiative. In addition to his work with AIC, Jim also serves on the Boards of the Invasive Species Centre, the Golden Horseshoe Food and Farming Alliance and Innoventures Canada (I-CAN). In 2015, he was appointed to the Ontario Ministry of Agriculture, Food and Rural Affairs' Agri-Food Growth Steering Committee.

He holds a PhD in Plant Breeding from the University of Manitoba, and an M.Sc. and B.S.A. in Crop Science from the University of Saskatchewan. He is also a graduate of the Ivey Executive Program at Western University.
Andrea Brocklebank was elected to the AIC Board of Directors in 2016.

Andrea is the Executive Director of the Beef Cattle Research Council, a division of the Canadian Cattlemen’s Association (CCA). She has worked in various roles within the CCA over the last twelve years. Andrea works collaboratively with the industry to oversee the delivery of a research program through the BCRC and Beef Science Cluster that funds research projects in areas of importance to the Canadian beef industry. She has also played a key role in the development and implementation of the National Beef Research Strategy through her role as Chair of the national Beef Value Chain Roundtable (BVCRT) Research Committee.

Andrea completed a B.A. in Agricultural Studies at the University of Lethbridge and M.Sc. in Agricultural Economics at the University of Saskatchewan. Prior to working with the CCA, she worked within the Canadian cattle feeding sector and in agriculture finance. Andrea is an avid traveler and lives on her family's operation.

Joshua Dillman was elected to the AIC Board of Directors in 2014.

Josh works with the PEI Department of Agriculture and Forestry as a Soil and Water Conservation Engineer. In this capacity he provides professional advice and engineering design services to PEI producers for the implementation of Best Management Practices (BMPs) that protect soil and water resources and ensures efficient and effective use of available water for on-farm watering needs.

In this role Josh also acts as a technical advisor to the Canada/PEI Agricultural Stewardship Program for BMPs relating to soil and water management, and energy efficiency. He also provides professional expertise on policy development pertaining to soil management, water resources, and agri-environmental issues on Prince Edward Island. Josh grew up on a dairy farm and has previously worked as a Research Technician at the Dalhousie University Agriculture Campus. He holds a Bachelor of Engineering from Dalhousie University and a Diploma of Engineering from the Nova Scotia Agricultural College.

Dr. Lianne Dwyer was elected President in February 2014, and was re-elected to the position in June 2014. She is also the AIC Board representative to the Scientific Journals Committee. She is retired from the Research Branch of Agriculture and Agri-Food Canada (AAFC). She remains active in agricultural research through international consultation, most recently with the University of Yangzhou, China.

Dr. Dwyer has over 30 years experience in agriculture research, her research is reported in more than 100 refereed scientific publications, 6 book chapters, and more than 175 technical publications and presentations. She has been a volunteer agriculture consultant in Brazil and in Henan and Inner Mongolia provinces of China. She has received several awards, including Fellow of CSA (1999), Fellow of CSSA (2004), and Gold Harvest Award for cultivating innovating advantage team in AAFC (2009).
Director
Rajasekaran Lada, PhD
Professor and Department Chair of Environmental Sciences, Founding Director, Christmas Tree Research Centre, Dalhousie Agricultural Campus, Dalhousie University

Rajasekaran Lada was elected to the AIC Board of Directors in 2016.

Rajasekaran is a Professor and Chair of the Department of Environmental Sciences and Founding Director of the Christmas Tree Research Centre at Dalhousie University. His research is focused on seed, plant, tree, stress and ecophysiology of various horticultural ecosystems, and has helped provide new knowledge and innovative solutions and technologies to edible horticultural industry, Christmas tree industry, maple industry and controlled environment production systems, regionally, nationally and globally through multidisciplinary collaborative research teams.

Rajasekaran’s academic achievements include: MSc, Agriculture (Horticulture) from the Tamil Nadu Agricultural University, Coimbatore, India; PhD from the University of Adelaide, South Australia; and PDF at the University of Toronto. In addition to his research, Rajasekaran has served as the Scientific Advisor, Agricultural Green Technologies for the Republic of South Korea and an Advisor to the Deputy Prime Minister for the Royal Government of Cambodia.

Director
Robert Moody, PAg Councillor
British Columbia Institute of Agrologists

Robert Moody joined the AIC Board of Directors in 2016.

Bob is the Executive Director and Registrar of the BC Institute of Agrologists. He holds an MSc in Plant Science and a BSc in Biology from the University of British Columbia. He has over 30 years’ experience working with non-profit associations and at senior executive Director of the BC Conservation Foundation and the Grasslands Conservation Council of BC. In addition to AIC, Bob is a member of the Board of Directors of the BC Land Summit Society and the Canadian Executive Service Organization.

Director
Michael Trevan, PhD, CBiol, FIBiol, PAg
Professor and Department Head of Food Science, University of Manitoba

Michael Trevan was elected to the AIC Board of Directors in June 2014. He served as the Dean of the Faculty of Agricultural and Food Sciences and Professor in the Department of Food Science, University of Manitoba from July 2004 to June 2014. He now holds the position of Professor and Department Head in the Department of Food Science.

Michael was appointed Chair of the Board of Directors at Safe Food Canada (SFC) – where he is working to establish SFC as a non-profit organization to coordinate and certify food safety education and training in Canada for governments, regulators and industry. Michael has 42 years of experience working as an academic, teaching and researching in universities in biochemistry related to health, nutrition, food biotechnology and plant disease and 23 years of senior university management and leadership. He has published well over 90 books and chapters, peer reviewed publications, invited conference and seminar presentations, and 1 patent on enzyme and plant biotechnology and human nutrition.

He holds a PhD in Science from the University of London (1973) and is a Fellow of the Institute of Biology, Fellow of the Royal Society of Medicine, Member of the Manitoba Institute of Agrologists, the Agriculture Institute of Canada, the honorary treasurer of the Association of Canadian Faculties of Agriculture and Veterinary Medicine and the chair of the Western College of Veterinary Medicine.
Serge Buy
CEO

Christine Helm
Event Manager

Alyson Queen
Director, Communications

Gabriele Leguerrier
Manager of Finance

Ellen McWeeny
Membership and Subscriptions Coordinator

Gloria Sánchez
Policy Development Coordinator

Bridget Schrempf
Stakeholder Relations Coordinator
AUDITED FINANCIAL STATEMENTS
AGRICULTURAL INSTITUTE OF CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Members of the:

AGRICULTURAL INSTITUTE OF CANADA

Report on the Financial Statements

We have audited the accompanying financial statements of the AGRICULTURAL INSTITUTE OF CANADA, which comprise the Statement Of Financial Position as at December 31, 2016, and the Statements Of Changes In Net Assets, Operations, 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 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 Institute'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 Institute'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 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 AGRICULTURAL INSTITUTE OF CANADA as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Parker Prins Lebano Chartered Professional Accountants Professional Corporation
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Ontario
March 30, 2017
# AGRICULTURAL INSTITUTE OF CANADA
## STATEMENT OF FINANCIAL POSITION
### AS AT DECEMBER 31, 2016

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash - general</td>
<td>$732,113</td>
<td>$1,158,259</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>12,566</td>
<td>72,551</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>24,144</td>
<td>28,750</td>
</tr>
<tr>
<td></td>
<td>768,823</td>
<td>1,259,560</td>
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<tr>
<td>CAPITAL ASSETS (note 4)</td>
<td>10,135</td>
<td>9,687</td>
</tr>
<tr>
<td></td>
<td>$778,958</td>
<td>$1,269,247</td>
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</tbody>
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<table>
<thead>
<tr>
<th>LIABILITIES</th>
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</tr>
</thead>
<tbody>
<tr>
<td>CURRENT</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities (note 7)</td>
<td>$22,495</td>
</tr>
<tr>
<td>Accrued salary liability (note 3)</td>
<td>-</td>
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<tr>
<td>Deferred contributions (note 6)</td>
<td>14,532</td>
</tr>
<tr>
<td></td>
<td>37,027</td>
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</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th></th>
</tr>
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<tbody>
<tr>
<td>INVESTED IN CAPITAL ASSETS</td>
<td>10,135</td>
</tr>
<tr>
<td>UNRESTRICTED NET ASSETS</td>
<td>731,796</td>
</tr>
<tr>
<td></td>
<td>741,931</td>
</tr>
<tr>
<td></td>
<td>$778,958</td>
</tr>
</tbody>
</table>

Approved by the Board:

_____________________________  ______________________________
Director                       Director
AGRICULTURAL INSTITUTE OF CANADA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INVESTED IN CAPITAL ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>$9,687</td>
<td>$12,393</td>
</tr>
<tr>
<td>Amortization</td>
<td>(2,213)</td>
<td>(2,706)</td>
</tr>
<tr>
<td>Investment in capital assets</td>
<td>2,661</td>
<td>-</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$10,135</td>
<td>$9,687</td>
</tr>
</tbody>
</table>

| **UNRESTRICTED NET ASSETS**  |        |        |
| Balance, beginning of year   | $1,089,820| $268,757|
| (Deficiency) excess of revenue over expenditures | (357,576) | 818,357 |
| Amortization                 | 2,213  | 2,706  |
| Investment in capital assets | (2,661) | -      |
| Balance, end of year         | $731,796| $1,089,820|

The accompanying notes are an integral part of the financial statements.
AGRICULTURAL INSTITUTE OF CANADA
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accreditation fees</td>
<td>$5,900</td>
<td>$-</td>
</tr>
<tr>
<td>Contract service fees</td>
<td>54,069</td>
<td>56,948</td>
</tr>
<tr>
<td>Foreign exchange (loss) gain</td>
<td>(311)</td>
<td>2,769</td>
</tr>
<tr>
<td>Insurance recovery</td>
<td>3,915</td>
<td></td>
</tr>
<tr>
<td>Investment revenue</td>
<td>12</td>
<td>7,473</td>
</tr>
<tr>
<td>Journal publication charges</td>
<td>-</td>
<td>148,880</td>
</tr>
<tr>
<td>Journal subscriptions</td>
<td>-</td>
<td>320,366</td>
</tr>
<tr>
<td>Membership fees</td>
<td>11,602</td>
<td>13,022</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>43,359</td>
<td>18,666</td>
</tr>
<tr>
<td>Other journal revenue</td>
<td>2,550</td>
<td>5,042</td>
</tr>
<tr>
<td>Project revenue</td>
<td>8,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL REVENUE</strong></td>
<td>129,096</td>
<td>573,166</td>
</tr>
</tbody>
</table>

| **EXPENDITURES**     |        |        |
| Amortization         | 2,213  | 2,706  |
| Bank charges and interest | 2,855 | 5,261 |
| Computer services    | 1,962  | 6,914  |
| Honours and awards   | 161    | -      |
| Insurance            | 8,712  | 5,375  |
| Journals postage     | 784    | 36,704 |
| Journals publication | 3,259  | 80,094 |
| Journal sponsorships | 18,000 | -      |
| Office supplies and maintenance | 9,056 | 11,152 |
| Professional fees    | 123,908| 142,981|
| Rent                 | 28,821 | 31,635 |
| Salaries and benefits| 204,987| 404,306|
| Telecommunications   | 4,770  | 4,223  |
| Travel and meetings  | 77,184 | 54,569 |
| **TOTAL EXPENDITURES**| 486,672| 785,920|

**DEFICIENCY OF REVENUE OVER EXPENDITURES BEFORE GAIN ON SALE OF JOURNALS**

(357,576)  (212,754)

**GAIN ON SALE OF JOURNALS (note 10)**

- 1,031,111

**NET ASSETS, BEGINNING OF YEAR**

1,099,507  281,150

**NET ASSETS, END OF YEAR**

$741,931  $1,099,507

The accompanying notes are an integral part of the financial statements.
# AGRICULTURAL INSTITUTE OF CANADA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Deficiency) Excess of revenue over expenditures</td>
<td>$(357,576)</td>
<td>$818,357</td>
</tr>
<tr>
<td>Items not affecting cash:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>2,213</td>
<td>2,706</td>
</tr>
<tr>
<td></td>
<td><strong>(355,363)</strong></td>
<td><strong>821,063</strong></td>
</tr>
</tbody>
</table>

Net changes in non-cash items related to operations:

- Accounts receivable: 59,985
- Inventory: -4,162
- Prepaid expenses: 4,606
- Accounts payable and accrued charges: (33,861)
- Accrued salary liability: (98,419)
- Deferred contributions: (433)

Net changes in non-cash items related to operations: **(423,485)**

<table>
<thead>
<tr>
<th><strong>CASH FLOWS (USED FOR) FROM INVESTING ACTIVITIES</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from short term investments, net</td>
<td>-</td>
<td>229,273</td>
</tr>
<tr>
<td>Acquisition of capital assets</td>
<td>(2,661)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>(2,661)</strong></td>
<td><strong>229,273</strong></td>
</tr>
</tbody>
</table>

**DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS**

|                                                     | (426,146) | 965,306 |

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**

|                                                     | 1,158,259 | 192,953 |

**CASH AND CASH EQUIVALENTS, END OF YEAR**

|                                                     | $732,113  | $1,158,259 |

The accompanying notes are an integral part of the financial statements.
1. STATUS AND NATURE OF ACTIVITIES

Agricultural Institute of Canada (the "Institute") is a federally incorporated professional organization as defined in the Income Tax Act and is exempt from tax. Its purpose is to broaden society's knowledge and use of science and agriculture.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

REVENUE RECOGNITION
The Institute follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees and subscription revenue are recorded as revenue over the period to which they relate.

Annual conference fees are recorded at the time of the event.

Service fees are recognized over the term of the Agreement for services performed.

Interest income and other revenues are recognized as earned.

CASH AND CASH EQUIVALENTS
The Institute's policy is to present bank balances and term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

INVENTORY
Inventory is measured at the lower of cost and net realizable value, with cost being determined using the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

CAPITAL ASSETS
Capital assets consisting of computer hardware and software, furniture and fixtures and office equipment are stated at cost. Amortization has been provided on the declining balance basis as follows with half the amortization taken in the year of acquisition:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Amortization Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer hardware</td>
<td>30% per annum</td>
</tr>
<tr>
<td>Computer software</td>
<td>30% per annum</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>10% per annum</td>
</tr>
<tr>
<td>Office equipment</td>
<td>20% per annum</td>
</tr>
</tbody>
</table>
2. SIGNIFICANT ACCOUNTING POLICIES (continued)

USE OF ESTIMATES
The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

FINANCIAL INSTRUMENTS
Measurement of financial instruments
The Institute initially measures its financial assets and liabilities at fair value.

The Institute subsequently measures all of its financial assets and financial liabilities at amortized cost, except for bonds, guaranteed investment certificates, and investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, restricted cash, short term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and salaries payable.

Impairment
Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of improvement, directly or by adjusting the allowance account, provided that it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs
The Institute recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

CONTRIBUTED SERVICES
The Institute receives volunteer services, the value of which is not readily determinable. Therefore, no representation of these expenditures had been recognized in these financial statements.

3. ACCRUED SALARY LIABILITY

In the prior year, this balance represented severance payable to two employees whose positions were terminated as a result of the sale of the journals. This amount was paid January 8, 2016.
4. CAPITAL ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>Net Book Value</th>
<th>2015</th>
<th>Net Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated Amortization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computer hardware</td>
<td>$5,301</td>
<td>$2,601</td>
<td>$2,700</td>
<td>$3,858</td>
</tr>
<tr>
<td>Computer software</td>
<td>2,914</td>
<td>2,574</td>
<td>340</td>
<td>485</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>6,189</td>
<td>1,655</td>
<td>4,534</td>
<td>3,538</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3,145</td>
<td>584</td>
<td>2,561</td>
<td>1,806</td>
</tr>
<tr>
<td></td>
<td>$17,549</td>
<td>$7,414</td>
<td>$10,135</td>
<td>$9,687</td>
</tr>
</tbody>
</table>

5. COMMITMENTS

The Institute has entered into various lease agreements for premises, equipment, licences, and management and marketing services. These agreements require the following annual payments:

2017 - $151,713
2018 - $152,263
2019 - $24,600
2020 - $18,000

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent membership and journal subscription fees received for the following year.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$14,965</td>
<td>$135,786</td>
</tr>
<tr>
<td>Less amounts recognized as revenue in the year</td>
<td>(14,965)</td>
<td>(135,786)</td>
</tr>
<tr>
<td>Plus amounts received for the following year</td>
<td>14,532</td>
<td>14,965</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$14,532</td>
<td>$14,965</td>
</tr>
</tbody>
</table>

7. GOVERNMENT PAYABLES

There are no government related amounts payable included in accounts payable and accrued liabilities.

8. EMPLOYEE FUTURE BENEFITS

The Institute maintains a defined contribution benefit plan for the majority of its employees. The Institute matches the defined contribution benefit plan contributions made by the employees of the Institute. Contributions are expensed as incurred in accordance with the CPA Canada Handbook - Accounting (Handbook) Section 3461, Employee Future Benefits. Salaries expense includes $8,395 (2015: $13,269) paid in respect of this defined contribution plan.
9. FINANCIAL INSTRUMENTS

Risk and concentrations

The Institute is exposed to various risks through its financial instruments. The following analysis provides a measure of the risk exposures and concentrations at the balance sheet date, December 31, 2016.

Credit Risk

The Institute's main credit risks relate to its accounts receivable. The Institute provides credit to its clients in the normal course of its operations and has adopted credit policies which include the analysis of the financial position of its customers.

Liquidity Risk

The Institute is exposed to the risk mainly in respect of its accounts payable and accrued liabilities and salary liability.

Fair Value Risk

The fair values of accounts receivable, accounts payable and accrued liabilities and accrued salary liability are approximated by their carrying values due to the short term maturities of these items. The fair value of investments is derived from the quoted market prices as at December 31, 2015 determined from the Institute's investment portfolio statements.

Investment Risk

The maximum investment risk to the Institute is represented by the fair value of the investments. Investments in financial instruments also include the risks arising from the failure of a party to a financial instrument to discharge an obligation when it is due. Concentration of risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic and political conditions. Management believes that the concentrations described above do not represent excessive risk.

10. GAIN ON SALE OF JOURNALS

In the prior year, the Institute sold its rights (including copyright), titles and interest in its publications entitled the Canadian Journal of Animal Science (quarterly), Canadian Journal of Plant Science (bimonthly), Canadian Journal of Soil Science (quarterly) and formerly titled Scientific Agriculture (1921-1953) and Canadian Journal of Agricultural Science (1954-1956). These publications were sold for total consideration of $1,050,000, comprised of initial cash payments of $1,000,000. The remaining balance due was held back at the closing date to be applied to the costs incurred by the purchaser in completing the final 2015 publication. A final payment amount of $35,192 was received by the Institute during the 2016 fiscal year end.

11. COMPARATIVE FIGURES

Certain of the 2015 comparative figures have been reclassified in order to conform with the current year financial statement presentation.