

BRITISH COLUMBIA INNOVATION COUNCIL

FINANCIAL STATEMENTS

31 MARCH 2006

BRITISH COLUMBIA INNOVATION COUNCIL
Financial Statements
For the Year Ended 31 March 2006

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ROLFE, BENSON

CHARTERED ACCOUNTANTS*

1400-900 West Hastings Street

Vancouver, B.C. V6C 1E3

Telephone: 604-684-1101

Fax: 604-684-7937

E-mail: admin@rolfebenson.com

*a partnership of incorporated professionals

AUDITORS' REPORT

To the Board of Directors of the British Columbia Innovation Council
and to the Minister of Advanced Education, Province of British Columbia

We have audited the statement of financial position of the British Columbia Innovation Council as at 31 March 2006 and the statements of operations and appropriations, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Rolfe, Benson
CHARTERED ACCOUNTANTS

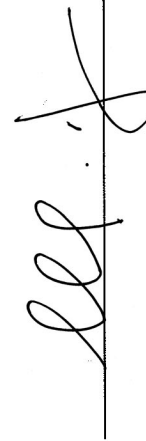
Vancouver, Canada
14 April 2006

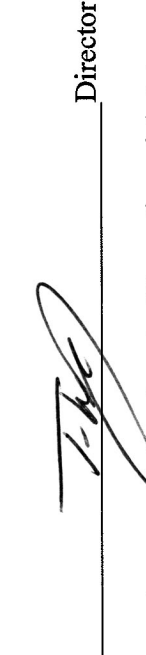


BRITISH COLUMBIA INNOVATION COUNCIL
Statement of Financial Position
 31 March 2006

Funds (Note 2):	General		Base		B.C. STIP		Health Product & Functional Food		S&T		NR&AS Research Endowment		Property & Equipment		Totals	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Assets																
Current																
Cash and short-term investments (Note 11)	7,071,083	3,109,919	1,858,590	742,723	-	-	121,466	-	39,744	-	-	-	-	-	9,090,883	3,852,642
Accounts receivable	51,445	333,984	-	-	-	-	-	-	-	-	-	-	-	-	51,445	333,984
Awards and contributions receivable	185,232	147,542	-	-	-	-	-	-	-	-	50,000,000	-	-	-	50,185,232	147,542
Prepaid expenses	-	17,199	17,199	16,251	-	-	-	-	-	-	-	-	-	-	17,199	16,251
Due from other funds	-	145,810	-	-	-	-	154,948	-	-	-	-	-	-	-	154,948	300,758
	7,307,760	3,737,255	1,875,789	758,974	-	-	121,466	154,948	39,744	-	50,000,000	-	-	-	59,344,759	4,651,177
Property and equipment (Note 4)	-	-	-	-	-	-	-	-	-	-	-	-	86,600	109,653	86,600	109,653
	7,307,760	3,737,255	1,875,789	758,974	-	-	121,466	154,948	39,744	-	50,000,000	-	86,600	109,653	59,431,359	4,760,830
Liabilities																
Current																
Accounts payable and accrued liabilities	116,702	467,756	113,832	152,948	-	-	-	-	-	-	-	-	-	-	230,534	620,704
Accrued awards and projects	878,279	874,448	-	-	-	-	84,142	154,948	40,445	-	-	-	-	-	1,003,166	1,034,396
Due to other funds	-	-	-	-	300,758	-	-	-	-	-	-	-	-	-	-	300,758
	995,281	1,342,204	113,832	152,948	-	-	84,142	154,948	40,445	-	-	-	-	-	1,233,700	1,955,858
Deferred revenue (Note 5)	3,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3,500,000	-
	4,495,281	1,342,204	113,832	152,948	-	-	84,142	154,948	40,445	-	-	-	-	-	4,735,700	1,955,858
Commitments (Note 6)																
Appropriations																
Unrestricted	2,812,479	2,395,051	-	-	-	-	-	-	-	-	-	-	-	-	2,812,479	2,395,051
Externally restricted	-	-	1,761,957	606,026	-	-	37,324	-	(701)	-	-	-	-	-	1,798,580	300,268
Endowment fund	-	-	-	-	-	-	-	-	-	-	50,000,000	-	-	-	50,000,000	-
Invested in property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	86,600	109,653	86,600	109,653
	2,812,479	2,395,051	1,761,957	606,026	-	-	37,324	-	(701)	-	50,000,000	-	86,600	109,653	54,697,659	2,804,972
	7,307,760	3,737,255	1,875,789	758,974	-	-	121,466	154,948	39,744	-	50,000,000	-	86,600	109,653	59,431,359	4,760,830

APPROVED BY THE DIRECTORS:

 Director

 Director

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



ROLFE, BENSON
 CHARTERED ACCOUNTANTS

BRITISH COLUMBIA INNOVATION COUNCIL
Statement of Appropriations
For the Year Ended 31 March 2006

	Funds (Note 2):		Base		B.C. STIP		Health Product & Functional Food		S&T		NR&AS Research Endowment		Property & Equipment		Totals		
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006
Balance - beginning of year, as previously reported	-	-	3,001,077	2,034,149	(305,758)	-	-	-	-	-	-	-	109,653	88,497	2,804,972	2,122,646	-
Transfer (Note 2(f))	2,395,051	2,842,225	(2,395,051)	(2,842,225)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance - beginning of year, as restated	2,395,051	2,842,225	606,026	(808,076)	(305,758)	-	-	-	-	-	-	-	109,653	88,497	2,804,972	2,122,646	-
Excess (deficiency) of revenue over expenses after reductions	434,715	(297,312)	1,400,430	1,414,102	5,000	(300,758)	101,866	(97,647)	(701)	-	50,000,000	-	(48,623)	(36,059)	51,892,687	682,326	-
Transfers	(17,287)	(149,862)	(244,499)	-	300,758	(5,000)	(64,542)	97,647	-	-	-	-	25,570	57,215	-	-	-
Balance - end of year	2,812,479	2,395,051	1,761,957	606,026	-	(305,758)	37,324	-	(701)	-	50,000,000	-	86,600	109,653	54,697,659	2,804,972	-

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

BRITISH COLUMBIA INNOVATION COUNCIL
Statement of Operations
For the Year Ended 31 March 2006

Funds (Note 2):	General		Base		BC STIP		Health Product & Functional Food		S&T		NR&AS Research Endowment		Property & Equipment		Totals	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Revenue																
Base budget	-	-	3,268,000	3,268,000	-	-	-	-	-	-	-	-	-	-	3,268,000	3,268,000
Aquaculture (Note 8)	615,214	579,647	-	-	-	-	-	-	-	-	-	-	-	-	615,214	579,647
BC BioProducts (Note 9)	-	273,100	-	-	-	-	-	-	-	-	-	-	-	-	273,100	273,100
Endowment contribution	-	-	-	-	-	-	-	-	-	-	50,000,000	-	-	-	50,000,000	-
Health Product & Functional Food	-	-	-	-	-	-	124,516	12,397	-	-	-	-	-	-	124,516	12,397
IBM development scholarship	-	100,000	-	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000
International	470,162	669,868	-	-	-	-	-	-	-	-	-	-	-	-	470,162	669,868
Leading Edge Endowment Fund (Note 10)	201,581	174,372	-	-	-	-	-	-	-	-	-	-	-	-	201,581	174,372
Ocean/Marine & Energy	-	-	5,000	37,000	-	-	-	-	1,964,871	-	-	-	-	-	1,964,871	37,000
Science and Technology Fund	-	-	5,000	5,000	-	-	-	-	-	-	-	-	-	-	5,000	5,000
Science Fair Recognition	-	-	2,000	5,000	-	-	-	-	-	-	-	-	-	-	2,000	5,000
Triumf Scholarships	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	167,563	19,864	-	-	-	-	-	-	-	-	-	-	-	-	167,563	19,864
Other income	142,216	179,672	-	-	-	-	-	-	-	-	-	-	-	-	142,216	179,672
	1,596,736	1,996,522	3,280,000	3,315,000	-	-	124,516	12,397	1,964,871	-	50,000,000	-	-	-	56,966,123	5,323,920
Expenses																
GREAT	-	2,568	-	-	-	-	-	-	-	-	-	-	-	-	-	2,568
Aquaculture (Note 8)	705,966	457,338	-	-	-	-	-	-	-	-	-	-	-	-	705,966	457,338
BC BioProducts (Note 9)	237,965	38,874	-	-	-	-	-	-	-	-	-	-	-	-	237,965	38,874
BC STIP	-	(14)	-	-	-	-	-	-	-	-	-	-	-	-	-	(14)
Communications and Recognition	-	-	204,072	209,068	-	-	-	-	-	-	-	-	-	-	204,072	209,068
ECO-Efficiency	-	18,346	-	-	-	-	-	-	-	-	-	-	-	-	-	18,346
Health Product & Functional Food	-	-	-	-	-	-	21,500	104,115	-	-	-	-	-	-	21,500	104,115
IBM development scholarship	286	100,000	-	-	-	-	-	-	-	-	-	-	-	-	286	100,000
International	44,106	1,613,125	-	-	-	-	-	-	-	-	-	-	-	-	44,106	1,613,125
Leading Edge Endowment Fund (Note 10)	180,728	63,598	-	-	-	-	-	-	-	-	-	-	-	-	180,728	63,598
Ocean/Marine & Energy	-	-	41,772	26,321	-	-	-	-	1,964,991	-	-	-	-	-	41,772	26,321
Science and Technology Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Science Fair Recognition	-	-	31,734	10,241	-	-	-	-	-	-	-	-	-	-	31,734	10,241
Special projects	-	-	-	6,105	-	-	-	-	-	-	-	-	-	-	-	6,105
Triumf Scholarships	-	-	3,005	2,554	-	-	-	-	-	-	-	-	-	-	3,005	2,554
Operations	-	-	1,598,501	1,646,609	-	-	1,150	5,929	581	-	-	-	-	-	1,648,855	1,688,597
Bad debt expense	871	-	-	-	-	-	-	-	-	-	-	-	-	-	871	305,758
Other expenses	-	-	486	-	-	-	-	-	-	-	-	-	-	-	486	-
	1,169,922	2,293,835	1,879,570	1,900,898	-	305,758	22,650	110,044	1,965,572	(701)	-	-	-	-	5,086,337	4,646,594
Excess (deficiency) of revenue over expenses	426,814	(297,312)	1,400,430	1,414,102	-	(305,758)	101,866	(97,647)	(701)	-	50,000,000	-	-	(36,059)	51,879,786	677,326
Reductions in commitments and refunds	7,901	-	-	5,000	-	5,000	-	-	-	-	-	-	-	-	12,901	5,000
Excess (deficiency) of revenue over expenses after reductions	434,715	(297,312)	1,400,430	1,414,102	5,000	(300,758)	101,866	(97,647)	(701)	-	50,000,000	-	-	(36,059)	51,892,687	682,326

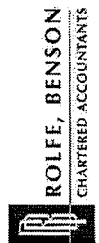
The accompanying notes are an integral part of these financial statements.

BRITISH COLUMBIA INNOVATION COUNCIL

Statement of Cash Flows

For the Year Ended 31 March 2006

Funds (Note 2):	General		Base		B.C. STIP		Health Product & Functional Food		S&T		NR&AS Research Endowment		Property & Equipment		Totals	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Cash provided for (used in):																
Operating activities																
Excess (deficiency) of revenues over expenses after reductions	434,715	(297,312)	1,400,430	1,414,102	5,000	(300,758)	101,866	(97,647)	(701)	-	50,000,000	-	(48,623)	(36,059)	51,892,687	682,326
Add (deduct) transfers	(17,287)	(149,862)	(244,499)	-	300,758	(5,000)	(64,542)	97,647	-	-	-	-	25,570	57,215	-	-
Excess (deficiency) of revenues over expenses after reductions and transfers	417,428	(447,174)	1,155,931	1,414,102	305,758	(305,758)	37,324	-	(701)	-	50,000,000	-	(23,053)	21,156	51,892,687	682,326
Add (deduct) non-cash transactions																
Amortization	417,428	(447,174)	1,155,931	1,414,102	305,758	(305,758)	37,324	-	(701)	-	50,000,000	-	28,323	57,215	51,921,010	718,385
Changes in non-cash working capital balances																
Accounts receivable	282,539	69,851	-	-	-	-	-	-	-	-	-	-	-	-	282,539	69,851
Awards and contributions receivable	(37,690)	243,571	-	-	-	305,758	-	-	-	-	(50,000,000)	-	-	-	(50,037,690)	549,329
Interest receivable	-	1,597	-	-	-	-	-	-	-	-	-	-	-	-	1,597	-
Prepaid expenses	-	-	(948)	(12,721)	-	-	-	-	-	-	-	-	-	-	(948)	(12,721)
Accounts payable and accrued liabilities	(351,054)	232,963	(39,116)	152,948	-	-	-	-	-	-	-	-	-	-	(390,170)	385,911
Accrued awards and projects	4,131	(121,002)	-	-	(5,000)	(9,649)	(70,806)	70,548	40,445	-	-	-	-	-	(31,230)	(60,103)
Deferred revenue	3,500,000	-	-	-	-	-	-	-	-	-	-	-	-	-	3,500,000	-
	3,815,354	(20,194)	1,115,867	1,554,329	300,758	(9,649)	(33,482)	70,548	39,744	-	-	-	5,270	57,215	5,243,511	1,652,249
Investing activities																
Purchase of equipment	-	-	-	-	-	-	-	-	-	-	-	-	(5,270)	(57,215)	(5,270)	(57,215)
Net increase in cash	3,815,354	(20,194)	1,115,867	1,554,329	300,758	(9,649)	(33,482)	70,548	39,744	-	-	-	-	-	5,238,241	1,595,034
Cash - beginning of year	3,109,919	2,257,608	742,723	-	-	-	-	-	-	-	-	-	-	-	3,852,642	2,257,608
Transfers	145,810	872,505	-	(811,606)	(300,758)	9,649	154,948	(70,548)	-	-	-	-	-	-	-	-
Cash - end of year	7,071,083	3,109,919	1,858,590	742,723	-	-	121,466	-	39,744	-	-	-	-	-	9,090,883	3,852,642



ROLFE, BENSON
CHARTERED ACCOUNTANTS

BRITISH COLUMBIA INNOVATION COUNCIL
Notes to the Financial Statements
For the Year Ended 31 March 2006

1. Statement of Purpose

The British Columbia Innovation Council ("Council") was established through Royal Assent on 30 March 2006 by an amendment of the Innovation and Science Council Act to the British Columbia Innovation Council Act ("Act").

The former Innovation and Science Council of British Columbia was also established through Royal Assent on 12 March 2003 by an amendment of the Science Council of British Columbia Act, under which the Science Council of British Columbia was established in 1978. In 1989, the Science Council of British Columbia and the Secretariat on Science, Research and Development were amalgamated pursuant to the Science Council Act, Chapter 77, and continued as the Science Council of British Columbia.

During 2005, the Innovation and Science Council of British Columbia merged with the Advanced Systems Institute of BC ("ASI") to operate under the name BC Innovation Council. This was a merger of both organizations' resources as they have not yet legally merged. The Council and ASI operate functionally under one management team. The assets, liabilities, net assets, revenues and expenses of ASI will not be reflected in these financial statements until the legal merger has been effected.

Under Section 13 of the Act, directors, officers, and employees have certain immunities in the exercise of their duties carried out in connection with the Council.

The Council's mandate is to support applied research and commercialization of science and technology to foster province-wide economic development.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The Council's operations are dependent upon the continued funding from the various governmental agencies to carry out its programs. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which contemplate the continuation of the Council as a "going concern".

In the Council's normal course of operations, it receives funding from government agencies and private corporations to carry out various programs. Funding is restricted to each respective program and the Council performs regular reviews to ensure it is in compliance with the program mandates. Funding bodies may have an independent audit performed on program expenses to ensure that they are in accordance with the program mandates. These financial statements do not include a provision for expenses that may not meet the program mandates which have not been independently audited by the funding bodies.

BRITISH COLUMBIA INNOVATION COUNCIL
Notes to the Financial Statements
For the Year Ended 31 March 2006

2. Summary of Significant Accounting Policies - Continued

(b) Fund Accounting

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

The following funds are represented in the financial statements:

(i) General Fund

The General Fund represents the funds of the Council which account for the delivery of the Council's general programs. The fund reports unrestricted resources and restricted program grants.

Funding is provided from the Council's partnerships with provincial and federal government agencies, research institutions, and industry and regional groups.

(ii) Base Fund

The Base Fund accounts for the Council's general administrative activities on behalf of the Ministry of Advanced Education (previously Ministry of Small Business and Economic Development) ("Ministry"). Any portion of the contribution received as base funding from the Ministry, and interest earned thereon that has not been expended or committed in writing to be expended by the Council in or towards the reimbursement or the satisfaction of costs, prior to the end of each fiscal year, will at the sole discretion of the Province of British Columbia ("Province"), either:

- become immediately due and be repayable by the Council to the Province; or
- be applied and committed in a manner approved by the Province against additional activities in fulfilment of the Council's goals and objectives.

The Ministry has not confirmed in writing whether there is any amount repayable, but it is management's assertion that no liability exists with regards to these funds as at 31 March 2006.

(iii) BC Science & Technology Infrastructure Program (BC STIP)

This program provided funds to institutions in order to assist them in the preparation of proposals for funding to the Canada Foundation for Innovation (CFI). Successful applications were required to have CFI funds matched by income from other sources, and this program also provided a portion of those funds, sourced by Discovery Foundation.

During 2005, the balance receivable from Discovery Foundation of \$305,758 was written off as a bad debt expense as it was considered no longer collectable. As at 31 March 2006, a transfer was made from the General Fund to eliminate the deficiency in the fund.

BRITISH COLUMBIA INNOVATION COUNCIL
Notes to the Financial Statements
For the Year Ended 31 March 2006

2. Summary of Significant Accounting Policies - Continued

(iv) Health Product and Functional Food Program

The purpose of the Health Product and Functional Food Program is to foster growth and development of the health product and functional food industry in British Columbia by funding projects that further the growth and expansion of the BC industry. The program is administered on behalf of the British Columbia Functional Foods and Nutraceuticals Network by agreement dated 3 January 2003 for the period 1 December 2002 to 30 November 2007.

Funding is provided by the Ministry of Agriculture, Food and Fisheries.

(v) Science and Technology Fund (S & T)

The purpose of the Science and Technology Fund is to support eligible organizations with their core operating expenses to administer projects and initiatives that compliment the Council's mandate.

Initial funding was provided during the year ended 31 March 2006 and will be provided annually by the Ministry.

(vi) Natural Resources and Applied Science Research Endowment (NR & AS)

The Natural Resources and Applied Science Research Endowment Fund is a one-time \$50 million contribution provided by the Ministry of Economic Development and forwarded to the Council to develop and administer an investment policy for the fund. As an endowment, the original contribution is to be preserved. All investment income earned is to be managed by the Council, in conjunction with the Ministry, to support training, research and development in natural and applied sciences.

The endowment contribution was provided by the Ministry of Economic Development by letter dated 29 March 2006 and was received subsequent to 31 March 2006.

(vii) Property and Equipment

This fund accounts for property and equipment acquired by the Council.

(c) Short-term Investments

Short-term investments are recorded at the lower of cost and market value.

BRITISH COLUMBIA INNOVATION COUNCIL
Notes to the Financial Statements
For the Year Ended 31 March 2006

2. Summary of Significant Accounting Policies - Continued

(d) Property and Equipment

Property and equipment expenses with a value greater than \$1,000 are recorded at cost and amortized over their estimated useful lives at the following annual rates:

Furniture, fixtures and equipment	20%	declining balance
Computer hardware and software	33-1/3%	declining balance
Leasehold improvements	60	months straight-line

(e) Federal and Provincial Income Taxes

The Council is exempt from corporate income taxes.

(f) Revenue Recognition

Restricted contributions related to general programs are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

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

Contributions for endowment are recognized as revenue in the Endowment Fund.

Investment income earned on Endowment Fund resources that must be spent on Endowment activities is recognized as revenue of the Endowment Fund. Other investment income is recognized as revenue of the General Fund when earned.

(g) Restricted and Unrestricted Appropriations

No provision has been made for future operational expenses required for normal delivery of existing programs.

(h) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingencies at the date of the statement of financial position. Actual results could differ from those estimates.

(i) Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.

BRITISH COLUMBIA INNOVATION COUNCIL
Notes to the Financial Statements
For the Year Ended 31 March 2006

2. Summary of Significant Accounting Policies - Continued

(j) Transfers

The net assets and operations of the Base Fund have been separated into two funds, the General Fund and the Base Fund (Note 2(b)). This change has been applied on a retroactive basis and as a result, the appropriations of the Base Fund have decreased and the General Fund have increased by \$2,842,225 as at 1 April 2004. In addition, the excess of revenue over expenses for the Base Fund has increased and the deficiency of revenue over expenses for the General Fund has increased \$297,312 for the year ended 31 March 2005.

3. Financial Instruments

The Council's financial instruments consist of cash and short-term investments, accounts receivable, awards and contributions receivable, accounts payable and accrued liabilities and accrued awards and projects payable. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to their short maturities.

The Council invests surplus funds in accordance with the BC Financial Administration Act (RSCBC 1996) Chapter 138.

4. Property and Equipment

	Cost	Accumulated Amortization	Net Book Value	
			2006	2005
Furniture, fixtures and equipment	\$ 56,596	\$ 42,051	\$ 14,545	\$ 15,900
Computer hardware and software	129,136	77,364	51,772	70,819
Leasehold improvements	27,770	7,487	20,283	22,934
	<u>\$ 213,502</u>	<u>\$ 126,902</u>	<u>\$ 86,600</u>	<u>\$ 109,653</u>

5. Deferred Revenue

During the year, the Council received \$3,500,000 from the Ministry of Agriculture, Food and Fisheries as a grant towards implementing a BioProducts Science and Innovation Program. It is expected that the purpose of the fund will be to provide the British Columbia agriculture, food, beverage, and agri-biotechnology sectors with the opportunity to move innovative ideas through the research and commercialization process, resulting in economic growth for the province.

As at the year end, the budget for this project was not finalized and no expenses were incurred. The amount therefore remains deferred.

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6. Commitments

The Council is committed to lease its office premises until 29 November 2009 at a variable monthly rental rate.

The Council is also committed to lease a photocopier until 31 March 2007 at a quarterly rental of \$2,974.

Total lease commitments for the next four years are as follows:

2007	\$ 144,362
2008	137,697
2009	141,185
2010	<u>94,123</u>
	<u>\$ 517,367</u>

7. Letter of Guarantee

The Council has deposited with the Canadian International Development Agency (CIDA), a federal government agency, a Bank Guarantee in the amount of \$500,000. This letter of guarantee is to provide assurance to CIDA as to repayment of certain amounts funded by CIDA on the Private Enterprises Accelerated Resource Linkage Project II (PEARL II) project in the Philippines should the Council default on its obligations under the project contract. The Council withdrew from this project on 31 March 2005. As at 31 March 2006, the Council is not in default of its obligations under the project. The guarantee has been cancelled subsequent to the year end.

8. Aquaculture and Environment Research Fund Program

The purpose of the Aquaculture and Environment Research Fund Program, which is accounted for in the General Fund, is to provide support for research on the environmental aspects of the finfish and shellfish aquaculture relevant to the Province. Such research will enable adoption of sustainable management and operational practices as well as address questions of public interest and policy.

The program's original seed amount of \$3.75 million was provided by the Ministry of Agriculture, Food and Fisheries and is being held by the University of British Columbia (UBC) on behalf of the Council. A total of \$646,752 (2005 - \$456,846) was committed to during the year. The total amount of funding still held by UBC and available as at 31 March 2006 is \$1,292,102 (2005 - \$1,938,854).

9. BC BioProducts Program

The BC BioProducts program, which is accounted for in the General Fund, is funded by the Ministry of Agriculture, Food & Fisheries by letter dated 28 May 2004. The purpose of this program is to provide the following:

- a focal point for developing products and companies;
- support industry in the shift from bio-based feedstocks and materials;
- encourage value-added production; and
- provide access to information and encourage networking.

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9. BC BioProducts Program - Continued

The Council began administering the program in 2005 on behalf of the British Columbia BioProducts Association ("Association").

During the year, the Association assumed responsibility for administering the program and the remaining funds in the program of \$237,956 were transferred to the Association.

10. Leading Edge Endowment Fund

The Leading Edge Endowment Fund (LEEF) was established by the Province to encourage social and economic development in British Columbia by establishing various leadership and regional innovation chairs across the Province.

By agreement dated 18 June 2004, the Council has agreed to provide secretariat support services to LEEF for the period 19 June 2004 to 20 June 2006.

11. Restricted Cash

Cash restricted from normal operations is as follows:

	2006	2005
Aquaculture Program	\$ 35,363	\$ 30,000
BC offshore oil and gas	-	36,000
BioProducts Science and Innovation Program	3,500,000	-
Cash jointly held by the Council and the British Columbia Institute of Technology for the PEARL II project	-	64,685
Health Product and Functional Food Program	121,466	-
Science and Technology Fund	39,744	-
	<u>3,696,573</u>	<u>130,685</u>
Unrestricted	5,394,310	3,721,957
	<u>\$ 9,090,883</u>	<u>\$ 3,852,642</u>