

NO:R109

COUNCIL DATE: May 28, 2018

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **May 23, 2018**

FROM: **General Manager, Investment & Intergovernmental Relations** FILE: **2491-01**
City Solicitor, Legal Services

SUBJECT: **Innovation Boulevard Society (the "Society") - 2018 Annual General Meeting ("AGM")**

RECOMMENDATION

The General Manager of Investment & Intergovernmental Relations and the City Solicitor recommend that Council:

1. Receive this report for information;
2. Receive the Notice and Agenda of the 2018 Annual General Meeting ("AGM") for the Society, a copy of which is attached as Appendix "I" to this report;
3. Authorize the General Manager, Corporate Service to appoint an Assistant City Solicitor to represent the City of Surrey at the AGM;
4. Support the recommendations to the members as set out below and in the Notice of Annual General Meeting; and
 - a) Approve the Agenda;
 - b) Approve the Financial Statements for the year ended December 31, 2017 (attached as Appendix "II");
 - c) Approve the Appointment of BDO Canada LLP ("BDO") as the Auditors for the Fiscal Year Ending December 31, 2018; and
 - d) Approve the Reappointment and Appointment of Directors for the next AGM or until their successors are elected or appointed (attached as Appendix "III").
5. Authorize the City Clerk to make Council's resolution related to this report available to the public as information.

INTENT

The purpose of this report is to have Council, on behalf of the City of Surrey as 50% shareholder of Innovation Boulevard Corp. ("IBC"), and IBC's membership in the Society; address matters related to the 2018 AGM for the Society and approve these items in accordance with the *BC Societies Act*.

BACKGROUND

The Innovation Boulevard Society was incorporated on April 25, 2017. The membership of the Society is set out in the Society's Bylaws. Bylaw 2.1 specifies that the members of the Society shall be Innovation Boulevard Corp. of which the City is a 50% Shareholder and Simon Fraser University is a 50% Shareholder.

Currently the Directors of the Society are comprised of representatives from the City of Surrey and Simon Fraser University as follows:

- Donna Jones, General Manager, Investment & Intergovernmental Relations;
- Joanne Curry, SFU Vice President of External Relations; and
- Dr. Norbert Haunerland, SFU Professor of Biology

It is a requirement of the *Societies Act* that an Annual General Meeting be held not more than six months after the date of the financial year-end of the Society. The Society's financial year end is December 31st therefore the AGM must be held by June 30, 2018. The City has received a Notice of Annual General Meeting (the "Notice") that the AGM for the Society will be held on June 29, 2018 at 12:00PM.

DISCUSSION

Notice of Annual General Meeting

The agenda for the AGM is set out in the attached Notice. The business to be conducted at the Annual General Meeting of the Society is stipulated in the *Societies Act* and the Society's Bylaws. The business as contained in the Agenda on the Notice complies with these legal requirements.

Business at the Annual General Meeting

Each item listed in the Agenda is a required action to be taken at the AGM. The AGM is chaired by either a Corporate Secretary or an appointed chair from the Board of Directors. The following items were approved by the Board of Directors at the Board meeting held on May 3, 2018:

1. The Financial Statements for the Society were presented by the auditors BDO, and approved by the Directors. The Directors are recommending approval of the 2017 Financial Statements to the Members of the Society.
2. The Directors of the Society agree to serve as Directors if appointed for a one year term with the exception of Dr. Norbert Haunerland from SFU who will be stepping down and the Board wish to appoint Dr. Joy Johnson, Vice-President, Research and International, to fill the vacancy that will be left by Dr. Norbert Haunerland.

Although the above noted items have been approved and recommended by the Directors of the Society, it is a requirement for the Members of the Society to review and if satisfied with the recommendations, have them approved accordingly

As BDO is currently the auditor of the Society appointed by the Members at the time the Society was incorporated and BDO has prepared the Financial Statements for the year ending 2017, it is reasonable then to recommend that BDO continue as the Auditors for the Year Ending 2018.

SUSTAINABILITY CONSIDERATIONS

Innovation Boulevard, with its focus on health technology development and commercialization, allows companies to leverage the benefits of co-location and provides them with access to a network of support. Innovation Boulevard Society relates to the Sustainability Charter 2.0 themes of:

1. Economic Prosperity and Livelihoods;
2. Education and Culture; and
3. Health and Wellness.

Specifically, Innovation Boulevard Society supports the following desired outcomes ("DO") and strategic directions ("SD"):

1. Economic Prosperity and Livelihoods:

- Jobs and Skills Training DO2: Quality education, training and skills development programs are available in the City, which help to create a highly skilled workforce.
- Jobs and Skills Training DO3: Job creation and entrepreneurship development are widely fostered.
- Jobs and Skills Training SD3: Collaborate with businesses, non-profits and senior levels of government to support skills development within the workforce.
- Economy SD6: Facilitate connections between businesses to support sourcing of local services, expertise and products.
- Innovation DO14: Surrey is the region's innovation hub, focusing on health and clean technologies, and creating significant local and regional economic impacts.
- Innovation DO15: An innovation network attracts and retains talent, and enables new company formation.
- Innovation DO16: Surrey's businesses are active participants in the community and create economic value in a way that generates value for society.
- Innovation SD10: Support the development and growth of key sectors including health technology.
- Innovation SD11: Connect business, universities, industry associations and non-profits to collaborate on research and innovative economic development planning and projects.

2. Education and Culture:

- Learning DO6: Surrey is a provider of advanced education, producing cutting-edge research and cultivating leaders in innovative practices.
- Learning SD2: Advance innovation and technology learning opportunities in Surrey to achieve ongoing relevance and broad community access to information and learning opportunities.

3. Health and Wellness:

- Health Services and Programs SD1: Connect, facilitate and support people and organizations in innovation alliances for delivery of social, health and wellness programs.

CONCLUSION

Based on the above discussion, it is recommended that Council:

- Receive this report for information;
- Receive the Notice and Agenda of the 2018 Annual General Meeting ("AGM") for the Society, a copy of which is attached as Appendix "I" to this report;
- Authorize the General Manager, Corporate Service to appoint an Assistant City Solicitor to represent the City of Surrey at the AGM;
- Support the recommendations to the members as set out below and in the Notice of Annual General Meeting; and
 - a. Approve the Agenda;
 - b. Approve the Financial Statements for the year ended December 31, 2017 (attached as Appendix "II");
 - c. Approve the Appointment of BDO Canada LLP as the Auditors for the Fiscal Year Ending December 31, 2018; and
 - d. Approve the Reappointment and Appointment of Directors for the next AGM or until their successors are elected or appointed (attached as Appendix "III").
- Authorize the City Clerk to make Council's resolutions related to this report available to the public as information.

DONNA JONES
General Manager of Investment &
Intergovernmental Relations

CRAIG MacFARLANE
City Solicitor

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Appendix "I" Notice of Annual General Meeting
Appendix "II" Financial Statements for Year Ending 2017
Appendix "III" Members Resolution



**NOTICE OF
ANNUAL GENERAL MEETING
FOR**

Innovation Boulevard Society

June 29, 2018
12:00PM

Unit # 295 13450 – 102 Avenue, Surrey, BC
Innovation Boulevard Corporate Office

Agenda

Item	Action	Responsibility
1. Agenda	Approve	Chair
2. Financial Statements for Year ended December 31, 2017	Approve	Members
3. Appoint Auditors for Year Ending 2018	Approve	Members
4. Appointment /Reappointment of Directors	Approve	Members
5. Adjournment		Chair

Financial Statements of

INNOVATION BOULEVARD SOCIETY

Year ended December 31, 2017

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Management's Responsibility for Financial Reporting

The financial statements are the responsibility of the management of the Innovation Boulevard Society (the "Society"). The financial statements have been prepared in accordance with the Canadian public sector accounting standards.

The financial statements include, where appropriate, estimates based on the best judgment of management.

As part of its responsibilities, the Society maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Society's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls and exercises these responsibilities through the Board. The Board reviews and approves the annual financial statements. The Board meets periodically with management and external auditors. The Board also recommends the engagement or reappointment of the external auditors, review of scope of audit and approves the fees of the external auditors for audit and non-audit services.

The external auditors, BDO, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the statements. The external auditors have full and free access to financial management of the Society and meet when required. BDO's report on the financial statements appears herein.

Signed by:

Joanne Curry,
Board Chair

Louise Turner,
Chief Executive Officer

Independent Auditor's Report

To the Board of Directors of Innovation Boulevard Society

We have audited the accompanying financial statements of the Innovation Boulevard Society, which comprise the Statement of Financial Position as at December 31, 2017 and the Statements of Operations, Change in Net Financial 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 Public Sector Accounting Standards (PSAS), and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted the audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Innovation Boulevard Society as at December 31, 2017 and the results of its operations, changes in net financial assets, and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Chartered Professional Accountants

Vancouver, British Columbia
AUDIT REPORT DATE

Innovation Boulevard Society

Statement of Financial Position

As at December 31, 2017

	2017
FINANCIAL ASSETS	
Cash	\$ 104,631
Accounts Receivable (note 3)	70,746
	175,377
LIABILITIES	
Accounts Payable and Accrued Liabilities	35,682
	35,682
NET SURPLUS	139,695
NON-FINANCIAL ASSETS	
	-
	-
ACCUMULATED SURPLUS	\$ 139,695

Louise Turner

CEO

Joanne Curry

Chairperson

To be read in conjunction with the Notes and Schedules to the Financial Statements

Innovation Boulevard Society

Statement of Operations

For the year ended December 31, 2017

	2017
REVENUES	
Grants	\$ 304,058
Sponsorships	40,000
Other income	7,855
	351,913
EXPENSES	
Salaries and benefits	(63,802)
Consulting and Professional Services	(139,961)
Supplies and Materials	(5,074)
Other Expenses	(3,381)
	(212,218)
ANNUAL SURPLUS	\$ 139,695
Accumulated Surplus, beginning of year	-
Accumulated Surplus, end of year	\$ 139,695

To be read in conjunction with the Notes and Schedules to the Financial Statements

Innovation Boulevard Society

Statement of Changes in Net Financial Assets

As at December 31, 2017

	2017
ANNUAL SURPLUS	\$ 139,695
	139,695
CHANGE IN NET FINANCIAL ASSETS	\$ 139,695
Net Financial Assets, beginning of year	-
Net Fincial Assets, end of year	\$ 139,695

To be read in conjunction with the Notes and Schedules to the Financial Statements

Innovation Boulevard Society

Statement of Cash Flows

For the year ended December 31, 2017

	2017
CASH PROVIDED BY (USED IN):	
<u>OPERATIONAL ACTIVITY</u>	
Annual Surplus	\$ 139,695
Items not involving cash	
Change in non-cash assets and liabilities	
(Increase) Decrease in Accounts Receivable	(70,746)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	35,682
Net change in cash from operating activities	104,631
Net change in cash	104,631
Cash, beginning of year	-
Cash, end of year	\$ 104,631

To be read in conjunction with the Notes and Schedules to the Financial Statements

Innovation Boulevard Society

Notes to Financial Statements

Year *ended December 31, 2017*

1. Nature of operations

Innovation Boulevard Society (the "Society") was incorporated and commenced operations on April 25, 2017. Innovation Boulevard Corporation ("IBC") is the sole member of the Society. City of Surrey (the "City") and Simon Fraser University ("SFU") hold 50% shares each in IBC. The Society is focussed on promoting and supporting entrepreneurship in the field of health technology. Its vision is to help match health technology based innovation and talent to funding and markets.

The Society meets the criteria for a government not-for-profit organization and is therefore not subject to income taxes under section 149 of the Income Tax Act.

2. Significant accounting policies

a) Basis of accounting

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS") without Sections PS 4200 to PS4270.

b) Revenues

Revenues are recognized in the period in which the transaction or event occurs that give rise to the revenues. All revenues are recorded on an accrual basis, except when the amounts cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

Restricted grants are deferred and recognized as revenue in the period the stipulations in the related agreement are met.

Unrestricted grants are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in provisions for accrued liabilities.

Actual results could differ from these estimates.

d) Functional reporting

The operations of the Society are comprised of a single function. As a result, the expenses of the Society are presented by object in the statement of operations.

Innovation Boulevard Society

Notes to Financial Statements

Year ended December 31, 2017

2. Significant accounting policies (continued)

e) Budget data

There is no budget data available to be presented in these financial statements.

3. Accounts Receivable

	<u>2017</u>
Grants receivable	\$ 66,258
Due from other authorities	<u>4,488</u>
	<u>\$ 70,746</u>

4. Financial Instrument Risk

Credit risk

Credit risk is the risk that an entity will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Society to significant concentrations of credit risk consist primarily of cash and accounts receivable. The Society limits its exposure to credit risk by placing its cash with well-regulated financial institutions. The Society's exposure to credit risk with respect to its accounts receivable is low as all receivables are from government sources.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is not exposed to foreign exchange risk as it doesn't materially transact with any foreign entity.

Interest rate risk

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 Society is not exposed to interest rate risk as none of its financial instruments are impacted by changes in market interest rates.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its obligations as they fall due. The Society maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

**MEMBERS RESOLUTIONS
OF
INNOVATION BOULEVARD SOCIETY
(the "Society")**

RESOLVED THAT:

1. The financial statements as approved by the directors for the Society's financial year ending December 31, 2017 be approved;
2. The appointment of an auditor for the Society for the financial year ending December 31, 2018 be BDO Canada LLP; and
3. The following persons be elected as directors of the Society for the next Annual General Meeting ("AGM") or until their successors are elected or appointed:

DONNA JONES
City of Surrey

JOANNE CURRY
Simon Fraser University

JOY JOHNSON
Simon Fraser University

Dated effective: June 29, 2018

CITY OF SURREY

SIMON FRASER UNIVERSITY ("SFU")