



**Okanagan-Kootenay Sterile
Insect Release Board
Financial Statements
December 31, 2014**

Contents

Management's Responsibility for Financial Reporting	2
Independent Auditors' Report	3 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Financial Operations	6
Statement of Change of Net Financial Assets	7
Statement of Cash Flows	8
Summary of Significant Accounting Policies	9 - 10
Notes to Financial Statements	11 - 15

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Okanagan Kootenay Sterile Insect Release Board are the responsibility of management and have been approved by the Chairperson on behalf of the Board.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Certain amounts used in the preparation of the consolidated financial statements are based on management's best estimates and judgments. Actual results could differ as additional information becomes available in the future. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Okanagan Kootenay Sterile Insect Release Board 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 the Release Board's assets are appropriately accounted for and adequately safeguarded.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report.

The financial statements have been audited by BDO Canada LLP Chartered Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Board. The independent auditor's report expresses their opinion on these financial statements. The auditors have full and free access to the accounting records and to the Board of the Okanagan Kootenay Sterile Insect Release Board.



Board of Directors Chairperson



General Manager



Tel: 250 763 6700
Fax: 250 763 4457
Toll-free: 800 928 3307
www.bdo.ca

BDO Canada LLP
Landmark Technology Centre
400 - 1631 Dickson Avenue
Kelowna BC V1Y 0B5 Canada

Independent Auditor's Report

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, 2014, 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, 2014, and its financial activities and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

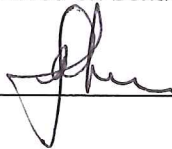
Chartered Accountants

Kelowna, British Columbia
May 15, 2015

Okanagan Kootenay Sterile Insect Release Board Statement of Financial Position

December 31	2014	2013
Financial assets		
Cash	\$ 226,989	\$ 1,069,047
Temporary investments (Note 1)	3,002,759	2,002,730
Accounts receivable	73,421	58,054
	3,303,169	3,129,831
Financial liabilities		
Accounts payable and accrued liabilities	169,296	140,929
	3,133,873	2,988,902
Net financial assets	3,133,873	2,988,902
Non-financial assets		
Prepays	12,311	12,729
Inventory (Note 2)	20,564	29,328
Tangible capital assets (Note 3)	2,280,056	2,442,166
	\$ 5,446,804	\$ 5,473,125
Accumulated Surplus (Note 4)	\$ 5,446,804	\$ 5,473,125

Approved on behalf of the Board:



Chairperson

Okanagan Kootenay Sterile Insect Release Board Statement of Financial Operations

For the year ended December 31	2014 Budget	2014 Actual	2013 Actual
Revenue			
Land taxes	\$ 1,710,728	\$ 1,710,728	\$ 1,710,728
Parcel tax	1,160,460	1,150,432	1,163,169
Interest income	22,000	36,608	29,744
Miscellaneous income	-	99,111	37,811
Grants	-	2,693	2,488
Gain on disposal of assets	-	2,460	7,450
	<u>2,893,188</u>	<u>3,002,032</u>	<u>2,951,390</u>
Expenses			
Amortization	-	214,943	221,836
Diet ingredients	100,000	75,280	68,330
Operations (building and site maintenance)	44,000	48,120	44,199
Waste management	16,200	7,745	11,427
Utilities	155,000	144,106	129,414
Postage and courier	5,000	11,485	5,298
Supplies - administration	8,000	8,834	6,630
- operational	610,450	579,759	566,227
Vehicle and travel	124,100	123,157	96,312
General overhead	299,000	286,000	269,100
Community relations	15,000	12,875	2,267
Research and program development	150,000	83,645	48,481
Wages and benefits	1,476,510	1,432,403	1,353,854
	<u>3,003,260</u>	<u>3,028,352</u>	<u>2,823,375</u>
Annual surplus (deficit) (Note 8)	(110,072)	(26,320)	128,015
Accumulated surplus, beginning of year		<u>5,473,124</u>	<u>5,345,110</u>
Accumulated surplus, end of year		<u>\$ 5,446,804</u>	<u>\$ 5,473,125</u>

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

For the year ended December 31	2014	2013
Annual surplus	\$ (26,320)	\$ 128,015
Acquisition of tangible capital assets	(52,834)	(19,655)
Amortization of tangible capital assets	214,944	221,836
Change in inventory	8,763	13,074
Change in prepaids	418	(569)
Net change in net financial assets	144,971	342,701
Net financial assets, beginning of year	2,988,902	2,646,201
Net financial assets, end of year	\$ 3,133,873	\$ 2,988,902

Okanagan Kootenay Sterile Insect Release Board Statement of Cash Flows

For the year ended December 31	2014	2013
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ (26,320)	\$ 128,015
Items not involving cash		
Amortization	214,943	221,836
	<u>188,623</u>	<u>349,851</u>
Changes in working capital		
(Increase) decrease in accounts receivable	(15,367)	32,665
Decrease in inventory	8,764	13,074
(Increase) decrease in prepaids	418	(569)
Increase in accounts payable and accrued liabilities	28,367	24,733
	<u>22,182</u>	<u>69,903</u>
Cash from operations	<u>210,805</u>	<u>419,754</u>
Capital activities		
Purchase of tangible capital assets	(52,834)	(19,655)
Net change in cash and cash equivalents	157,971	400,099
Cash and cash equivalents, beginning of year	<u>3,071,777</u>	<u>2,671,678</u>
Cash and cash equivalents, end of year	<u>\$ 3,229,748</u>	<u>\$ 3,071,777</u>
Cash and cash equivalents consists of:		
Cash	\$ 226,989	\$ 1,069,047
Temporary investments	3,002,759	2,002,730
	<u>\$ 3,229,748</u>	<u>\$ 3,071,777</u>

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

December 31, 2014

Nature of Business	The Okanagan-Kootenay Sterile Insect Release Board (the "Board") 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: Regional District of the Central Okanagan ("RDCO"); Regional District of Okanagan-Similkameen ("RDOS"); Regional District of North Okanagan ("RDNO"); and, Columbia-Shuswap Regional District ("CSR").										
Basis of Presentation	The financial statements of the Board are the representations of management and are prepared in accordance with Canadian generally accepted accounting policies for local government entities using guidelines issued by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.										
Temporary Investments	Temporary investments consist of units in the Province of British Columbia Pooled Investment Portfolio money market funds and GIC's held in another financial institution. Units are carried at the lower of cost of acquisition adjusted by income attributed to the units, or market value. GIC's are carried at the lower of cost of acquisition or market value.										
Inventory	Inventory of goods is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.										
Tangible Capital Assets	<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. 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 & 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										

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

December 31, 2014

Revenue Recognition

Taxes are recognized as revenue in the year they are levied.

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.

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.

Sales of products and other revenue is recognized on an accrual basis.

Financial Instruments

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 Board is not exposed to significant interest, currency, liquidity, or credit risks arising from these financial instruments.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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, 2014

1. Temporary Investments

	2014	2013
Bank of Montreal, Guaranteed Investment Certificates, interest at 1.40% per annum, maturing on August 19, 2015	2,600,000	-
Bank of Montreal, Guaranteed Investment Certificates, interest at 1.40% per annum, maturing on October 8, 2015	400,000	-
Bank of Montreal, short term investment, interest at 1.40% per annum, maturing October 2, 2014	-	2,000,000
MFABC Money Market Funds, interest at variable rates, unsecured, no specific terms of maturity	2,759	2,730
	3,002,759	2,002,730

2. Inventory

	2014	2013
2014	\$ 8,745	\$ 6,156
Supplies	11,819	23,172
	\$ 20,564	\$ 29,328

The Okanagan Kootenay Sterile Insect Release Board
Notes to Financial Statements

December 31, 2014

	2014						
3. Tangible Capital Assets	Land	Land Improvements	Building	Machinery & Equipment	Vehicles	Computers	Total
Cost, beginning of year	\$ 31,200	\$ 151,799	\$ 3,115,033	\$ 2,923,602	\$ 463,272	\$ 17,926	\$ 6,702,832
Additions	-	-	-	-	47,508	5,326	52,834
Disposals	-	-	-	-	(55,325)	(9,145)	(64,470)
Cost, end of year	\$ 31,200	\$ 151,799	\$ 3,115,033	\$ 2,923,602	\$ 455,455	\$ 14,107	\$ 6,691,196
Accumulated amortization, beginning of year	\$ -	\$ 151,799	\$ 1,308,315	\$ 2,412,858	\$ 375,430	\$ 12,264	\$ 4,260,666
Amortization	-	-	62,301	121,585	27,531	3,527	214,944
Disposals	-	-	-	-	(55,325)	(9,145)	(64,470)
Accumulated amortization, end of year	\$ -	\$ 151,799	\$ 1,370,616	\$ 2,534,443	\$ 347,636	\$ 6,646	\$ 4,411,140
Net carrying amount, end of year	\$ 31,200	\$ -	\$ 1,744,417	\$ 389,159	\$ 107,819	\$ 7,461	\$ 2,280,056

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

December 31, 2014

3. Tangible Capital Assets (continued)

						2013	
	Land	Land	Building	Machinery & Equipment	Vehicles	Computers	Total
	Improvements						
Cost, beginning of year	\$ 31,200	\$ 151,799	\$ 3,115,033	\$ 2,923,602	\$ 512,635	\$ 10,990	\$ 6,745,259
Additions	-	-	-	-	12,719	6,936	19,655
Disposals	-	-	-	-	(62,082)	-	(62,082)
Cost, end of year	\$ 31,200	\$ 151,799	\$ 3,115,033	\$ 2,923,602	\$ 463,272	\$ 17,926	\$ 6,702,832
Accumulated amortization, beginning of year	\$ -	\$ 151,799	\$ 1,246,014	\$ 2,291,274	\$ 403,084	\$ 8,742	\$ 4,100,913
Amortization	-	-	62,301	121,584	34,429	3,522	221,836
Disposals	-	-	-	-	(62,083)	-	(62,083)
Accumulated amortization, end of year	\$ -	\$ 151,799	\$ 1,308,315	\$ 2,412,858	\$ 375,430	\$ 12,264	\$ 4,260,666
Net carrying amount, end of year	\$ 31,200	\$ -	\$ 1,806,718	\$ 510,744	\$ 87,842	\$ 5,662	\$ 2,442,166

The Okanagan Kootenay Sterile Insect Release Board Notes to Financial Statements

December 31, 2014

4. Accumulated Surplus

The Board segregates its accumulated surplus in the following categories:

	2014	2013
Investment in tangible capital assets (Note 4)	\$ 2,280,056	\$ 2,442,166
Current fund (Note 3)	3,166,748	3,030,959
	\$ 5,446,804	\$ 5,473,125

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

5. Current Fund

	2014	2013
Annual surplus (deficit)	\$ (26,320)	\$ 128,015
Amortization of capital assets	214,943	221,836
Transfer to capital fund for capital asset acquisitions	(52,834)	(19,655)
Change in current fund	135,789	330,196
Current fund, beginning of year	3,030,959	2,700,763
Current fund, end of year	\$ 3,166,748	\$ 3,030,959

The Board maintains a reserve for future expenditures of \$1,836,973 (2013 - \$1,836,973) for equipment replacement. PSAB requires that non-statutory reserves be included with the current fund.

6. Capital Fund

	2014	2013
Capital fund, beginning of year	\$ 2,442,165	\$ 2,644,347
Amortization of capital assets	(214,943)	(221,837)
Transfer from current fund for capital asset acquisitions	52,834	19,655
Capital fund, end of year	\$ 2,280,056	\$ 2,442,165

The Okanagan Kootenay Sterile Insect Release Board Notes to Financial Statements

December 31, 2014

7. Commitments

The Board is committed through an agreement to the Regional District of the Central Okanagan for lease of office space and the provision of financial and administrative services. The agreement has a term which ends on December 31, 2018 with a two year renewal at the option of the Board. The estimated annual cost of financial and administrative services per the agreement is \$133,261 and the estimated annual cost of the office lease per the agreement is \$11,627.

8. 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 PSAB standards. The budget was prepared on a modified accrual basis while PSAB requires 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>2014</u>
Budget surplus (deficit) for the year as per board budget	\$ -
Add:	
Amount budgeted for capital expenditures	63,850
Less:	
Transfer from reserves in revenues	63,850
Transfer from previous years surplus in revenues	<u>110,072</u>
Budget deficit per statement of operations	<u>\$ (110,072)</u>