



**Okanagan-Kootenay Sterile  
Insect Release Board  
Financial Statements  
December 31, 2011**

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## Independent Auditors' Report

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### To the Directors of the Board of Okanagan-Kootenay Sterile Insect Release Board

We have audited the accompanying financial statements of the Okanagan-Kootenay Sterile Insect Release Board, which comprise the statement of financial position as at December 31, 2011, and the statements of financial activities, 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 generally accepted accounting principles 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.

### Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 management'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 management's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 Okanagan-Kootenay Sterile Insect Release Board as at December 31, 2011, and its financial activities and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

Chartered Accountants

Kelowna, British Columbia  
May 4, 2012

## Okanagan Kootenay Sterile Insect Release Board Statement of Financial Position

December 31	2011	2010
<b>Financial assets</b>		
Cash	\$ 2,471,342	\$ 2,115,738
Temporary investments	2,672	37,425
Accounts receivable	70,987	104,517
	2,545,001	2,257,680
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	128,208	107,181
<b>Net financial assets</b>	2,416,793	2,150,499
<b>Non-financial assets</b>		
Inventory	33,064	45,565
Tangible capital assets (Note 1)	2,825,872	3,044,332
<b>Accumulated Surplus (Note 2)</b>	\$ 5,275,729	\$ 5,240,397

Approved on behalf of the Board:




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## Okanagan Kootenay Sterile Insect Release Board Statement of Financial Activities

For the year ended December 31	2011 Budget	2011 Actual	2010 Actual
<b>Revenue</b>			
Land taxes	\$ 1,710,728	\$ 1,710,728	\$ 1,710,728
Parcel tax	1,246,288	1,210,539	1,269,759
Interest income	15,000	20,755	15,313
Miscellaneous income	6,000	68,531	15,805
Grant	225,000	185,397	159,494
	<u>3,203,016</u>	<u>3,195,950</u>	<u>3,171,099</u>
<b>Expenses</b>			
Amortization	-	231,487	223,271
Diet ingredients	83,000	94,840	241,121
Operations (building and site maintenance)	40,300	37,187	66,756
Waste management	11,600	12,579	27,079
Utilities	202,000	172,454	226,325
Postage and courier	5,700	6,383	3,090
Supplies - administration	16,100	6,561	16,739
- operational	705,200	588,706	129,352
Vehicle and travel	146,000	128,794	139,439
General overhead	298,100	284,904	284,948
Community relations	25,000	4,642	9,768
Research and program development	223,000	64,216	65,333
Wages and benefits	1,588,500	1,527,865	1,679,602
	<u>3,344,500</u>	<u>3,160,618</u>	<u>3,112,823</u>
<b>Annual surplus (deficit)</b>	(141,484)	35,332	58,276
<b>Accumulated surplus, beginning of year</b>		<u>5,240,397</u>	<u>5,182,121</u>
<b>Accumulated surplus, end of year</b>		<u>\$ 5,275,729</u>	<u>\$ 5,240,397</u>

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**Okanagan Kootenay Sterile Insect Release Board  
Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	<b>2011</b>	<b>2010</b>
<b>Annual surplus</b>	<b>\$ 35,332</b>	<b>\$ 58,276</b>
Acquisition of tangible capital assets	(13,027)	(88,467)
Amortization of tangible capital assets	231,487	223,271
Change in inventory	12,502	(38,261)
<b>Net change in net financial assets</b>	<b>266,294</b>	<b>154,819</b>
<b>Net financial assets, beginning of year</b>	<b>2,150,499</b>	<b>1,995,680</b>
<b>Net financial assets, end of year</b>	<b>\$ 2,416,793</b>	<b>\$ 2,150,499</b>

## Okanagan Kootenay Sterile Insect Release Board Statement of Cash Flows

For the year ended December 31	2011	2010
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	\$ 35,332	\$ 58,276
Items not involving cash		
Amortization	<u>231,487</u>	<u>223,271</u>
	<u>266,819</u>	<u>281,547</u>
<b>Changes in working capital</b>		
Increase (decrease) in accounts receivable	33,530	(47,026)
Increase (decrease) in inventories	12,503	(38,261)
Increase (decrease) in accounts payable and accrued liabilities	21,026	(134,109)
Increase (decrease) in deferred revenue	-	(12,083)
Increase (decrease) in capital lease obligation	-	(36,722)
	<u>67,059</u>	<u>(268,201)</u>
<b>Cash from operations</b>	<u>333,878</u>	<u>13,346</u>
<b>Capital activities</b>		
Purchase of tangible capital assets	<u>(13,027)</u>	<u>(88,467)</u>
<b>Net change in cash and cash equivalents</b>	<u>320,851</u>	<u>(75,121)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>2,153,163</u>	<u>2,228,284</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,474,014</u>	<u>\$ 2,153,163</u>
<b>Cash and cash equivalents consists of:</b>		
Cash	\$ 2,471,342	\$ 2,115,738
Temporary investments	<u>2,672</u>	<u>37,425</u>
	<u>\$ 2,474,014</u>	<u>\$ 2,153,163</u>

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# The Okanagan Kootenay Sterile Insect Release Board Summary of Significant Accounting Policies

December 31, 2011

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<b>Nature of Business</b>	The Okanagan-Kootenay Sterile Insect Release Board (SIR) is established under Section 283 of the Municipalities Enabling and Validating Act (Province of British Columbia) and administers and operates the sterile insect release program as an agent of the participating regional districts. The participating regional districts are: Central Okanagan Regional District (CORD); Regional District of Okanagan-Similkameen (RDOS); Regional District of North Okanagan (RDNO); and, Columbia-Shuswap Regional District (CSRD).										
<b>Basis of Presentation</b>	It is the Board's policy to follow accounting principles generally accepted for municipalities in the Province of British Columbia and to apply such principles consistently. The financial statements include the account of all funds for the Board. All interfund transfers have been eliminated. They have been prepared using guidelines issued by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.										
<b>Temporary Investments</b>	Temporary investments are recorded at the lower of cost and market value.										
<b>Inventory</b>	Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.										
<b>Tangible Capital Assets</b>	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <table><tr><td>Buildings</td><td>50 years</td></tr><tr><td>Land improvements</td><td>20 years</td></tr><tr><td>Machinery &amp; equipment</td><td>20 to 25 years</td></tr><tr><td>Vehicles</td><td>5 to 10 years</td></tr><tr><td>Computers</td><td>4 years</td></tr></table>	Buildings	50 years	Land improvements	20 years	Machinery & equipment	20 to 25 years	Vehicles	5 to 10 years	Computers	4 years
Buildings	50 years										
Land improvements	20 years										
Machinery & equipment	20 to 25 years										
Vehicles	5 to 10 years										
Computers	4 years										



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## The Okanagan Kootenay Sterile Insect Release Board Summary of Significant Accounting Policies

**December 31, 2011**

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<b>Deferred Revenue</b>	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of financial activities in the year in which it is used for the specific purpose.
<b>Budget Figures</b>	The budget figures are from the Annual Budget Bylaw adopted each year. They have been reallocated to conform to PSAB Financial Statement Presentation.
<b>Revenue Recognition</b>	<p>Taxes are recognized as revenue in the year they are levied.</p> <p>The Board receives grants from senior governments and their agencies. Such grants are recorded as revenue in the period during which the grant criteria, if any, has been satisfied by the Board. Where no specific criteria need be fulfilled, the Board records the grants as revenue in the period during which the Board is eligible to receive the grant funding.</p> <p>Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable.</p> <p>Sales of products and other revenue is recognized on an accrual basis.</p>
<b>Financial Instruments</b>	The board's financial instruments consist of cash, temporary investments, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Okanagan-Kootenay Sterile Insect Release Board 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, unless otherwise noted.
<b>Use of Estimates</b>	The preparation of financial statements in conformity with generally accepted accounting principles for British Columbia Regional Districts requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

**The Okanagan Kootenay Sterile Insect Release Board**  
**Notes to Financial Statements**

**December 31, 2011**

	2011						
1. Tangible Capital Assets	Land	Land Improvements	Building	Machinery & Equipment	Vehicles	Computers	Total
Cost, beginning of year	\$ 31,200	\$ 151,799	\$ 3,115,033	\$ 2,912,420	\$ 460,781	\$ 19,321	\$ 6,690,554
Additions	-	-	-	11,182	-	1,845	13,027
Disposals	-	-	-	-	-	-	-
Cost, end of year	\$ 31,200	\$ 151,799	\$ 3,115,033	\$ 2,923,602	\$ 460,781	\$ 21,166	\$ 6,703,581
Accumulated amortization, beginning of year	\$ -	\$ 136,619	\$ 1,121,413	\$ 2,048,106	\$ 330,477	\$ 9,607	\$ 3,646,222
Amortization	-	7,590	62,300	121,584	33,449	6,564	231,487
Disposals	-	-	-	-	-	-	-
Accumulated amortization, end of year	\$ -	\$ 144,209	\$ 1,183,713	\$ 2,169,690	\$ 363,926	\$ 16,171	\$ 3,877,709
Net carrying amount, end of year	\$ 31,200	\$ 7,590	\$ 1,931,320	\$ 753,912	\$ 96,855	\$ 4,995	\$ 2,825,872

**The Okanagan Kootenay Sterile Insect Release Board  
Notes to Financial Statements**

**December 31, 2011**

**1. Tangible Capital Assets (continued)**

	2010						
	Land	Land Improvements	Building	Machinery & Equipment	Vehicles	Computers	Total
Cost, beginning of year	\$ 31,200	\$ 151,799	\$ 3,115,033	\$ 2,876,652	\$ 409,548	\$ 23,238	\$ 6,607,470
Additions	-	-	-	35,768	51,233	1,466	88,467
Disposals	-	-	-	-	-	(5,383)	(5,383)
Cost, end of year	\$ 31,200	\$ 151,799	\$ 3,115,033	\$ 2,912,420	\$ 460,781	\$ 19,321	\$ 6,690,554
Accumulated amortization, beginning of year	\$ -	\$ 129,029	\$ 1,059,112	\$ 1,931,359	\$ 300,620	\$ 8,214	\$ 3,428,334
Amortization	7,590	62,301	116,747	29,857	6,776	(5,383)	223,271
Disposals	-	-	-	-	-	-	(5,383)
Accumulated amortization, end of year	\$ -	\$ 136,619	\$ 1,121,413	\$ 2,048,106	\$ 330,477	\$ 9,607	\$ 3,646,222
Net carrying amount, end of year	\$ 31,200	\$ 15,180	\$ 1,993,620	\$ 864,314	\$ 130,304	\$ 9,714	\$ 3,044,332

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## The Okanagan Kootenay Sterile Insect Release Board Notes to Financial Statements

**December 31, 2011**

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### 2. Accumulated Surplus

The Board segregates its accumulated surplus in the following categories:

	2011	2010
Investment in tangible capital assets (Note 1)	\$ 2,825,872	\$ 3,044,332
Current fund (Note 3)	2,449,857	2,196,065
	\$ 5,275,729	\$ 5,240,397

The investment in tangible capital assets represents amounts already spent and invested in infrastructure.

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### 3. Current Fund

	2011	2010
Annual surplus	\$ 35,332	\$ 58,276
Amortization of capital assets	231,487	223,271
Transfer to capital fund for capital asset acquisitions	(13,027)	(88,467)
Change in current fund	253,792	193,080
Current fund, beginning of year	2,196,065	2,002,985
Current fund, end of year	\$ 2,449,857	\$ 2,196,065

The board maintains a reserve for future expenditures of \$1,500,000 for gamma cell replacement and \$336,973 for equipment replacement. Canadian Generally Accepted Accounting Principles require that non-statutory reserves be included with the current fund. The current fund balance above includes the total of reserve funds of \$1,836,973 (2010 - \$1,850,000).

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## The Okanagan Kootenay Sterile Insect Release Board Notes to Financial Statements

**December 31, 2011**

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**4. Capital Fund**

	<u>2011</u>	<u>2010</u>
Capital fund, beginning of year	\$ 3,044,332	\$ 3,179,136
Amortization of capital assets	(231,487)	(223,271)
Transfer from current fund for capital asset acquisitions	<u>13,027</u>	<u>88,467</u>
Capital fund, end of year	<u>\$ 2,825,872</u>	<u>\$ 3,044,332</u>

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**5. Commitments**

The Board is committed to a lease agreement with the Regional District of Central Okanagan for lease of office space and the provision of financial and administrative services. The agreement has a term from January 1, 2010 to December 31, 2011 with a two year renewal at the option of the board. The estimated annual cost of financial and administrative services per the agreement is \$131,744. The estimated annual cost of the office lease per the agreement is \$12,489.

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**6. Comparative Figures**

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current year.

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## The Okanagan Kootenay Sterile Insect Release Board Notes to Financial Statements

**December 31, 2011**

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### 7. Budget Information

The budget adopted by the Board was not prepared on a basis consistent with that used to report actual results based on current Public Sector Accounting Standards ("PSAB"). The budget was prepared on a modified accrual basis while PSAB now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net debt represent the budget adopted by the Board with adjustments as follows:

	<u>2011</u>
Budget surplus (deficit) for the year as per board budget	\$ -
Add:	
Amount budgeted for capital expenditures	32,000
Less:	
Transfer from reserves in revenues	32,000
Transfer from previous years surplus in revenues	<u>141,484</u>
Budget deficit per statement of operations	<u>\$ (141,484)</u>