



Okanagan Kootenay Sterile Insect Release Program  
Financial Statements  
For the year ended December 31, 2022

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## Management's Responsibility for Financial Reporting

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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 judgements. 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 Okanagan Kootenay Sterile Insect Release 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 Okanagan Kootenay Sterile Insect Release 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 external auditors 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 external auditors have full and free access to the accounting records and to the Board of the Regional District of Central Okanagan.

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Board of Directors Chairperson



General Manager

May 12, 2023



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BDO Canada LLP  
1631 Dickson Avenue, Suite 400  
Kelowna BC V1Y 0B5 Canada

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## Independent Auditor's Report

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

#### Opinion

We have audited the financial statements of the Okanagan-Kootenay Sterile Insect Release Board (the "Release Board"), which comprise the statement of financial position as at December 31, 2022, and the statements of financial operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Okanagan-Kootenay Sterile Insect Release Board as at December 31, 2022, and its financial operations, change in net financial assets and cash flows for the year then ended in accordance with public sector accounting standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Release Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing the Release Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Release Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Release Board's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 the Release Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Release Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*


Chartered Professional Accountants

Kelowna, British Columbia  
May 12, 2023

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

December 31	2022	2021
<b>Financial Assets</b>		
Cash	\$ 1,484,730	\$ 1,058,845
Accounts receivable	58,101	28,151
	<u>1,542,831</u>	<u>1,086,996</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	401,083	126,483
Deferred revenue (Note 1)	220,941	-
	<u>622,024</u>	<u>126,483</u>
<b>Net Financial Assets</b>	<b>920,807</b>	<b>960,513</b>
<b>Non-Financial Assets</b>		
Inventory (Note 2)	125,487	117,843
Prepays and deposits	152,075	3,338
Tangible capital assets (Note 3)	2,403,506	2,567,596
<b>Accumulated Surplus (Note )</b>	<b>\$ 3,601,875</b>	<b>\$ 3,649,290</b>

Approved on behalf of the Board:

  
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Chairperson

**Okanagan-Kootenay Sterile Insect Release Board  
Statement of Operations**

For the year ended December 31	2022	2022	2021
	Actual	Budget	Actual
<b>Revenues</b>			
Land taxes	\$ 1,779,157	\$ 1,779,156	\$ 1,710,728
Parcel tax	1,071,603	1,022,721	1,025,598
Interest income	21,921	2,000	4,203
Miscellaneous income	912,513	720,000	716,468
Grants	44,000	-	13,145
Loss on disposal of assets	-	-	(291)
WSU decision aid system	154,059	-	-
	<u>3,983,253</u>	<u>3,523,877</u>	<u>3,469,851</u>
<b>Expenses</b>			
Amortization	208,263	-	210,967
Community relations	1,921	10,000	4,713
Diet ingredients	323,594	300,000	278,691
General overhead	358,790	432,300	385,882
Operations (building and site maintenance)	52,442	96,000	86,903
Postage and courier	33,585	14,000	10,036
Research and program development	246,021	140,000	81,382
Supplies - administration	11,242	15,000	12,627
Supplies - operational	175,926	265,500	139,378
Utilities	238,777	216,500	224,184
Vehicle and travel	152,647	183,500	161,676
Wages and benefits	2,207,282	2,403,651	2,229,947
Waste management	20,178	21,500	20,126
	<u>4,030,668</u>	<u>4,097,951</u>	<u>3,846,512</u>
<b>Annual deficit (Note )</b>	<b>(47,415)</b>	<b>(574,074)</b>	<b>(376,661)</b>
<b>Accumulated surplus, beginning of the year</b>	<b>3,649,290</b>	<b>3,649,290</b>	<b>4,025,951</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 3,601,875</b>	<b>\$ 3,075,216</b>	<b>\$ 3,649,290</b>

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

<b>For the year ended December 31</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
<b>Annual deficit</b>	\$ (47,415)	\$ (574,074)	\$ (376,661)
Acquisition of tangible capital assets	(44,173)	(100,000)	(105,927)
Amortization of tangible capital assets	208,263	-	210,967
	<u>164,090</u>	<u>(100,000)</u>	<u>105,040</u>
Change in inventory	(7,644)	-	25,837
Change in prepaids and deposits	<u>(148,737)</u>	<u>-</u>	<u>2,841</u>
<b>Change in net financial assets</b>	<b>(39,706)</b>	<b>(674,074)</b>	<b>(242,943)</b>
<b>Net financial assets, beginning of the year</b>	<b>960,513</b>	<b>-</b>	<b>1,203,456</b>
<b>Net financial assets, end of year</b>	<b>\$ 920,807</b>	<b>\$ (674,074)</b>	<b>\$ 960,513</b>



**Okanagan-Kootenay Sterile Insect Release Board**  
**Statement of Cash Flows**

For the year ended December 31	2022	2021
<b>Cash provided by (used in)</b>		
<b>Operating Activities</b>		
Annual deficit	\$ (47,415)	\$ (376,661)
Items not involving cash		
Amortization	208,263	210,967
	<u>160,848</u>	<u>(165,694)</u>
<b>Changes in working capital items</b>		
Account receivable	(29,950)	(9,384)
Accounts payable and accrued liabilities	274,599	5,108
Inventory	(7,644)	25,837
Prepays and deposits	(148,736)	2,841
Deferred revenue	220,941	-
	<u>309,210</u>	<u>24,402</u>
<b>Cash from operations</b>	<u>470,058</u>	<u>(141,292)</u>
<b>Investing activities</b>		
Net change in investments	-	2,958
<b>Capital activities</b>		
Purchase of tangible capital assets	(44,173)	(105,927)
<b>Net change in cash and cash equivalents</b>	<u>425,885</u>	<u>(244,261)</u>
Cash, beginning of the year	<u>1,058,845</u>	<u>1,303,106</u>
Cash, end of year	<u>\$ 1,484,730</u>	<u>\$ 1,058,845</u>

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

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<b>Nature of Business</b>	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").										
<b>Basis of Presentation</b>	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 Chartered Professional Accountants of Canada.										
<b>Inventory</b>	Inventory of goods is recorded at the lower of cost and net realizable value/ Cost is determined on the average cost basis.										
<b>Financial Instruments</b>	The Release Board's financial instruments consist of cash, accounts receivable and other receivables, deposits and 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.										
<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. 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 border="0" style="margin-left: 40px;"> <tr> <td>Buildings</td> <td style="text-align: right;">50 years</td> </tr> <tr> <td>Land improvements</td> <td style="text-align: right;">20 years</td> </tr> <tr> <td>Machinery and equipment</td> <td style="text-align: right;">20 to 25 years</td> </tr> <tr> <td>Vehicles</td> <td style="text-align: right;">10 to 80 years</td> </tr> <tr> <td>Computers</td> <td style="text-align: right;">4 years</td> </tr> </table>	Buildings	50 years	Land improvements	20 years	Machinery and equipment	20 to 25 years	Vehicles	10 to 80 years	Computers	4 years
Buildings	50 years										
Land improvements	20 years										
Machinery and equipment	20 to 25 years										
Vehicles	10 to 80 years										
Computers	4 years										
<b>Deferred Revenue</b>	Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purposes.										
<b>Use of Estimates</b>	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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.										

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

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### 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 services 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.

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

December 31, 2022

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1. Deferred Revenue

	<u>2022</u>	<u>2021</u>
Balance, beginning of the year	\$ -	\$ -
Contributions		
WSU Decision Aid System	375,000	-
Recognized as revenue	<u>(154,059)</u>	<u>-</u>
Balance, end of the year	<u>\$ 220,941</u>	<u>\$ -</u>

2. Inventory

	<u>2022</u>	<u>2021</u>
Diet Ingredients	\$ 37,448	\$ 11,335
Supplies	<u>88,039</u>	<u>106,508</u>
	<u>\$ 125,487</u>	<u>\$ 117,843</u>

**Okanagan-Kootenay Sterile Insect Release Board**  
**Notes to the Financial Statements**

**December 31, 2022**

**3. Tangible Capital Assets**

	2022						
	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Computers	Total
Cost, beginning of year	\$ 31,200	\$ 151,799	\$ 3,130,258	\$ 4,068,737	\$ 757,395	\$ 108,312	\$ 8,247,701
Additions	-	-	-	33,530	-	10,643	44,173
Cost, end of year	31,200	151,799	3,130,258	4,102,267	757,395	118,955	8,291,874
Accumulated amortization, beginning of year	-	151,799	1,811,287	3,060,350	615,558	41,111	5,680,105
Amortization	-	-	63,062	91,341	38,285	15,575	208,263
Accumulated amortization, end of year	-	151,799	1,874,349	3,151,691	653,843	56,686	5,888,368
Net carrying amount, end of year	\$ 31,200	\$ -	\$ 1,255,909	\$ 950,576	\$ 103,552	\$ 62,269	\$ 2,403,506

**Okanagan-Kootenay Sterile Insect Release Board**  
**Notes to the Financial Statements**

**December 31, 2022**

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

	2021							
	Land	Land Improvements	Land	Buildings	Machinery and Equipment	Vehicles	Computers	Total
Cost, beginning of year	\$ 31,200	\$ 151,799	\$ 3,130,258	\$ 4,038,341	\$ 726,498	\$ 100,187	\$ 8,178,283	
Additions	-	-	-	56,905	40,897	8,125	105,927	
Disposals	-	-	-	(26,509)	(10,000)	-	(36,509)	
Cost, end of year	31,200	151,799	3,130,258	4,068,737	757,395	108,312	8,247,701	
Accumulated amortization, beginning of year	-	151,799	1,748,225	2,993,579	578,186	33,858	5,505,647	
Amortization	-	-	63,062	93,280	47,372	7,253	210,967	
Disposals	-	-	-	(26,509)	(10,000)	-	(36,509)	
Accumulated amortization, end of year	-	151,799	1,811,287	3,060,350	615,558	41,111	5,680,105	
Net carrying amount, end of year	\$ 31,200	\$ -	\$ 1,318,971	\$ 1,008,387	\$ 141,837	\$ 67,201	\$ 2,567,596	

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**Okanagan-Kootenay Sterile Insect Release Board**  
**Notes to the Financial Statements**

**December 31, 2022**

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**4. Accumulated Surplus**

The Board segregates its accumulated surplus in the following categories:

	<u>2022</u>	<u>2021</u>
Investment in tangible capital assets (Note 3)	\$ 2,403,506	\$ 2,567,596
Current fund (Note 5)	1,198,369	1,081,694
	<u>\$ 3,601,875</u>	<u>\$ 3,649,290</u>

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

**5. Current fund**

	<u>2022</u>	<u>2021</u>
Annual deficit	\$ (47,415)	\$ (376,661)
Amortization of tangible capital assets	208,263	210,967
Transfer to capital fund for capital asset acquisitions	(44,173)	(105,927)
<b>Changes in current fund</b>	<b>116,675</b>	<b>(271,621)</b>
Current fund, beginning of year	<u>1,081,694</u>	<u>1,353,315</u>
Current fund, end of year	<u>\$ 1,198,369</u>	<u>\$ 1,081,694</u>

The Release Board maintains a reserve for future expenditures of \$31,909 (2021 - \$31,909) for equipment replacement. PSAB requires that non-statutory reserves be included with the current fund.

**6. Commitments**

The Release 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, 2023 with a five year renewal at the option of the Release Board. The estimated annual cost of financial and administrative services per the agreement is \$135,807 and the estimated annual cost of the office lease per the agreement is \$15,331.

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**Okanagan-Kootenay Sterile Insect Release Board**  
**Notes to the Financial Statements**

**December 31, 2022**

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**7. Budget information**

The budget adopted by the Release 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 statement of operations and change in net debt represent the budget adopted by the Release Board with adjustments as follows:

	<u>2022</u>
Budget surplus (deficit) for the year as per board budget	\$ -
Add:	
Amount budgeted for capital expenditures	100,000
Less:	
Transfer from reserves in revenues	-
Transfer from previous years surplus in revenues	<u>(674,074)</u>
	<u>\$ (574,074)</u>