

**British Columbia Blueberry Industry Development Council**  
**Financial Statements**  
*March 31, 2023*

Draft - For Management Only

## Management's Responsibility

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To the Members of British Columbia Blueberry Industry Development Council:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

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Director

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Director

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# Independent Auditor's Report

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To the Members of British Columbia Blueberry Industry Development Council:

## Opinion

We have audited the financial statements of British Columbia Blueberry Industry Development Council (the "Organization"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2023, 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.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Abbotsford, British Columbia

Chartered Professional Accountants

Draft - For Management Only

# British Columbia Blueberry Industry Development Council

## Statement of Financial Position

*As at March 31, 2023*

	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash	837,874	1,245,523
Short-term investments (Note 3)	846,644	475,993
Accounts receivable (Note 4)	1,443,205	907,780
Prepaid expenses	109,309	25,318
	3,237,032	2,654,614
<b>Long-term investments</b>	-	360,186
<b>Property and equipment (Note 5)</b>	99,601	4,224
<b>Investment in significantly influenced entity (Note 6)</b>	46	46
<b>Advances to significantly influenced entity (Note 7)</b>	12,257	11,096
	3,348,936	3,030,166
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	158,408	36,131
Deferred revenue	128,190	117,543
	286,598	153,674
<b>Commitments (Note 8)</b>		
<b>Net Assets</b>		
Unrestricted	3,062,338	2,876,492
	3,348,936	3,030,166

Approved on behalf of the Board

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Director

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Director

*The accompanying notes are an integral part of these financial statements*

# British Columbia Blueberry Industry Development Council

## Statement of Operations and Changes in Net Assets

*For the year ended March 31, 2023*

	2023 <i>Budget</i> <i>(Note 10)</i>	2023	2022
<b>Revenue</b>			
Growers' levies	1,238,000	1,258,894	1,273,587
Project funding	930,350	1,873,548	1,130,996
Interest revenue	10,000	37,663	763
Newsletter and sponsorship	134,000	56,574	50,675
	<b>2,312,350</b>	<b>3,226,679</b>	2,456,021
<b>Expenses</b>			
Accounting and legal	46,000	47,234	36,016
Amortization	1,448	18,322	1,411
Consulting fees	-	4,000	-
COVID-19 response expense	-	-	17,235
Domestic promotion	252,000	283,517	453,240
Global safeguard investigation recovery	(314,000)	-	(34,890)
Growers support and industry relations	350,000	345,322	188,882
International promotion	360,000	373,829	364,532
Meeting and travel costs	44,500	42,441	20,179
Membership	57,000	55,481	57,187
Office, insurance and miscellaneous	50,000	38,228	32,175
Rent	25,000	29,129	24,513
Research and development	1,171,802	1,571,754	915,588
Wages and benefits	268,600	231,576	191,276
	<b>2,312,350</b>	<b>3,040,833</b>	2,267,344
<b>Excess of revenue over expenses</b>	-	<b>185,846</b>	188,677
<b>Net assets beginning of year</b>		<b>2,876,492</b>	2,687,815
<b>Net assets, end of year</b>		<b>3,062,338</b>	2,876,492

*The accompanying notes are an integral part of these financial statements*

**British Columbia Blueberry Industry Development Council**  
**Statement of Cash Flows**  
*For the year ended March 31, 2023*

	2023	2022
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess of revenue over expenses	185,846	188,677
Amortization	18,322	1,411
	<b>204,168</b>	190,088
Changes in working capital accounts		
Accounts receivable	(535,425)	(76,405)
Prepaid expenses	(83,991)	(11,593)
Accounts payable and accruals	122,277	(406,775)
Deferred revenue	10,647	(125,788)
	<b>(282,324)</b>	(430,473)
<b>Investing</b>		
Advances to significantly influenced entity	(1,161)	(520)
Purchase of investments, net	(10,465)	-
Redemption of investments	-	1,039,822
Purchase of property and equipment	(113,699)	(1,866)
	<b>(125,325)</b>	1,037,436
<b>Increase (decrease) in cash resources</b>	<b>(407,649)</b>	606,963
<b>Cash resources, beginning of year</b>	<b>1,245,523</b>	638,560
<b>Cash resources, end of year</b>	<b>837,874</b>	1,245,523

*The accompanying notes are an integral part of these financial statements*

# British Columbia Blueberry Industry Development Council

## Notes to the Financial Statements

For the year ended March 31, 2023

### 1. Incorporation and nature of the organization

British Columbia Blueberry Industry Development Council (the "Organization") was established on August 2, 1989 under the Farming and Fishing Industries Development Act to promote the interests of all blueberry producers. The objectives of the Organization are the improvement, advancement and competitiveness of the industry. The Organization conducts, supports or promotes advertising, research and education programs. The Organization is exempt from income taxes due to subsection 149(1)(e) of the Income Tax Act.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

#### **Investments**

Long-term and short-term investments are recorded at fair value for those with prices quoted in an active market, and cost less impairment for those that are not quoted in an active market. They have been classified as long-term and short-term assets in concurrence with the nature of the investment.

#### **Property and equipment**

Purchased property and equipment is recorded at cost. Contributed property and equipment is recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives.

	<b>Method</b>	<b>Rate</b>
Equipment	declining balance	30 %
Website	straight-line	4 years

#### **Investment in a significantly influenced entity**

The Organization's investment in a significantly influenced entity is accounted for using the equity method. Accordingly, the investment is recorded at acquisition cost and is increased for the proportionate share of post-acquisition earnings and decreased by post-acquisition losses and distributions received.

#### **Deferred revenue**

Deferred revenue relates to project funding. Recognition of these amounts as revenue is deferred to the period when the expenses are incurred.

#### **Revenue recognition**

The Organization follows the deferral method of accounting for contributions, which includes government grants. Some contributions such as grants from the government are restricted in use by the external contributor. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenues are recognized for levies when the growers deliver the blueberries to the first receiver, and when collectability is reasonably assured.

#### **Donated services**

The Organization benefits from donated services in the form of volunteer time for various activities. Since these services are not normally purchased by the Organization and because of the difficulty in determining their fair value, donated services are not recognized in these statements.



# British Columbia Blueberry Industry Development Council

## Notes to the Financial Statements

For the year ended March 31, 2023

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### 2. Significant accounting policies (Continued from previous page)

#### **Measurement uncertainty (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 revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues over expenses in the period in which they become known.

#### **Financial instruments**

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

#### **Arm's length financial instruments**

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

#### **Related party financial instruments**

The Organization initially measures the following financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value:

- Investments in equity instruments quoted in an active market;
- Debt instruments quoted in an active market;
- Debt instruments when the inputs significant to the determination of its fair value are observable (directly or indirectly); and
- Derivative contracts.

All other related party financial instruments are measured at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received.

# British Columbia Blueberry Industry Development Council

## Notes to the Financial Statements

For the year ended March 31, 2023

### 2. Significant accounting policies (Continued from previous page)

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization has not made such an election during the year, thus all such related party debt instruments are subsequently measured at amortized cost.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Financial instruments that were initially measured at cost and derivatives that are linked to, and must be settled by, delivery of unquoted equity instruments of another entity, are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenue over expenses.

#### Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when there are numerous assets affected by the same factors. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

### 3. Short-term investments

	2023	2022
GIC, bearing interest at prime minus 2.85% per annum, matures January 23, 2024	886,458	475,993
GIC, bearing interest at 0.45% per annum, matures August 17, 2023	360,186	-
	<b>846,644</b>	475,993

# British Columbia Blueberry Industry Development Council

## Notes to the Financial Statements

*For the year ended March 31, 2023*

#### 4. Accounts receivable

	<b>2023</b>	2022
Accounts receivable	117,366	162,834
Program funding receivable	660,662	447,209
Goods and Services Tax receivable	39,700	13,068
Receivable from other berry councils	625,477	284,669
	<b>1,443,205</b>	907,780

#### 5. Property and equipment

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2023 Net book value</b>	2022 Net book value
Equipment	140,830	41,229	99,601	4,224
Website	17,720	17,720	-	-
	<b>158,550</b>	<b>58,949</b>	<b>99,601</b>	4,224

#### 6. Investment in a significantly influenced entity

##### **Significantly influenced profit-oriented enterprise**

The Organization holds the following significantly influenced investment in a profit-oriented enterprise:

	<b>% Ownership</b>	<b>2023</b>	2022
B.C. Berry Cultivar Development Inc.	45 %	46	46

B.C. Berry Cultivar Development Inc. (the "Company") was incorporated under the laws of the British Columbia *Business Corporations Act* on May 12, 2015. The purpose of the Company is to research and develop new varieties of berry plants. The Organization has significant influence of the Company by virtue of its ability to appoint some of the entity's board of directors.

#### 7. Advances to significantly influenced entity

	<b>2023</b>	2022
B.C. Berry Cultivar Development Inc.	12,257	11,096

Advances to the related party are unsecured, non-interest bearing and without specified terms of repayment.

#### 8. Commitments

The Organization has entered into three operating lease agreements with estimated minimum annual payments as follows:

2024	28,350
2025	29,550
2026	29,550
2027	30,350
2028	12,250

**British Columbia Blueberry Industry Development Council**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2023*

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**9. Financial instruments**

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

**10. Budget information**

During the year, the Board approved its operating budget based on planned expenses relating to the current year sources of revenue. The budgeted amounts have been attached for information purposes only and are unaudited.