



Financial Statements

B.C. Wine Grape Council

March 31, 2024

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Independent Practitioner's Review Engagement Report

To the Members of
B.C. Wine Grape Council

We have reviewed the accompanying financial statements of B.C. Wine Grape Council that comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 entity, 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 the financial statements do not present fairly, in all material respects, the financial position of B.C. Wine Grape Council as at March 31, 2024, 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.

Kelowna, Canada
August 2, 2024

Grant Thornton LLP

Chartered Professional Accountants

B.C. Wine Grape Council

Statement of Financial Position

March 31	2024	2023
Assets		
Current		
Cash	\$ 380,175	\$ 392,659
Short term investments (Note 3)	269,815	264,131
Accounts receivable (Note 4)	57,452	45,163
GST receivable	742	-
	\$ 708,184	\$ 701,953
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 17,204	\$ 26,404
GST payable	-	10,209
	17,204	36,613
Net assets	690,980	665,340
	\$ 708,184	\$ 701,953

On behalf of the Board

Signed by:

Kate Durisek

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Member

B.C. Wine Grape Council Statement of Operations

Year ended March 31	2024	2023
Revenues		
Grape levy (Note 6)	\$ 192,318	\$ 439,974
Grants	105,000	6,750
SWBC certification	15,127	34,234
Interest	10,343	3,953
Lab proficiency testing	2,165	-
	<u>324,953</u>	<u>484,911</u>
Expenses		
Research projects	103,208	20,400
Sustainability program	69,818	68,734
Administrative support	42,002	37,080
Extension and KTT	24,220	23,031
Bad debts	15,462	-
Professional fees	12,122	22,782
Office and general	11,196	12,908
Licenses, dues and fees	10,398	9,834
Acreage report	6,813	-
Lab proficiency expense	2,054	2,658
Insurance	1,644	1,636
Interest and bank charges	376	116
Vote 1, research projects - PARC	-	147,311
Vote 10, AIP projects	-	29,427
Organic science cluster	-	13,000
Amortization of tangible capital assets	-	773
	<u>299,313</u>	<u>389,690</u>
Excess of revenues over expenses	\$ <u>25,640</u>	\$ <u>95,221</u>

B.C. Wine Grape Council
Statement of Changes in Net Assets

Year ended March 31

	Total 2024	Total 2023
Net assets, beginning of year	\$ 665,340	\$ 570,119
Excess of revenues over expenses	<u>25,640</u>	<u>95,221</u>
Net assets, end of year	<u>\$ 690,980</u>	<u>\$ 665,340</u>

B.C. Wine Grape Council

Statement of Cash Flows

Year ended March 31	2024	2023
Increase (decrease) in cash		
Operating		
Excess of revenues over expenses	\$ 25,640	\$ 95,221
Item not affecting cash		
Amortization of tangible capital assets	<u> -</u>	<u> 773</u>
	25,640	95,994
Change in non-cash working capital items		
Accounts receivable	(12,289)	21,354
Prepaid expenses and deposits	-	42
GST	(10,951)	2,090
Accounts payable and accrued liabilities	<u>(9,200)</u>	<u>13,005</u>
	(6,800)	132,485
Investing		
Purchase of investment	(114,517)	(6,364)
Redemption of investment	<u>108,833</u>	<u> -</u>
	(5,684)	(6,364)
(Decrease) increase in cash	(12,484)	126,121
Cash		
Beginning of year	<u>392,659</u>	<u>266,538</u>
End of year	<u>\$ 380,175</u>	<u>\$ 392,659</u>

B.C. Wine Grape Council

Notes to the Financial Statements

March 31, 2024

1. Purpose of the Council

B.C. Wine Grape Council ("the Council") is a not-for-profit organization created by an Order in Council of the Province of British Columbia on October 12, 2006 pursuant to a ministerial order under the Farming and Fishing Industries Development Act. The Council is exempt from the payment of income tax under Section 149(1) of the Income Tax Act provided that certain requirements of the Income Tax Act are met.

The mandate of the Council as set out in the plan approved in ballot by a majority of growers is, "The mission of the B.C. Wine Grape Council is to promote the development of a strong and viable wine grape industry that will result in the production of world class wines and that will enhance the economic and environmental benefits to British Columbia."

Pursuant to the powers invested in the Council under the regulation, a levy of \$10 per ton is assessed on the production of wine grapes in B.C.

2. Summary of significant accounting policies

Basis of presentation

The Council has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Financial instruments

Financial instruments in arm's length transactions

The Council considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Council accounts for the following as financial instruments:

- cash
- short term investments
- accounts receivable
- accounts payable and accrued liabilities

A financial asset or liability is recognized when the Council becomes party to contractual provisions of the instrument.

B.C. Wine Grape Council

Notes to the Financial Statements

March 31, 2024

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value. In the case of a financial asset or liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Financing fees and transaction costs on financial instruments subsequently measured at fair value are expensed as incurred. The Council subsequently measures all of its financial assets and liabilities at amortized cost, except for cash and short term investments which are measured at fair value.

Financial assets or liabilities obtained in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. The Council does not have any financial assets or liabilities in related party transactions which are initially measured at fair value.

Gains or losses arising on initial measurement differences are generally recognized in net income when the transaction is in the normal course of operations, and in equity when the transaction is not in the normal course of operations, subject to certain exceptions.

Financial assets and financial liabilities recognized in related party transactions are subsequently measured based on how the Council initially measured the instrument. Financial instruments initially measured at cost are subsequently measured at cost, less any impairment for financial assets. Financial instruments initially measured at fair value, of which the Council has none, would be subsequently measured at amortized cost or fair value based on certain conditions.

The Council removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

Tangible capital assets

Computer equipment is carried at cost less, where applicable, any accumulated amortization and impairment losses.

The following rate is applied using the declining balance method to write off the costs of tangible capital assets over its estimated useful life:

Computer equipment	55%
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Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use. Currently all tangible capital assets are placed into use.

B.C. Wine Grape Council

Notes to the Financial Statements

March 31, 2024

2. Summary of significant accounting policies (continued)

Impairment of tangible capital assets

The Council tests tangible capital assets, or groups of tangible capital assets, for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of the tangible capital asset or group of tangible capital assets exceeds the asset's fair value or replacement cost.

Revenue recognition

The Council follows the deferral method of accounting.

Grape levy income is recorded when a report is received by a grower/winery and the collection of the amount is reasonably assured. Otherwise revenue is recognized when invoiced.

Conference revenue is recognized when the service has been delivered and completed. Revenue from sales of merchandise is recognized when title passes to the customer, which generally coincides with the delivery of goods.

Donation in kind revenue is recognized when goods or services have been delivered or completed, and is measured at the fair value.

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

Revenue from government contracts are recognized in accordance with the terms of the contract and when the Council has met the performance requirements of the contract.

Unrestricted investment income includes interest income and is recognized as revenue when earned or accrued.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revisions. Many items in the preparation of these financial statements require management's best estimate based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Significant items subject to management estimates include:

<u>Financial statement element</u>	<u>Management estimate</u>
Accounts receivable	Allowance for doubtful accounts
Tangible capital assets	Assets useful lives and amortization rates
Grape levy	Receivables from unreported growers

B.C. Wine Grape Council

Notes to the Financial Statements

March 31, 2024

3. Short term investments

The term deposits mature between September 9, 2024 and March 9, 2025. The interest rates vary from 2.75% to 5.70%.

4. Accounts receivable

	<u>2024</u>	<u>2023</u>
Grape levy receivables	\$ 32,465	\$ 44,460
Grants receivable	19,750	-
Interest receivable	<u>5,237</u>	<u>703</u>
	<u>\$ 57,452</u>	<u>\$ 45,163</u>

During the year, the Council wrote off grape levy receivables amounting to \$15,462 (2023 - \$2,201). No recoveries were recorded in the current year for previously recognized impairments.

5. Tangible capital assets

	<u>2024</u>	<u>2023</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 1,961	\$ 1,961	\$ -	\$ -

6. Related party transactions

	<u>2024</u>	<u>2023</u>
Revenue - Grape levy	<u>\$ 90,250</u>	<u>\$ 217,545</u>

The Council collects grape levy revenue from wineries and growers that are owners/operated by, or employ a director. These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

7. British Columbia Societies Act

Included in the British Columbia Societies Act is a requirement to disclose the remuneration, if any, paid to the directors, and the remuneration paid to all employees and contractors whose annual remuneration was at least \$75,000. The Council had no directors, employees, or contractors covered by these disclosure requirements.

B.C. Wine Grape Council

Notes to the Financial Statements

March 31, 2024

8. Financial instruments

The Council is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage its risk. The following analysis provides a measure of the Council's risk exposures and concentrations at March 31, 2024.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Council's is exposed to credit risk from customers. In order to reduce its credit risk, the Council has implemented a new grape levy database to monitor growers/wineries that have not reported their production for the year and to monitor outstanding amounts. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Council has a significant number of customers which minimizes concentration of credit risk. The entity provides credit to its clients in the normal course of its operations.

(b) Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Council's financial instruments are transacted in Canada and do not include publicly traded investments which results in little exposure to foreign currency risk or price risk. The Council's main market risk exposure is therefore to interest rate risk and price risk.

(i) Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Council's short term investments include term deposits that bear interest at fixed rates, thus subjecting the Society to fair value risk.

There are no changes to the risk exposures from 2023.

9. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.
