

**OKANAGAN-KOOTENAY
STERILE RELEASE BOARD**

CONSOLIDATED FINANCIAL STATEMENTS

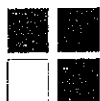
**DECEMBER 31, 2008
(Audited)**

MURRAY ROSSWORN INC.
Chartered Accountants

OKANAGAN-KOOTENAY STERILE INSECT RELEASE BOARD
Consolidated Financial Statements
As at December 31, 2008

Contents

Auditors' Report	2
Consolidated Financial Statements	
Statement 1 Consolidated Statement of Financial Position	3
Statement 2 Consolidated Statement of Financial Activities	4
Statement 3 Consolidated Statement of Cash Flows	5
Summary of Significant Accounting Policies	6 - 7
Notes to Consolidated Financial Statements	8 - 9



Auditors' Report

To the Chairperson and Directors of the Okanagan-Kootenay Sterile Insect Release Board

We have audited the consolidated statement of financial position of the Okanagan-Kootenay Sterile Insect Release Board as at December 31, 2008 and the consolidated statements of financial activities, and cash flows for the year ended December 31, 2008. These consolidated financial statements are the responsibility of the Okanagan-Kootenay Sterile Insect Release Board'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 or not 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 consolidated financial statements present fairly, in all material respects, the financial position of the Okanagan-Kootenay Sterile Insect Release Board as at December 31, 2008 and the results of its financial activities and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for British Columbia Regional Districts.

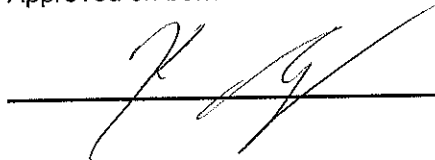
**Chartered Accountants
Armstrong, British Columbia**

April 25, 2009

Okanagan-Kootenay Sterile Insect Release Board
Statement 1
Consolidated Statement of Financial Position

December 31	2008	2007
ASSETS		
Financial Assets		
Cash	\$ 1,939,127	\$ 1,577,867
Accounts Receivable (Note 1)	<u>62,654</u>	<u>352,724</u>
	2,001,781	1,930,591
Liabilities		
Accounts payable and accrued liabilities	143,691	178,220
Deferred Revenue	<u>1,783</u>	<u>144</u>
	1,856,307	1,752,227
Net Financial Position		
Physical Assets		
Capital assets (Note 2)	<u>7,626,784</u>	<u>7,601,721</u>
	\$ 9,483,091	\$ 9,353,948
Okanagan Kootenay Sterile Insect Release Board Position		
Operating Surplus (Note 3)	\$ 1,856,307	\$ 1,752,227
Investment in Physical Assets (Note 4)	<u>7,626,784</u>	<u>7,601,721</u>
	\$ 9,483,091	\$ 9,353,948

Approved on behalf of the Board:



Chief Financial Officer

Okanagan-Kootenay Sterile Insect Release Board
Statement 2
Consolidated Statement of Financial Activities

For the year ended December 31	2008	2008	2007
	Actual	Budget	Actual
Revenue			
Land taxes (Note5)	\$ 1,636,599	\$ 1,636,355	\$ 1,573,418
Parcel tax (Note 6)	1,289,521	1,236,229	1,259,761
BC Investment Agriculture grant	-	-	1,317,740
Egg sheet sales	146,462	71,000	127,773
Miscellaneous income	12,306	26,000	33,416
Interest income	48,985	-	46,052
Employment Grant	4,009	-	-
	<u>3,137,882</u>	<u>2,969,584</u>	<u>4,358,160</u>
Expenditures			
Diet Ingredients	\$ 248,888	\$ 185,636	\$ 191,237
Moth Quality Improvments	-	-	38,073
Operations (Building and Site Maintenance)	88,009	88,330	107,424
Waste Management	34,902	29,962	30,632
Utilities	260,818	270,000	260,519
Postage and Courier	16,785	14,320	9,174
Supplies - Administration	25,783	36,395	65,288
Supplies - Operational	119,769	168,911	157,631
Vehicle and Travel	153,416	237,239	248,013
Incentive Program / Tree Removal	1,041	-	270,144
General Overhead	257,383	265,959	261,800
Community Relations	7,442	20,000	3,826
Consultants	50,797	70,000	18,505
Wages and Benefits	1,768,769	2,000,701	2,033,690
	<u>\$ 3,033,802</u>	<u>\$ 3,387,453</u>	<u>\$ 3,695,956</u>
	-	-	-
Net revenue (expenditures)	104,080	(417,869)	662,204
Operating Surplus, beginning of year	<u>1,752,227</u>	<u>1,752,227</u>	<u>1,090,023</u>
Operating Surplus, end of year (Note 3)	<u>\$ 1,856,307</u>	<u>\$ 1,334,358</u>	<u>\$ 1,752,227</u>

Okanagan-Kootenay Sterile Insect Release Board
Statement 3
Consolidated Statement of Cash Flows

For the year ended December 31	2008	2007
Cash flow from operations		
Net revenue	\$ 104,080	\$ 662,204
Increase (decrease) in accounts receivable	290,070	472,919
Decrease in accounts payable and accrued liabilities	(34,529)	30,792
Increase (decrease) deferred revenue	1,639	(797)
Increase (decrease) in cash during the year	361,260	1,165,118
Cash position, beginning of year	1,577,867	412,749
Cash position, end of year	\$ 1,939,127	\$ 1,577,867

Cash position is defined as cash, less cheques written in excess of funds on deposit.

Okanagan-Kootenay Sterile Insect Release Board

Summary of Significant Accounting Policies

December 31, 2008

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).

**British Columbia
Regional Districts**

It is the policy of the Board to follow accounting principles generally accepted for British Columbia Regional Districts and apply such principles consistently.

**Consolidated Financial
Statements**

For overall financial statement purposes, consolidated financial statements have been provided for all funds belonging to one economic activity that is the Okanagan-Kootenay Sterile Insect Release Board. These are the General Operating Fund and the General Capital Fund. Inter-fund transfers have been eliminated.

Capital Assets

Capital assets are recorded at cost. Amortization is not provided for in the accounts.

Effective January 1, 2008, SIR adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 – Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

SIR has continued to work towards compliance with the new recommendations for accounting of tangible capital assets. The inventory and valuation of SIR's tangible capital assets will occur during the 2009 fiscal year; completion is expected by December 31, 2009.

Financial instruments

The SIR financial instruments consist of cash, 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.

Government Transfers

The Board receives grants from senior governments and their agencies. Such grants are recorded as revenue in the period during which 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. Various grant agreements are described in Note 6.

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

December 31, 2008

Use of Estimates

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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenditures during the period. Actual results could differ from those estimates.

Okanagan-Kootenay Sterile Insect Release Board

Notes to Consolidated Financial Statements

December 31, 2008

1. Accounts Receivable

	2008	2007
GST	\$ 42,478	\$ 70,131
Other	20,176	282,593
Balance, end of year	\$ 62,654	\$ 352,724

2. Capital Assets

	2008	2007
Equipment	\$ 2,661,633	\$ 2,636,570
Environmental System	2,288,306	2,288,306
Building	1,483,292	1,483,292
Electrical System	530,151	530,151
Engineering Fees	512,994	512,994
Site Development	150,408	150,408
	\$ 7,626,784	\$ 7,601,721

3. Operating Surplus

The Board maintains a reserve for future expenditures of \$240,000 that may be used at its sole discretion. Generally Accepted Accounting Principles require that non-statutory reserves be included with the operating surplus.

4. Investment in Physical Assets

	2008	2007
Balance, beginning of year	\$ 7,601,721	\$ 7,579,077
Additions	25,063	37,687
Disposals	-	(15,043)
Balance, end of year	\$ 7,626,784	\$ 7,601,721

5. Land Taxes Revenue

	2008	2008	2007
	Actual	Budget	Actual
C.O.R.D.	958,463	959,511	922,009
C.S.R.D.	55,758	55,758	53,643
R.D.N.O.	281,931	280,361	269,598
R.D.O.S	340,447	340,725	328,168
	\$ 1,636,599	\$ 1,636,355	\$ 1,573,418

Okanagan-Kootenay Sterile Insect Release Board
Notes to Consolidated Financial Statements

December 31, 2008

6. Parcel Tax Revenue

	2008	2008	2007
	Actual	Budget	Actual
C.O.R.D.	601,502	568,698	585,579
C.S.R.D.	10,697	11,525	11,691
R.D.N.O.	120,653	107,787	109,259
R.D.O.S	556,669	548,219	553,232
	\$ 1,289,521	\$ 1,236,229	\$ 1,259,761

7. Related Party Transactions

Financial administrative functions were performed by the Regional District of North Okanagan (RDNO). During the year, \$100,834 (2007 - \$91,243) was paid to the R.D.N.O. for administration. The contract expired December 31, 2008. The transaction is measured at the exchange amount which is the amount agreed to by the related parties.

8. Commitments

During the year the Board entered into an agreement with the Central Okanagan Regional District (CORD) to provide 2009 financial and administrative services for \$137,400.

SIR is committed to the following annual lease payments:

	2009	2010
Central Okanagan Regional District	\$ 9,350	\$ -
Kelowna Ford	16,017	4,037
	\$ 25,367	\$ 4,037

9. Comparative Figures

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