

OKANAGAN VALLEY TREE FRUIT AUTHORITY
FINANCIAL STATEMENTS
MARCH 31, 2003

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AUDITORS' REPORT

To the Management of Okanagan Valley Tree Fruit Authority

We have audited the balance sheet of Okanagan Valley Tree Fruit Authority as at March 31, 2003 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, 2003 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 8, 2003

Harvey & Lister Inc.

CERTIFIED GENERAL ACCOUNTANTS

OKANAGAN VALLEY TREE FRUIT AUTHORITY
BALANCE SHEET
MARCH 31, 2003

	ASSETS		
	2003	2003	2002
	After Wind-Up Note 1	Before Wind-Up Note 1	
CURRENT ASSETS			
Cash	\$	\$ 207,672	\$ 64,103
Accounts receivable		16,201	67
Grant advances		329,384	181,154
Prepaid expenses		490	1,887
Short-term investments - Note 3		<u>35,780</u>	<u>5,021,247</u>
		589,527	5,268,458
LONG-TERM ASSETS			
Grant advances		112,628	209,722
CAPITAL ASSETS - Notes 2 & 4			
		<u>22,410</u>	<u>35,321</u>
	\$	\$ <u>724,565</u>	\$ <u>5,513,501</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	\$	\$ 59,522	\$ 69,877
Grants payable		92,458	214,242
Due to B.C. Investment Agriculture Foundation		<u>572,585</u>	<u>-</u>
		724,565	284,119
EQUITY			
RETAINED EARNINGS			
Unappropriated		<u> </u>	<u>5,229,382</u>
	\$	\$ <u>724,565</u>	\$ <u>5,513,501</u>

GUARANTEES - Note 5

APPROVED ON BEHALF OF THE AUTHORITY

J. Kender

See accompanying notes to financial statements

STATEMENT B

OKANAGAN VALLEY TREE FRUIT AUTHORITY
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2003

	2003	2002
REVENUE - Note 6	\$ <u>8,894,182</u>	\$ <u>6,068,727</u>
EXPENDITURE		
Orchard Renovation		
Replant Grant Program	3,021,235	2,747,451
Grafting Program	67,715	64,021
Transitional Production Adjustment Program	1,241,662	1,378,719
Replant Advance Program	7,327	13,932
Sterile Insect Release Program	4,409	935,598
Information Program	<u>5,929</u>	<u>104,885</u>
Total Orchard Renovation	4,348,277	5,244,606
Administrative Costs	152,055	148,093
Restructuring and Exit Costs	50,647	
Grant to B.C. Investment Agriculture Foundation - Note 7	<u>9,572,585</u>	
	<u>14,123,564</u>	<u>5,392,699</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(5,229,382)	676,028
RETAINED EARNINGS, beginning of year	<u>5,229,382</u>	<u>4,553,354</u>
RETAINED EARNINGS, end of year	\$ <u> </u>	\$ <u>5,229,382</u>

See accompanying notes to financial statements

OKANAGAN VALLEY TREE FRUIT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2003

	2003	2002
OPERATIONS		
Receipts from revenue	\$ 8,878,353	\$ 6,070,628
Payment of grants	(4,330,322)	(5,183,208)
Payments to suppliers for goods and services	(169,827)	(242,342)
Payments to and on behalf of employees	<u>(223,762)</u>	<u>(200,747)</u>
CASH PROVIDED	<u>4,154,442</u>	<u>444,331</u>
INVESTMENTS		
Proceeds from (purchase of) capital assets, net	3,660	(4,152)
Transfer to B.C. Investment Agriculture Foundation	<u>(9,000,000)</u>	-
CASH USED	<u>(8,996,340)</u>	<u>(4,152)</u>
INCREASE (DECREASE) IN CASH	(4,841,898)	440,179
BEGINNING CASH	<u>5,085,350</u>	<u>4,645,171</u>
ENDING CASH	<u>\$ 243,452</u>	<u>\$ 5,085,350</u>
REPRESENTED BY		
Cash	\$ 207,672	\$ 64,103
Short-term investments	<u>35,780</u>	<u>5,021,247</u>
	<u>\$ 243,452</u>	<u>\$ 5,085,350</u>

See accompanying notes to financial statements

OKANAGAN VALLEY TREE FRUIT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2003

Note 1 AUTHORITY AND CESSATION OF OPERATIONS

The Okanagan Valley Tree Fruit Authority Act came into force on August 10, 1990. The mandate of the Authority was to ensure an efficient and co-ordinated approach to the revitalization of the tree fruit industry in the Interior of British Columbia. On March 6, 2003 the Okanagan Valley Tree Fruit Authority Act was repealed by Order of the Lieutenant-Governor in Council. The effective date for the repeal is May 31, 2003.

On March 12, 2003 the Ministry of Agriculture, Food and Fisheries of the Province of British Columbia entered into a trust agreement with the B.C. Investment Agriculture Foundation for the continuation of the orchard renovation programs offered by the Okanagan Valley Tree Fruit Authority. Pursuant to this agreement the B.C. Investment Agriculture Foundation commenced operations of the orchard renovation program on April 1, 2003 and the net assets of the Okanagan Valley Tree Fruit Authority were granted to the B.C. Investment Agriculture Foundation.

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, 2003 was \$35,690.

Note 4 CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2003	2002
Furniture and equipment	\$ 40,424	\$ 27,135	\$ 13,289	\$ 16,665
Computer equipment	<u>58,644</u>	<u>49,523</u>	<u>9,121</u>	<u>18,656</u>
	<u>\$ 99,068</u>	<u>\$ 76,658</u>	<u>\$ 22,410</u>	<u>\$ 35,321</u>

Note 5 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. During the year, all the outstanding guarantees for qualifying loans were released by the respective banks.

Under the Vendor Mortgage Guarantee Program, the outstanding mortgage guarantee, in the amount of \$160,668 was transferred to the Ministry of Agriculture, Food and Fisheries during the year.

Note 6 REVENUE

	2003	2002
Contribution, British Columbia Ministry of Agriculture, Food and Fisheries	\$ 8,650,000	\$ 5,800,000
Investment income	243,106	267,792
Other	<u>1,076</u>	<u>935</u>
	<u>\$ 8,894,182</u>	<u>\$ 6,068,727</u>

Note 7 GRANT TO B.C. INVESTMENT AGRICULTURE FOUNDATION

In accordance with the agreement described in Note 1 above, the net assets of the Authority were granted to the B.C. Investment Agriculture Foundation.

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.