



**Okanagan-Kootenay Sterile
Insect Release Board
Financial Statements
December 31, 2015**

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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 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 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 Professional 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



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Independent Auditors' 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, 2015, 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, 2015, 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 Professional Accountants

Kelowna, British Columbia
May 6, 2016

Okanagan Kootenay Sterile Insect Release Board Statement of Financial Position

December 31	2015	2014
Financial assets		
Cash	\$ 209,605	\$ 226,989
Temporary investments (Note 1)	3,202,783	3,002,759
Accounts receivable	42,411	73,421
	3,454,799	3,303,169
Financial liabilities		
Accounts payable and accrued liabilities	177,894	169,296
Deferred revenue	9,753	-
	187,647	169,296
Net financial assets	3,267,152	3,133,873
Non-financial assets		
Prepays	36,340	12,311
Inventory (Note 2)	37,027	20,564
Tangible capital assets (Note 3)	2,273,522	2,280,056
	2,346,889	2,313,931
Accumulated Surplus (Note 4)	\$ 5,614,040	\$ 5,446,804

Approved on behalf of the Board:



Chairperson

Okanagan Kootenay Sterile Insect Release Board Statement of Financial Operations

For the year ended December 31	2015	2015	2014
	Budget	Actual	Actual
Revenue			
Land taxes	\$ 1,710,728	\$ 1,710,728	\$ 1,710,728
Parcel tax	1,121,529	1,154,459	1,150,432
Interest income	12,000	35,891	36,608
Miscellaneous income	-	151,317	99,111
Grants	-	3,371	2,693
Gain on disposal of assets	-	1,714	2,460
	<u>2,844,257</u>	<u>3,057,480</u>	<u>3,002,032</u>
Expenses			
Amortization	-	224,614	214,943
Diet ingredients	200,000	152,054	75,280
Operations (building and site maintenance)	69,000	55,451	48,120
Waste management	33,000	10,894	7,745
Utilities	260,000	149,809	144,106
Postage and courier	6,000	17,332	11,485
Supplies - administration	9,000	9,352	8,834
- operational	208,220	124,595	579,759
Vehicle and travel	112,600	140,370	123,157
General overhead	312,360	313,604	286,000
Community relations	15,000	7,847	12,875
Research and program development	101,000	45,582	83,645
Wages and benefits	1,798,952	1,638,740	1,432,403
	<u>3,125,132</u>	<u>2,890,244</u>	<u>3,028,352</u>
Annual surplus (deficit) (Note 8)	(280,875)	167,236	(26,320)
Accumulated surplus, beginning of year		<u>5,446,804</u>	5,473,124
Accumulated surplus, end of year		<u>\$ 5,614,040</u>	<u>\$ 5,446,804</u>

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

For the year ended December 31	2015	2014
Annual surplus (deficit)	\$ 167,236	\$ (26,320)
Acquisition of tangible capital assets	(218,080)	(52,834)
Amortization of tangible capital assets	224,614	214,944
Change in inventory	(16,463)	8,763
Change in prepaids	(24,030)	418
Net change in net financial assets	133,277	144,971
Net financial assets, beginning of year	3,133,873	2,988,902
Net financial assets, end of year	\$ 3,267,152	\$ 3,133,873

Okanagan Kootenay Sterile Insect Release Board Statement of Cash Flows

For the year ended December 31

2015

2014

Cash provided by (used in)

Operating activities

Annual surplus (deficit)	\$ 167,236	\$ (26,320)
Items not involving cash		
Amortization	224,614	214,943
	<u>391,850</u>	<u>188,623</u>

Changes in working capital items

Accounts receivable	31,010	(15,367)
Inventory	(16,463)	8,764
Prepays	(24,030)	418
Accounts payable and accrued liabilities	8,600	28,367
Deferred revenue	9,753	-
	<u>8,870</u>	<u>22,182</u>

Cash from operations

400,720 210,805

Capital activities

Purchase of tangible capital assets	(218,080)	(52,834)
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Net change in cash and cash equivalents

182,640 157,971

Cash and cash equivalents, beginning of year

3,229,748 3,071,777

Cash and cash equivalents, end of year

\$ 3,412,388 \$ 3,229,748

Cash and cash equivalents consists of:

Cash	\$ 209,605	\$ 226,989
Temporary investments	3,202,783	3,002,759

\$ 3,412,388 \$ 3,229,748

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

December 31, 2015

Nature of Business	The Okanagan Kootenay Sterile Insect Release Board (the "Release 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 ("CSRD").										
Basis of Presentation	The financial statements of the Release 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 Professional 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 an 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, 2015

Revenue Recognition

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

The Release 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 Release Board. Where no specific criteria need be fulfilled, the Release Board records the grants as revenue in the period during which the Release 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.

If performance obligations or grant eligibility criteria are not met, amounts are recorded as deferred revenue until such time as the revenues are earned.

Financial Instruments

The Release 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 Release 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, 2015

1. Temporary Investments

	2015	2014
Bank of Montreal, Guaranteed Investment Certificates, interest at 1.00% per annum, maturing on October 13, 2016	\$ 3,200,000	\$ -
MFABC Money Market Funds, interest at variable rates, unsecured, no specific terms of maturity	2,783	2,759
Bank of Montreal, matured during the year	-	3,000,000
	\$ 3,202,783	\$ 3,002,759

2. Inventory

	2015	2014
Diet ingredients	\$ 13,470	\$ 8,745
Supplies	23,557	11,819
	\$ 37,027	\$ 20,564

The Okanagan Kootenay Sterile Insect Release Board
Notes to Financial Statements

December 31, 2015

3. Tangible Capital Assets

	Land	Land Improvements	Building	Machinery & Equipment	Vehicles	Computers	Work in Progress	Total
Cost, beginning of year	\$31,200	\$ 151,799	\$ 3,115,033	\$ 2,923,602	\$ 455,455	\$ 14,107	\$ -	\$ 6,691,196
Additions	-	-	-	-	42,800	16,637	158,643	218,080
Disposals	-	-	-	-	(6,257)	(1,845)	-	(8,102)
Cost, end of year	\$31,200	\$ 151,799	\$ 3,115,033	\$ 2,923,602	\$ 491,998	\$ 28,899	\$ 158,643	\$ 6,901,174
Accumulated amortization, beginning of year	\$ -	\$ 151,799	\$ 1,370,616	\$ 2,534,443	\$ 347,636	\$ 6,646	\$ -	\$ 4,411,140
Amortization	-	-	62,301	121,702	33,386	7,225	-	224,614
Disposals	-	-	-	-	(6,257)	(1,845)	-	(8,102)
Accumulated amortization, end of year	\$ -	\$ 151,799	\$ 1,432,917	\$ 2,656,145	\$ 374,765	\$ 12,026	\$ -	\$ 4,627,652
Net carrying amount, end of year	\$31,200	\$ -	\$ 1,682,116	\$ 267,457	\$ 117,233	\$ 16,873	\$ 158,643	\$ 2,273,522

The Okanagan Kootenay Sterile Insect Release Board
Notes to Financial Statements

December 31, 2015

3. Tangible Capital Assets (continued)

	2015					2014	
	Land	Land	Building	Machinery & Equipment	Vehicles	Computers	Total
	Improvements	\$	\$	\$	\$	\$	\$
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, 2015

4. Accumulated Surplus

The Board segregates its accumulated surplus in the following categories:

	2015	2014
Investment in tangible capital assets (Note 3)	\$ 2,273,522	\$ 2,280,056
Current fund (Note 5)	3,340,518	3,166,748
	\$ 5,614,040	\$ 5,446,804

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

5. Current Fund

	2015	2014
Annual surplus (deficit)	\$ 167,236	\$ (26,320)
Amortization of capital assets	224,614	214,943
Transfer to capital fund for capital asset acquisitions	(218,080)	(52,834)
Change in current fund	173,770	135,789
Current fund, beginning of year	3,166,748	3,030,959
Current fund, end of year	\$ 3,340,518	\$ 3,166,748

The Release Board maintains a reserve for future expenditures of \$1,618,893 (2014 - \$1,836,973) for equipment replacement. PSAB requires that non-statutory reserves be included with the current fund.

6. Capital Fund

	2015	2014
Capital fund, beginning of year	\$ 2,280,056	\$ 2,442,165
Amortization of capital assets	(224,614)	(214,943)
Transfer from current fund for capital asset acquisitions	218,080	52,834
Capital fund, end of year	\$ 2,273,522	\$ 2,280,056

The Okanagan Kootenay Sterile Insect Release Board Notes to Financial Statements

December 31, 2015

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>2015</u>
Budget surplus (deficit) for the year as per board budget	\$ -
Add:	
Amount budgeted for capital expenditures	80,000
Less:	
Transfer from reserves in revenues	80,000
Transfer from previous years surplus in revenues	<u>280,875</u>
Budget deficit per statement of operations	<u>\$ (280,875)</u>