

ANNUAL REPORT
2018



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MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

Dr. Wilf Keller

As we started 2019, our membership voted in favour of the proposals presented to change AIC's name and bylaws. This was the last phase of an effort that spanned five years to restructure the organization.

This last change enabled the now Agri-food Innovation Council (AIC) to provide stakeholders with a new image to promote its mandate. It is important to note that our mandate is very much aligned with the objectives of the founders of AIC, almost one hundred years ago.

AIC continues to be a strong advocate for agri-food research and innovation. Our voice keeps getting stronger as more organizations join and others participate in our events.

As we finalize the transition, our Board has provided the oversight required to confirm that AIC is heading in a sustainable direction. Now that we are in a stronger position, we hope to be able to add expertise and representation on the Board to enable and

support AIC's continued growth.

I wish to thank my colleagues on the Board for their hard work at a time when AIC went through a thorough review. Decisions were not made easily and required thoughtful discussions. We moved forward in a collaborative and positive way to support AIC's transition.

AIC is a strong voice for agri-food research and innovation. Its voice needs to be heard as it provides a unifying forum targeting policies that will benefit the sector. This voice does not exist and there is a need for it. As we are getting closer to celebrating the beginning of our second century of existence, we hope that more will join us to broaden the tent!

Dr. Wilf Keller
Chair of the Board of Directors



MESSAGE FROM THE CEO

Serge Buy

In 2019 we finalized AIC's operational transition. This has resulted in significant savings that will enable AIC to function in a financially responsible manner. With strong Board oversight, the operations have been streamlined while still maintaining effectiveness.

AIC has been active with several parliamentary activities, mentions in media and with the organization of the Agri-Food Innovation Summit in Ottawa.

We presented on the topic of public trust to the House of Commons Standing Committee on Agriculture and Agri-Food and held meetings on Parliament Hill.

We were quoted in some agri-food related media and general current affairs publications (such as the Hill Times and iPolitics). We also continue to maintain a strong social media presence.

We organized a successful Agri-Food Innovation Summit in Ottawa that had the Innovation, Science and Economic Development-funded super-clusters and the Agriculture and Agri-Food Canada-funded clusters present on their research and innovation plans and ways to collaborate with them. The result was very positive, as we received strong support from the attendees to run a follow-up event next year.

Corporate membership has tripled since the beginning of the year, and while we're still at a modest level, the steady growth and interest shows that we're filling an important void.

All this could not be achieved without the direction and support given by the Board, especially its Chair, Dr. Wilf Keller, who has been AIC's strongest supporter and cheerleader.

Serge Buy
Chief Executive Officer



MESSAGE FROM THE TREASURER

Dr. Michael Trevan

The 2018 review of AIC's finances is included in this annual report. It clearly shows the need for the profound restructuring of the organization which has been completed early in 2019.

As a result of significant operational changes made in late 2018 and early 2019, we expect that the 2018 structural deficit has been eliminated and that 2019 will provide a small but encouraging surplus.

Dr. Michael Trevan
Treasurer

AIC POSITION STATEMENTS

Effective Funding

With limited federal funds to support agri-food research and innovation, the efforts must be strategically invested where the greatest impact will be felt.

Background

In a 2016 report released by the Advisory Council on Economic Growth, now known as the “Barton Report”, the agri-food sector was identified as having key-growth potential for the Canadian economy.

As global markets rapidly expand, demand for high-value food is on the rise. Canada is already positioned among the world’s leading agricultural producers and exporters – ranking as the 5th largest agricultural exporter in the world and a leading exporter of beef, canola, pork, wheat, and lentils.

Investments in the agri-food sector support innovation and ensure Canada remains competitive in the global market.

AIC’s Position

AIC recognizes that the federal government’s capacity to support research and innovation in the agri-food sector can be limited due to competing interests (i.e. health care, old age security, etc.). This makes it even more important to ensure that are funds earmarked for agri-food research and innovation.

As such, it is AIC’s position that existing federal funding efforts should be invested strategically to meet Canada’s economic growth objectives and support initiatives that provide the greatest return on investment. Return on investments can be measured through diverse societal impact factors including industry growth, financial, business development, employment and more.



AIC POSITION STATEMENTS

Collaboration and Partnerships

Cross-sectorial collaboration, within the agri-food system, needs to be encouraged and fostered. It will improve knowledge transfer and help build consensus on key issues.

Background

The agri-food system consists of a wide-range of industries and stakeholders within and across the private and public sectors. It also does not function in isolation: its activities are closely related to other sectors from robotics and AI to forestry and natural resources. It involves and impacts different segments of the Canadian population including underrepresented but essential groups such as indigenous people, women and newcomers.

Identifying barriers to further develop policies to help overcome these obstacles is key to meeting Canada's growth objectives.

Conventional strategies and current structures of economic development leave much to be desired. Sector-specific approaches inhibit growth by creating silos of knowledge and information that lead to gaps in understanding.

These barriers to knowledge transfer also contribute to delays between agricultural innovation on the research level, and its adoption and use by farmers and producers.

To support the growth of the sector and ensure a more efficient flow of information, more collaboration is needed within the agri-food system, including within the government and across related sectors and segments of the population.

AIC's Position

AIC recommends that the federal government support a forum that brings together the key players of the agri-food sector and related groups, to discuss issues related to research and innovation.

The forum should be able to discuss and make recommendations on:

- Funding;
- Priorities;
- Challenges;
- Opportunities;
- Outcomes; and
- Collaboration.



AIC POSITION STATEMENTS

Public Trust

Public trust in our agri-food system is key for all Canadians. The federal government needs to take a leadership role to re-establish, maintain and strengthen public trust in the sector.

Background

Since the industrial revolution, scientific advances and technological innovations have fundamentally altered our relationship with agriculture and food. Most consumers are distanced from the processes by which their food is taken from farm to table, creating a climate of uncertainty and making space for the spread of misinformation – particularly in the age of the internet.

Now, more than ever, public trust is essential for ensuring the continued success and growth of the agri-food sector.

In recent years, the federal government has worked to address this issue through some policies (especially in traceability) and targeted investments (such as grants provided to the Canadian Federation of Agriculture and the Canadian Centre for Food Integrity).

In the first part of 2019, the House of Commons Standing Committee on Agriculture and Agri-Food started a study on the public perception of the Canadian agri-food sector.

AIC's Position

AIC recognizes the positive impact made by these initiatives and sees opportunities for further involvement by the federal government in improving public perception.

AIC's position is that the federal government should take on a stronger leadership role. The intent is not for the federal government to become an advocate for the agri-food sector but rather to provide unbiased and factual information on the agri-food sector.

As such, AIC recently called on the federal government to:

- Expand the mandate of the Chief Science Advisor to help break down misconceptions, provide factual information on scientific advances in a way that Canadians can understand, and help disseminate this information on the agri-food sector. The added role should be accompanied by adequate funding;
- The federal government should play a role in promoting cohesive dialogue and information sharing within and between the agri-food sectors. Knowledge transfer on scientific advances and best practices would help create a stronger agri-food sector; and
- The federal government should help to incentivize initiatives that connect Canadians and the agri-food sector thereby enabling Canadians to further their knowledge of the agri-food system.



AIC POSITION STATEMENTS

Favourable Climate for Investment

Agri-food research and innovation require investment and support from a variety of sources. The federal government has a responsibility to encourage this through creating an attractive climate for investment.

Background

Agri-food innovation is a key driver of economic growth, creating opportunities for Canada to meet various goals and targets, including climate change mitigation, nutritional security, and sustainability. Canadian agri-food research has enabled key innovations in canola, pulses, potatoes, wild blueberries and chilled pork – to name a few.

The federal government's \$950 million supercluster initiative recognized the role agri-food innovation plays in stimulating the economy. The Protein Industries Supercluster uses plant genomics and processing technology to increase the value of key Canadian crops, as well as satisfying growing markets for plant-based meat alternatives and new food products. Over the next 10 years, the Protein Industries Supercluster is expected to have an economic impact of over \$4.5 billion and create more than 4,500 jobs.

Funding, however, is only one part of the equation. Too often Canadian innovation has been scooped up by players in other countries and has therefore failed to deliver the expected results in Canada. This is, in part, due to a lack of venture capital funding in the agri-food sector and a climate that makes it difficult for Canadian firms to compete internationally.

AIC's Position

AIC believes that the federal government has a role to play in creating a favourable climate for private investment in agri-food innovation. Intelligent tax measures, support for venture capital funding and more will help create attractive conditions for future investment.



AIC POSITION STATEMENTS

Equality, Equity and Inclusiveness

Ensuring equal opportunities to achieve success, regardless of race, gender, disability, religion and sexual orientation is key to Canada's agri-food sector's growth.

Background

Diversity will strengthen Canada's agri-food sector.

Discrimination on any basis must be rejected and condemned. AIC is encouraged by society's changes in that regard. But more needs to be done – it is the right thing to do and it will also improve our nation's capability to grow the sector and compete internationally.

As Canada is seeing demographic changes that impact its ability to maintain a sufficient workforce, the agri-food sector must adapt to attract a qualified and diverse labour pool.

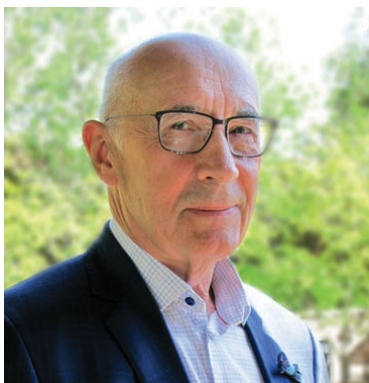
From farm workers to scientists, Canada is facing shortages that impact its ability to compete and innovate.

AIC's Position

AIC is recommending that equality be fostered in the sector through continuing discussions and research. Diversity in farms, labs, academia and boardrooms must be promoted and encouraged.



Board of Directors



Chair

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

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 Tübingen, 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. In 2015, he received the province's highest honour, the Saskatchewan Order of Merit. In 2017, Wilf was inducted into the Saskatchewan Agricultural Hall of Fame, and on July 4, 2018, Wilf was inducted into the Canadian Agricultural Hall of Fame.

Board of Directors



Vice Chair

Reno Pontarollo, PhD

President and CEO, Genome Prairie

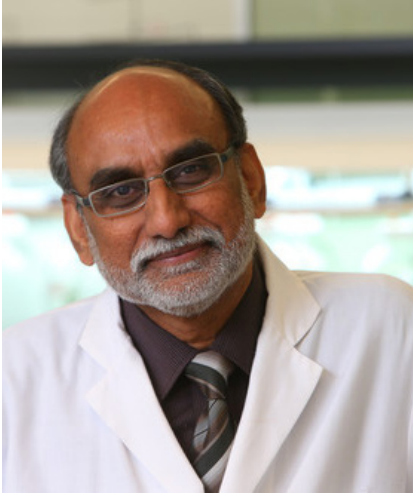
Reno Pontarollo assumed the role of President and CEO of Genome Prairie on April 1, 2013 after serving as the organization's Chief Scientific Officer for seven years. In his current role he is responsible for the overall corporate strategy and vision of the organization.

He has a successful track record in government relations, international partnerships, and developing large-scale applied research and development and commercialization projects.

As the CSO of Genome Prairie, Dr. Pontarollo was responsible for oversight of all Genome Prairie-led and supported projects. This included the University of Saskatchewan's "Canadian Triticum Advancement through Genomics" project which is Canada's representative in the International Wheat Genome Sequencing Consortium and the "Prairie Gold" project which is focused on developing dedicated oilseed crops for industrial applications like biofuels and bio-lubricants.

Dr. Pontarollo's background in agriculture, genomics, and immunology along with his executive experience has helped to establish Genome Prairie in the Saskatchewan and Manitoba research communities.

Board of Directors



Director

Rajasekaran Lada, PhD
Professor and Department Chair of Environmental Sciences, Founding
Director, Christmas Tree Research Centre, Dalhousie Agricultural Campus,
Dalhousie University

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. His research 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
- 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.

Board of Directors



Treasurer

Michael Trevan, PhD, CBiol, FIBiol, PAg
Dean Emeritus, Faculty of Agricultural and Food Sciences
University of Manitoba

Dr. Trevan has devoted more than 35 years to teaching and researching health, nutrition, food biotechnology and plant disease. He has authored more than 90 books, chapters and peer-reviewed publications. He has presented at countless conferences and seminars, and holds one patent.

Michael Trevan led the Faculty of Agricultural and Food Sciences from 2004 to 2014. He collaborated with foreign universities in joint undergraduate baccalaureate training programs and successfully developed education markets overseas, in particular India, China and the Middle East. During his leadership, enrollment in the Faculty's degree and diploma programs increased from 250 to more than 600.

To enhance public relations and promote the Faculty to the public, Dr. Trevan led the Bruce D. Campbell Farm and Food Discovery Centre Development Committee, from the Centre's initial concept to its completion. The outreach facility, which is located at Glenlea, aims to share research with the public, and provides a fun way for young people to learn about Manitoban and Canadian agriculture.

Dr. Trevan was chair of the Manitoba Agricultural Producers Review Commission until it disbanded in 2013, and until 2014 was an appointed director of the Canadian 4-H Council. He is a director of the Red River Exhibition, a member of the Milk Price Review Board. He played a significant role in the creation of Safe Food Canada, a not-for-profit entity whose mandate is to certify and coordinate training and education in food safety, and served as chair of its Board of Directors until May 2016.



AIC Staff

Serge Buy
CEO

Christine Helm
Event Manager

Shannon Hallett
Manager of Finance

Kayla Bimm
Membership Coordinator

Chris Frantz
Governance

Kristin Baldwin
Director, Stakeholder Relations



AUDITED FINANCIAL STATEMENTS

AGRI-FOOD INNOVATION COUNCIL
FINANCIAL STATEMENTS
DECEMBER 31, 2018

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PARKER PRINS LEBANO
Chartered Professional Accountants
Professional Corporation

INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Members of the:

AGRI-FOOD INNOVATION COUNCIL

We have reviewed the accompanying financial statements of the **AGRI-FOOD INNOVATION COUNCIL** that comprise the Statement Of Financial Position as at December 31, 2018, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the organization, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of the **AGRI-FOOD INNOVATION COUNCIL** as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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

Ottawa, Ontario
August 28, 2019

AGRI-FOOD INNOVATION COUNCIL

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

(prepared without audit)

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash - general | \$ 141,141 | \$ 417,050 |
| Accounts receivable | 18,549 | 18,460 |
| Prepaid expenses | <u>4,734</u> | <u>32,757</u> |
| | 164,424 | 468,267 |
| CAPITAL ASSETS (note 3) | <u>-</u> | <u>9,177</u> |
| | <u>\$ 164,424</u> | <u>\$ 477,444</u> |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities (note 6) | \$ 12,964 | \$ 20,862 |
| Deferred contributions (note 5) | <u>2,825</u> | <u>2,700</u> |
| | <u>15,789</u> | <u>23,562</u> |
| NET ASSETS | | |
| INVESTED IN CAPITAL ASSETS | - | 9,177 |
| UNRESTRICTED NET ASSETS | <u>148,635</u> | <u>444,705</u> |
| | <u>148,635</u> | <u>453,882</u> |
| | <u>\$ 164,424</u> | <u>\$ 477,444</u> |

Approved by the Board:

_____ Director _____ Director

AGRI-FOOD INNOVATION COUNCIL

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2018 (prepared without audit)

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| INVESTED IN CAPITAL ASSETS | | |
| Balance, beginning of year | \$ 9,177 | \$ 10,135 |
| Amortization | (1,732) | (2,040) |
| Investment in capital assets | - | 1,082 |
| Loss on disposal of capital assets | <u>(7,445)</u> | <u>-</u> |
| Balance, end of year | <u>\$ -</u> | <u>\$ 9,177</u> |
| UNRESTRICTED NET ASSETS | | |
| Balance, beginning of year | \$ 444,705 | \$ 731,796 |
| Deficiency of revenue over expenditures | (305,247) | (288,049) |
| Amortization | 1,732 | 2,040 |
| (Disposal of) investment in capital assets | <u>7,445</u> | <u>(1,082)</u> |
| Balance, end of year | <u>\$ 148,635</u> | <u>\$ 444,705</u> |

AGRI-FOOD INNOVATION COUNCIL

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

(prepared without audit)

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| REVENUE | | |
| Contract service fees | 55,458 | 55,267 |
| Foreign exchange gain (loss) | 524 | (429) |
| Insurance recovery | 2,519 | 3,915 |
| Investment revenue | 12 | 12 |
| Membership fees | 21,374 | 16,439 |
| Miscellaneous | 53,950 | 56,770 |
| Other journal revenue | 7,650 | 7,200 |
| Project revenue | - | 2,000 |
| | <u>141,487</u> | <u>141,174</u> |
| EXPENDITURES | | |
| Accreditation | - | 5,900 |
| Amortization | 1,732 | 2,040 |
| Bad debt expense | 1,000 | - |
| Bank charges and interest | 3,216 | 3,427 |
| Computer services | 1,109 | 2,253 |
| Insurance | 7,037 | 8,336 |
| Journals postage | (60) | 607 |
| Journals publication | 459 | 3,991 |
| Journal sponsorships | 24,000 | 8,000 |
| Lobbying | 17,636 | 6,138 |
| Office supplies and maintenance | 5,131 | 2,179 |
| Professional fees | 115,428 | 130,978 |
| Rent | 29,891 | 29,326 |
| Salaries and benefits (note 7) | 201,754 | 168,185 |
| Telecommunications | 3,455 | 4,503 |
| Travel and meetings | 27,501 | 53,360 |
| | <u>439,289</u> | <u>429,223</u> |
| DEFICIENCY OF REVENUE OVER EXPENDITURES BEFORE LOSS ON SALE OF CAPITAL ASSETS | (297,802) | (288,049) |
| LOSS ON DISPOSAL OF CAPITAL ASSETS | (7,445) | - |
| DEFICIENCY OF REVENUE OVER EXPENDITURES | \$ (305,247) | \$ (288,049) |

AGRI-FOOD INNOVATION COUNCIL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

(prepared without audit)

| | <u>2018</u> | <u>2017</u> |
|--|--------------------------|--------------------------|
| CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES | | |
| Deficiency of revenue over expenditures | \$ (305,247) | \$ (288,049) |
| Items not affecting cash: | | |
| Amortization | <u>1,732</u> | <u>2,040</u> |
| | (303,515) | (286,009) |
| Net changes in non-cash items related to operations: | | |
| Accounts receivable | (89) | (5,894) |
| Prepaid expenses | 28,023 | (8,613) |
| Accounts payable and accrued charges | (7,898) | (1,633) |
| Deferred contributions | <u>125</u> | <u>(11,832)</u> |
| | <u>(283,354)</u> | <u>(313,981)</u> |
| CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES | | |
| Disposal (acquisition) of capital assets | <u>7,445</u> | <u>(1,082)</u> |
| DECREASE IN CASH AND CASH EQUIVALENTS | (275,909) | (315,063) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>417,050</u> | <u>732,113</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u><u>\$ 141,141</u></u> | <u><u>\$ 417,050</u></u> |

AGRI-FOOD INNOVATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. STATUS AND NATURE OF ACTIVITIES

Agri-Food Innovation Council (the "Council") 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 Council 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 Council'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.

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:

| | |
|------------------------|---------------|
| Computer hardware | 30% per annum |
| Computer software | 30% per annum |
| Furniture and fixtures | 10% per annum |
| Office equipment | 20% per annum |

AGRI-FOOD INNOVATION COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2018

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 Council initially measures its financial assets and liabilities at fair value.

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

AGRI-FOOD INNOVATION COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2018

3. CAPITAL ASSETS

| | 2018 | | 2017 |
|------------------------|-------------|-------------------------------------|---------------------------|
| | Cost | Accumulated Amortization | Net Book Value |
| Computer hardware | \$ - | \$ - | \$ 2,810 |
| Computer software | - | - | 238 |
| Furniture and fixtures | - | - | 4,080 |
| Office equipment | - | - | 2,049 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,177</u> |

4. COMMITMENTS

The Council has entered into an agreement for management services. This agreement requires the following annual payments:

2019 - \$60,000
2020 - \$60,000

5. DEFERRED CONTRIBUTIONS

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

| | 2018 | 2017 |
|--|-----------------|-----------------|
| Balance, beginning of year | \$ 2,700 | \$ 14,532 |
| Less amounts recognized as revenue in the year | (2,700) | (14,532) |
| Plus amounts received for the following year | <u>2,825</u> | <u>2,700</u> |
| Balance, end of year | <u>\$ 2,825</u> | <u>\$ 2,700</u> |

6. GOVERNMENT PAYABLES

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

7. EMPLOYEE FUTURE BENEFITS

The Council maintains a defined contribution benefit plan for the majority of its employees. The Council 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 \$4,859 (2017: \$8,413) paid in respect of this defined contribution plan.

AGRI-FOOD INNOVATION COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2018

8. FINANCIAL INSTRUMENTS

Risk and Concentrations

The Council 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, 2018.

Credit Risk

The Council's main credit risks relate to its accounts receivable. The Council 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 Council 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, 2018 determined from the Council's investment portfolio statements.

Investment Risk

The maximum investment risk to the Council 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.

9. COMPARATIVE FIGURES

The prior year comparatives were audited. Certain of these figures have been reclassified in order to conform with the current year financial statement presentation.



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