



**Okanagan-Kootenay Sterile
Insect Release Board
Financial Statements
December 31, 2010**

Contents

Auditors' Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Financial Activities	5
Statement of Change of Net Financial Assets	6
Statement of Cash Flows	7
Summary of Significant Accounting Policies	8 - 9
Notes to Financial Statements	10 - 13



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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, 2010, 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, 2010, and its financial activities and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "BDO Canada LLP". The signature is written in a cursive, flowing style.

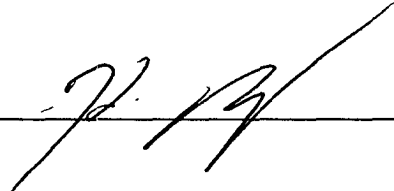
Chartered Accountants

Kelowna, British Columbia
May 20, 2011

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

December 31	2010	2009
Financial assets		
Cash	\$ 2,115,738	\$ 142,906
Temporary investments	37,425	2,085,378
Accounts receivable	104,517	57,491
	<u>2,257,680</u>	<u>2,285,775</u>
Financial liabilities		
Accounts payable and accrued liabilities	107,181	241,290
Obligation under capital lease	-	36,722
Deferred revenue	-	12,083
	<u>107,181</u>	<u>290,095</u>
Net financial assets	2,150,499	1,995,680
Non-financial assets		
Inventory	45,566	7,305
Tangible capital assets (Note 1)	3,044,332	3,179,136
Accumulated Surplus (Note 2)	\$ 5,240,397	\$ 5,182,121

Approved on behalf of the Board:



Okanagan Kootenay Sterile Insect Release Board Statement of Financial Activities

For the year ended December 31	2010 Budget	2010 Actual	2009 Actual
Revenue			
Land taxes	\$ 1,710,728	\$ 1,710,728	\$ 1,685,446
Parcel tax	1,273,933	1,269,759	1,280,775
Interest income	15,000	15,313	15,941
Miscellaneous income	6,000	15,805	20,574
Grant	-	159,494	95,591
	<u>3,005,661</u>	<u>3,171,099</u>	<u>3,098,327</u>
Expenses			
Amortization	-	223,271	225,882
Diet ingredients	242,800	241,121	236,830
Operations (building and site maintenance)	95,000	66,756	87,960
Waste management	32,200	27,079	31,326
Utilities	254,200	226,325	247,994
Postage and courier	9,700	3,090	9,354
Supplies - administration	16,500	16,739	16,084
- operational	157,700	129,352	125,681
Vehicle and travel	151,700	139,439	141,892
General overhead	296,066	284,948	278,622
Community relations	10,000	9,768	8,423
Research and program development	121,200	65,333	45,976
Wages and benefits	1,700,000	1,679,602	1,658,249
	<u>3,087,066</u>	<u>3,112,823</u>	<u>3,114,273</u>
Annual surplus (deficit)	(81,405)	58,276	(15,946)
Accumulated surplus, beginning of year		<u>5,182,121</u>	<u>5,198,067</u>
Accumulated surplus, end of year		<u>\$ 5,240,397</u>	<u>\$ 5,182,121</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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

For the year ended December 31	2010	2009
Annual surplus (deficit)	\$ 58,276	\$ (15,946)
Acquisition of tangible capital assets	(88,467)	(9,970)
Amortization of tangible capital assets	223,271	225,882
Change in inventory	(38,261)	4,372
Net change in net financial assets	154,819	204,338
Net financial assets, beginning of year	1,995,680	1,791,342
Net financial assets, end of year	\$ 2,150,499	\$ 1,995,680

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Okanagan Kootenay Sterile Insect Release Board Statement of Cash Flows

For the year ended December 31	2010	2009
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ 58,276	\$ (15,946)
Items not involving cash		
Amortization	<u>223,271</u>	<u>225,882</u>
	<u>281,547</u>	<u>209,936</u>
Changes in working capital		
Increase (decrease) in accounts receivable	(47,026)	(2,141)
Increase (decrease) in inventories	(38,261)	-
Increase (decrease) in accounts payable and accrued liabilities	(134,109)	97,598
Increase (decrease) in deferred revenue	(12,083)	10,300
Increase (decrease) in capital lease obligation	<u>(36,722)</u>	<u>(16,566)</u>
	<u>(268,201)</u>	<u>89,191</u>
Cash from operations	<u>13,346</u>	<u>299,127</u>
Capital activities		
Purchase of tangible capital assets	<u>(88,467)</u>	<u>(9,970)</u>
Net change in cash and cash equivalents	(75,121)	289,157
Cash and cash equivalents, beginning of year	<u>2,228,284</u>	<u>1,939,127</u>
Cash and cash equivalents, end of year	<u>\$ 2,153,163</u>	<u>\$ 2,228,284</u>
Cash consists of:		
Cash	\$ 2,115,738	\$ 142,906
Temporary investments	<u>37,425</u>	<u>2,085,378</u>
	<u>\$ 2,153,163</u>	<u>\$ 2,228,284</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Okanagan Kootenay Sterile Insect Release Board

Summary of Significant Accounting Policies

December 31, 2010

Nature of Business	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).								
Basis of Presentation	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.								
Temporary Investments	Temporary investments are recorded at the lower of cost and market value.								
Inventory	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.								
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. 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>Machinery & equipment</td><td>25 years</td></tr><tr><td>Vehicles</td><td>6 to 10 years</td></tr><tr><td>Computers</td><td>4 years</td></tr></table>	Buildings	50 years	Machinery & equipment	25 years	Vehicles	6 to 10 years	Computers	4 years
Buildings	50 years								
Machinery & equipment	25 years								
Vehicles	6 to 10 years								
Computers	4 years								

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

December 31, 2010

Deferred Revenue	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.
Budget Figures	The budget figures are from the Annual Budget Bylaw adopted each year. They have been reallocated to conform to PSAB Financial Statement Presentation.
Revenue Recognition	<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>
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 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.
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 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, 2010

1. Tangible Capital Assets

	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	223,271
Disposals	-	-	-	-	-	(5,383)	(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

The Okanagan Kootenay Sterile Insect Release Board
Notes to Financial Statements

December 31, 2010

1. Tangible Capital Assets (continued)

	2009						
	Land	Land Improvements	Building	Machinery & Equipment	Vehicles	Computers	Total
Cost, beginning of year	\$ 31,200	\$ 151,799	\$ 3,115,033	\$ 2,874,362	\$ 409,548	\$ 19,813	\$ 6,601,755
Additions		-	-	2,290	-	7,680	9,970
Disposals		-	-	-	-	(4,255)	(4,255)
Cost, end of year	\$ 31,200	\$ 151,799	\$ 3,115,033	\$ 2,876,652	\$ 409,548	\$ 23,238	\$ 6,607,470
Accumulated amortization, beginning of year	\$ -	\$ 121,439	\$ 996,811	\$ 1,808,388	\$ 271,710	\$ 8,359	\$ 3,206,707
Amortization		7,590	62,301	122,971	28,910	4,110	225,882
Disposals		-	-	-	-	(4,255)	(4,255)
Accumulated amortization, end of year	\$ -	\$ 129,029	\$ 1,059,112	\$ 1,931,359	\$ 300,620	\$ 8,214	\$ 3,428,334
Net carrying amount, end of year	\$ 31,200	\$ 22,770	\$ 2,055,921	\$ 945,293	\$ 108,928	\$ 15,024	\$ 3,179,136

The Okanagan Kootenay Sterile Insect Release Board Notes to Financial Statements

December 31, 2010

2. Accumulated Surplus

The Board segregates its accumulated surplus in the following categories:

	2010	2009
Investment in tangible capital assets (Note 1)	\$ 3,044,332	\$ 3,179,136
Current fund (Note 3)	2,196,065	2,002,985
	\$ 5,240,397	\$ 5,182,121

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

3. Current Fund

	2010	2009
Annual surplus (deficit)	\$ 58,276	\$ (15,946)
Amortization of capital assets	223,271	225,882
Transfer to capital fund for capital asset acquisitions	(88,467)	(9,970)
Change in current fund	193,080	199,966
Current fund, beginning of year	2,002,985	1,803,019
Current fund, end of year	\$ 2,196,065	\$ 2,002,985

The board maintains a reserve for future expenditures of \$1,500,000 for gamma cell replacement and \$350,000 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 \$1,850,000 (2009 - \$1,850,000).

The Okanagan Kootenay Sterile Insect Release Board Notes to Financial Statements

December 31, 2010

4. Capital Fund

	<u>2010</u>	<u>2009</u>
Capital fund, beginning of year	\$ 3,179,136	\$ 3,395,048
Amortization of capital assets	(223,271)	(225,882)
Transfer from current fund for capital asset acquisitions	<u>88,467</u>	<u>9,970</u>
Capital fund, end of year	<u>\$ 3,044,332</u>	<u>\$ 3,179,136</u>

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.

6. Comparative Figures

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