

OKANAGAN VALLEY TREE FRUIT AUTHORITY
FINANCIAL STATEMENTS
MARCH 31, 2002

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AUDITORS' REPORT

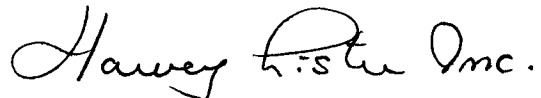
To the Directors of Okanagan Valley Tree Fruit Authority

We have audited the balance sheet of Okanagan Valley Tree Fruit Authority as at March 31, 2002 and the statements of revenue and expenditure and cash flows for the year then ended. These financial statements are the responsibility of the Authority'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 Authority as at March 31, 2002 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Penticton, BC
May 15, 2002



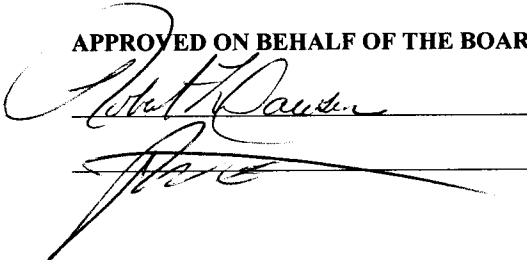
CERTIFIED GENERAL ACCOUNTANTS

OKANAGAN VALLEY TREE FRUIT AUTHORITY
BALANCE SHEET
MARCH 31, 2002

	ASSETS		
	2002	2001	2000
CURRENT ASSETS			
Cash	\$ 64,103	\$ 30,002	\$ 49,311
Accounts receivable	65	1,965	4,937
Grant advances	181,154	-	2,384
Prepaid expenses	1,889	1,800	874
Short-term investments - Note 3	<u>5,021,247</u>	<u>4,615,169</u>	<u>1,065,207</u>
	5,268,458	4,648,936	1,122,713
LONG-TERM ASSETS			
Grant advances	209,722	-	-
CAPITAL ASSETS - Notes 2 & 4			
	<u>35,322</u>	<u>46,504</u>	<u>15,618</u>
	<u>\$ 5,513,502</u>	<u>\$ 4,695,440</u>	<u>\$ 1,138,331</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$ 69,877	\$ 49,364	\$ 18,841
Grants payable	<u>214,242</u>	<u>92,722</u>	<u>485,857</u>
	<u>284,119</u>	<u>142,086</u>	<u>504,698</u>
EQUITY			
RETAINED EARNINGS			
Appropriated - Note 5	-	750,000	-
Unappropriated	<u>5,229,383</u>	<u>3,803,354</u>	<u>633,633</u>
	<u>5,229,383</u>	<u>4,553,354</u>	<u>633,633</u>
	<u>\$ 5,513,502</u>	<u>\$ 4,695,440</u>	<u>\$ 1,138,331</u>

GUARANTEES - Note 6

APPROVED ON BEHALF OF THE BOARD



See accompanying notes to financial statements

Harvey Lister Inc.

STATEMENT B

OKANAGAN VALLEY TREE FRUIT AUTHORITY
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001	2000
REVENUE - Note 7	<u>\$ 6,068,728</u>	<u>\$ 7,464,591</u>	<u>\$ 6,869,828</u>
EXPENDITURE			
Orchard Renovation			
Replant Grant Program	2,747,451	2,089,701	1,620,841
Grafting Program	64,021	-	-
Transitional Production Adjustment Program	1,378,719	971,837	4,225,624
Replant Advance Program	13,932	-	-
Sterile Insect Release Program	935,598	290,757	151,000
Information Program	<u>104,885</u>	<u>-</u>	<u>-</u>
Total Orchard Renovation	5,244,606	3,352,295	5,997,465
Administrative Costs	<u>148,093</u>	<u>192,575</u>	<u>102,990</u>
	<u>5,392,699</u>	<u>3,544,870</u>	<u>6,100,455</u>
EXCESS OF REVENUE OVER EXPENDITURE	676,029	3,919,721	769,373
RETAINED EARNINGS (DEFICIT), beginning of year	<u>4,553,354</u>	<u>633,633</u>	<u>(135,740)</u>
RETAINED EARNINGS, end of year	<u>\$ 5,229,383</u>	<u>\$ 4,553,354</u>	<u>\$ 633,633</u>

See accompanying notes to financial statements

Harvey Lister Inc.

OKANAGAN VALLEY TREE FRUIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2002

	2002	2001	2000
OPERATIONS			
Receipts from revenue	\$ 6,070,628	\$ 7,467,563	\$ 6,866,109
Payment of grants	(5,183,208)	(3,614,176)	(5,415,188)
Payments to suppliers for goods and services	(242,342)	(212,547)	(151,628)
Payments to and on behalf of employees	<u>(200,747)</u>	<u>(57,077)</u>	<u>(49,291)</u>
CASH PROVIDED	<u>444,331</u>	<u>3,583,763</u>	<u>1,250,002</u>
INVESTMENTS			
Proceeds from (purchase of) capital assets, net	<u>(4,152)</u>	<u>(53,110)</u>	<u>(960)</u>
CASH USED	<u>(4,152)</u>	<u>(53,110)</u>	<u>(960)</u>
INCREASE IN CASH	440,179	3,530,653	1,249,042
BEGINNING CASH	<u>4,645,171</u>	<u>1,114,518</u>	<u>(134,524)</u>
ENDING CASH	<u>\$ 5,085,350</u>	<u>\$ 4,645,171</u>	<u>\$ 1,114,518</u>
REPRESENTED BY			
Cash	\$ 64,103	\$ 30,002	\$ 49,311
Short-term investments	<u>5,021,247</u>	<u>4,615,169</u>	<u>1,065,207</u>
	<u>\$ 5,085,350</u>	<u>\$ 4,645,171</u>	<u>\$ 1,114,518</u>

See accompanying notes to financial statements

OKANAGAN VALLEY TREE FRUIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2002

Note 1 AUTHORITY AND RELATED PARTIES

The Okanagan Valley Tree Fruit Authority Act came into force on August 10, 1990. The mandate of the Authority is to ensure an efficient and co-ordinated approach to the revitalization of the tree fruit industry in the Interior of British Columbia. The Okanagan Valley Tree Fruit Authority Act, originally prescribed for repeal on December 31, 2000, was extended to March 31, 2006 by Order of the Lieutenant-Governor in Council on March 30, 2000. A Memorandum of Understanding between the Authority and the Ministry of Agriculture, Food and Fisheries, Province of British Columbia, defines the roles and responsibilities of each organization, and effective April 1, 2001, a Letter of Shareholder's Expectations formalizes the relationship between the minister responsible and the chair of the Authority, and outlines government's expectations and the agreed upon level of oversight.

The Authority carries out its responsibility for the revitalization of the tree fruit industry principally through its Orchard Replant Program, its Transitional Production Adjustment Program (TPAP), and through funding provided to the Sterile Insect Release Program.

The Authority receives the majority of its revenue from the Province of British Columbia, on which it is dependent for the continuance of its operations. The Province is currently in the process of conducting a comprehensive review of its finances and, although the Core Review process has endorsed the need for the orchard renovation program, decisions made pursuant to the review could result in changes to the Authority before March 31, 2006.

Note 2 SIGNIFICANT ACCOUNTING POLICIES

a) Capital Assets

Assets with a cost of \$500 or greater are capitalized in the year of acquisition and amortized in accordance with their estimated useful lives and residual values.

b) Amortization

Amortization of capital assets has been recorded using the declining balance method at the following annual rates:

Furniture and equipment	20 %
Computer equipment	30 %

c) Related Parties

The Authority is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, considered to be in the normal course of operations, are recorded at the exchange amounts.

d) Revenue

All revenue is recorded on an accrual basis except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Note 3 SHORT-TERM INVESTMENTS

The short-term investments consist of units in the money market unitized fund administered by the British Columbia Investment Management Corporation. The market value of the investments as at March 31, 2002 was \$5,016,046.

Note 4 CAPITAL ASSETS

	Cost	Accumulated Amortization	2002	Net Book Value	
				2001	2000
Furniture and equipment	\$ 41,112	\$ 24,447	\$ 16,665	\$ 20,321	\$ 5,701
Computer equipment	<u>82,306</u>	<u>63,649</u>	<u>18,657</u>	<u>26,183</u>	<u>9,917</u>
	<u>\$ 123,418</u>	<u>\$ 88,096</u>	<u>\$ 35,322</u>	<u>\$ 46,504</u>	<u>\$ 15,618</u>

Note 5 RETAINED EARNINGS

The appropriated retained earnings represent the unexpended portion of a special payment made by the Ministry of Agriculture, Food and Fisheries of the Province of British Columbia during the year ended March 31, 2001. These funds were appropriated specifically for a grant to the Sterile Insect Release Program paid in the 2002 fiscal year.

Note 6 GUARANTEES

Under the Replant Loan Guarantee Program, the Authority has an agreement with members of the Canadian Bankers Association whereby the Authority will guarantee a portion of a qualifying loan to a grower. Guarantees for qualifying loans currently in place total \$187,000. As of the balance sheet date, one of the guaranteed loans was reported to be in arrears. The outstanding balance of this loan was \$77,806. Subsequent to the balance sheet date, the bank notified the Authority that collection procedures were underway against the debtor; however, no claim has been made by the bank against the Authority to date.

Under the Vendor Mortgage Guarantee Program, the total of mortgage guarantees is \$181,044.

During 1998 both programs were terminated; no new guarantees are provided by the Authority but the existing agreements remain in place.

Note 7 REVENUE

	2002	2001	2000
Contribution, British Columbia Ministry of Agriculture, Food and Fisheries	\$ 5,800,000	\$ 7,250,000	\$ 6,800,000
Investment income	267,793	214,054	69,488
Other	<u>935</u>	<u>537</u>	<u>340</u>
	<u>\$ 6,068,728</u>	<u>\$ 7,464,591</u>	<u>\$ 6,869,828</u>

Note 8 PENSION PLAN

The Authority and its employees contribute to the Public Service Superannuation Plan administered by the British Columbia Pension Corporation. The Plan is a defined benefit pension plan, and the Province of British Columbia has statutory responsibility for any unfunded actuarial liability of the Plan. Each employer expenses contributions to the Plan in the year in which payments are made.

Note 9 COMPARATIVE FIGURES

The comparative figures have been reclassified where applicable, to conform to the presentation adopted for the current year.