



Okanagan Kootenay Sterile Insect Release Program
Financial Statements
For the year ended December 31, 2023

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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 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.

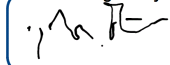
The Okanagan Kootenay Sterile Insect Release Board maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the 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

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General Manager

May 10, 2024



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Independent Auditor's Report

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, 2023, 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, 2023, 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

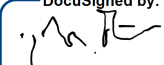
Chartered Professional Accountants

Kelowna, British Columbia
May 10, 2024

Okanagan-Kootenay Sterile Insect Release Board Statement of Financial Position

December 31	2023	Restated 2022
Financial Assets		
Cash	\$ 1,999,952	\$ 1,484,730
Accounts receivable	51,734	58,101
	<u>2,051,686</u>	<u>1,542,831</u>
Financial Liabilities		
Accounts payable and accrued liabilities	446,064	401,083
Asset retirement obligation (Note 2)	140,951	135,922
Deferred revenue (Note 3)	403,067	220,941
	<u>990,082</u>	<u>757,946</u>
Net Financial Assets	1,061,604	784,885
Non-Financial Assets		
Inventory	133,180	125,487
Prepays and deposits	101,652	152,075
Tangible capital assets (Note 4)	2,557,648	2,470,704
	<u>2,792,480</u>	<u>2,748,266</u>
Accumulated Surplus (Note 5)	<u>\$ 3,854,084</u>	<u>\$ 3,533,151</u>

Approved on behalf of the Board:

DocuSigned by:

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Okanagan-Kootenay Sterile Insect Release Board Statement of Operations

For the year ended December 31	2023	2023	Restated 2022
	Actual	Budget	Actual
Revenues			
Land taxes	\$ 1,850,323	\$ 1,850,322	\$ 1,779,157
Parcel tax	1,079,571	1,044,416	1,071,603
Interest income	56,089	10,000	21,921
Miscellaneous income	1,015,441	840,130	912,513
Grants	427,603	388,321	198,059
	<u>4,429,027</u>	<u>4,133,189</u>	<u>3,983,253</u>
Expenses			
Amortization	203,232	-	213,419
Accretion	5,029	-	4,850
Community relations	4,006	10,000	1,921
Diet ingredients	322,285	360,000	323,594
General overhead	379,092	433,500	358,790
Operations (building and site maintenance)	77,982	96,000	52,442
Postage and courier	42,817	33,250	33,585
Research and program development	173,159	210,321	246,021
Supplies - administration	16,712	15,000	11,242
Supplies - operational	200,801	255,500	175,926
Utilities	219,299	256,500	238,777
Vehicle and travel	168,516	185,500	152,647
Wages and benefits	2,264,082	2,396,029	2,207,282
Waste management	28,204	21,500	20,178
Loss on disposal of assets	2,878	-	-
	<u>4,108,094</u>	<u>4,273,100</u>	<u>4,040,674</u>
Annual surplus (deficit) (Note 5)	320,933	(139,911)	(57,421)
Accumulated surplus, beginning of the year	3,533,151	3,533,151	3,649,290
Adjustment on adoption of the asset retirement obligation standard (Note 1)	-	-	(58,718)
	<u>-</u>	<u>-</u>	<u>(58,718)</u>
Accumulated surplus, beginning of the year, as restated	-	-	3,590,572
Accumulated surplus, end of year	\$ 3,854,084	\$ 3,393,240	\$ 3,533,151

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

For the year ended December 31	2023	2023	Restated 2022
	Actual	Budget	Actual
Annual surplus (deficit)	\$ 320,933	\$ (139,911)	\$ (57,421)
Acquisition of tangible capital assets	(299,005)	(300,000)	(44,173)
Amortization of tangible capital assets	203,232	-	213,419
Disposal of tangible capital assets	8,829	-	-
Net change in asset retirement obligations	-	-	(131,072)
	<u>(86,944)</u>	<u>(300,000)</u>	<u>38,174</u>
Change in inventory	(7,693)	-	(7,644)
Change in prepaids and deposits	50,423	-	(148,737)
	<u>276,719</u>	<u>(439,911)</u>	<u>(175,628)</u>
Change in net financial assets (debt)	276,719	(439,911)	(175,628)
Net financial assets, beginning of the year	784,885	784,885	960,513
Net financial assets, end of year	\$ 1,061,604	\$ 344,974	\$ 784,885

Okanagan-Kootenay Sterile Insect Release Board Statement of Cash Flows

For the year ended December 31	2023	Restated 2022
Cash provided by (used in)		
Operating Activities		
Annual surplus (deficit)	\$ 320,933	\$ (57,421)
Items not involving cash:		
Amortization	203,232	213,419
Accretion	5,029	4,850
Loss on disposal of assets	2,878	-
	<u>532,072</u>	<u>160,848</u>
Changes in working capital items		
Account receivable	6,367	(29,950)
Accounts payable and accrued liabilities	44,981	274,599
Inventory	(7,693)	(7,644)
Prepays and deposits	50,422	(148,736)
Deferred revenue	182,126	220,941
	<u>276,203</u>	<u>309,210</u>
Cash from operations	<u>808,275</u>	<u>470,058</u>
Capital activities		
Purchase of tangible capital assets	(299,005)	(44,173)
Proceeds on sales on tangible capital assets	5,952	-
Cash from capital activities	<u>(293,053)</u>	<u>(44,173)</u>
Net change in cash and cash equivalents	<u>515,222</u>	<u>425,885</u>
 Cash, beginning of the year	 <u>1,484,730</u>	 <u>1,058,845</u>
Cash, end of year	<u>\$ 1,999,952</u>	<u>\$ 1,484,730</u>

Okanagan-Kootenay Sterile Insect Release Board

Summary of Significant Accounting Policies

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 Public Sector Accounting Standards.										
Inventory	Inventory of goods is recorded at the lower of cost and net realizable value/ Cost is determined on the average cost basis.										
Financial Instruments	<p>The Release Board has elected to measure other specific financial instruments at fair value, to correspond with how they are evaluated and managed.</p> <p>Cash and equity instruments quoted in an active market are measured at fair value. All other financial instruments, are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.</p> <p>Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.</p> <p>For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.</p> <p>All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.</p> <p>Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.</p>										
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 and equipment</td><td>3 to 25 years</td></tr> <tr> <td>Vehicles</td><td>6 to 80 years</td></tr> <tr> <td>Computers</td><td>4 years</td></tr> </table>	Buildings	50 years	Land improvements	20 years	Machinery and equipment	3 to 25 years	Vehicles	6 to 80 years	Computers	4 years
Buildings	50 years										
Land improvements	20 years										
Machinery and equipment	3 to 25 years										
Vehicles	6 to 80 years										
Computers	4 years										

Okanagan-Kootenay Sterile Insect Release Board

Summary of Significant Accounting Policies

Government Transfers	<p>Government transfers, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. The transfer of revenue is initially deferred and then recognized in the statement of operations as the stipulation liabilities are settled.</p> <p>When the Release Board is deemed the transferor, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.</p>
Deferred Revenue	<p>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.</p>
Use of Estimates	<p>The preparation of financial statements 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 financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and asset retirement obligations.</p> <p>In addition, the Release Board implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.</p> <p>Actual results could differ from these estimates.</p>
Revenue Recognition	<p>Taxes are recognized as revenue in the year they are levied.</p> <p>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.</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 services and other revenue is recognized on an accrual basis.</p> <p>If performance obligations or grant eligibility criteria are not met, amounts are recorded as deferred revenue until such time as the revenues are earned.</p>

Okanagan-Kootenay Sterile Insect Release Board

Summary of Significant Accounting Policies

Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset.
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

Liabilities are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the assets. The liability is initially recorded at fair value, which is an amount that is the best estimate of the expenditure required to retire a tangible capital asset determined using present value calculation, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. The changes in the liability for the passage of time are recorded as accretion expense in the Statement of Operations and Accumulated Surplus and all other changes are adjusted to the tangible capital asset. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Okanagan-Kootenay Sterile Insect Release Board

Notes to the Financial Statements

December 31, 2023

1. Change in Accounting Policy - Asset Retirement Obligations

Effective January 1, 2023, the Release Board adopted the new Public Sector Accounting Handbook Standard, PS 3280 Asset Retirement Obligations. The standard requires the reporting of legal obligations associated with the retirement of tangible capital assets by public sector entities. The standard was adopted on the modified retroactive basis at the date of adoption. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. The impact of adoption of this standard was as follows:

	2022 Restated	2022 as Originally presented	Restatement
Tangible capital assets - cost \$	\$ 8,395,714	\$ 8,291,874	\$ 103,840
Accumulated amortization - tangible capital assets	5,925,010	5,888,368	36,642
Asset retirement obligation	135,922	-	135,922
Opening Accumulated surplus	3,590,572	3,649,290	(58,718)
Annual (deficit)	(57,421)	(47,415)	(10,006)
Amortization of tangible capital assets	213,419	208,263	5,156
Accretion expense	4,850	-	4,850

2. Asset Retirement Obligations

The Release Board's asset retirement obligation consists of the following obligations:

a) Irradiator

The Release Board owns and operates an irradiator that emits radioactive material which represents a health hazard upon remediation, that creates a legal obligation to remove it. Following the adoption of PS 3280 - Asset Retirement Obligations, the Release Board recognized an obligation relating to the removal of the irradiator as estimated at January 1, 2023. The irradiator machine has an estimated remaining useful life of 13 years. Estimated undiscounted costs total \$164,313 (2022 - \$164,313). Estimated costs have been discounted to the present value using a discount rate of 3.7% (2022 - 3.7%) and an inflation rate of 1.99% (2022 - 1.99%) per annum.

b) Septic tank

The Release Board has a septic tank on the property where there facility sits and there is a legal obligation to remove it. The septic tank has an estimated remaining useful life of 20 years. Estimated undiscounted costs total \$4,950 (2022 - \$4,950). Estimated costs have been discounted to the present value using a discount rate of 3.7% (2022 - 3.7%) and an inflation rate of 1.99% (2022 - 1.99%) per annum.

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

December 31, 2023

2. Asset Retirement Obligations (continued)

Changes in the asset retirement obligation in the year are as follows:

	Machinery and Equipment	Buildings	2023
Opening balance	\$ 132,372	\$ 3,550	135,922
Accretion expense	4,898	131	5,029
Closing balance	137,270	3,681	140,951

	Machinery and Equipment	Buildings	2022
Adjustment on adoption of PS3280	127,649	3,423	131,072
Accretion expense	\$ 4,723	127	4,850
Closing balance	\$ 132,372	3,550	135,922

3. Deferred Revenue

Deferred revenues represent unspent resources externally restricted for various purposes and restricted operating funding received in the current period that is related to expenses of a subsequent period.

	2023	2022
Balance, beginning of the year	\$ 220,941	\$ -
Contributions		
WSU Decision Aid System	-	375,000
SIR Strategic Support	460,000	-
Cross Commodity Leadership Program	149,730	-
Recognized as revenue	(427,604)	(154,059)
Balance, end of the year	\$ 403,067	\$ 220,941

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

December 31, 2023

4. Tangible Capital Assets

	2023						
	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Computers	Total
Cost, beginning of year	\$ 31,200	\$ 151,799	\$ 3,131,451	\$ 4,204,914	\$ 757,395	\$ 118,955	\$ 8,395,714
Additions	-	-	-	274,785	20,533	3,687	299,005
Disposals	-	-	-	(10,189)	(6,132)	-	(16,321)
Cost, end of year	31,200	151,799	3,131,451	4,469,510	771,796	122,642	8,678,398
Accumulated amortization, beginning of year	-	151,799	1,875,065	3,187,617	653,843	56,686	5,925,010
Amortization	-	-	63,086	91,308	35,214	13,624	203,232
Disposals	-	-	-	(1,359)	(6,133)	-	(7,492)
Accumulated amortization, end of year	-	151,799	1,938,151	3,277,566	682,924	70,310	6,120,750
Net carrying amount, end of year	\$ 31,200	\$ -	\$ 1,193,300	\$ 1,191,944	\$ 88,872	\$ 52,332	\$ 2,557,648

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

December 31, 2023

4. Tangible Capital Assets (continued)

							Restated 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
Additions due to ARO recognition	-	-	1,193	102,647	-	-	103,840
Cost, end of year	31,200	151,799	3,131,451	4,204,914	757,395	118,955	8,395,714
Accumulated amortization, beginning of year	-	151,799	1,811,287	3,060,350	615,558	41,111	5,680,105
Additions due to ARO recognition	-	-	692	30,794	-	-	31,486
Amortization	-	-	63,086	96,473	38,285	15,575	213,419
Accumulated amortization, end of year	-	151,799	1,875,065	3,187,617	653,843	56,686	5,925,010
Net carrying amount, end of year	\$ 31,200	\$ -	\$ 1,256,386	\$ 1,017,297	\$ 103,552	\$ 62,269	\$ 2,470,704

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

5. Accumulated Surplus

The Board segregates its accumulated surplus in the following categories:

	2023	Restated 2022
Investment in tangible capital assets (Note 4)	\$ 2,557,648	\$ 2,470,704
Current fund (Note 6)	1,296,436	1,062,447
	\$ 3,854,084	\$ 3,533,151

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

6. Current fund

	2023	Restated 2022
Annual surplus (deficit)	\$ 320,933	\$ (57,421)
Amortization of tangible capital assets	203,232	213,419
Transfer to capital fund for capital asset acquisitions	(299,005)	(44,173)
Transfer to capital fund for sale of capital assets	8,829	-
Transfer to capital fund for capital assets recognized related to ARO	-	(103,840)
Transfer to capital fund for accumulated amortization related to ARO	-	31,486
Change in opening accumulated deficit	-	(58,718)
Changes in current fund	233,989	(19,247)
Current fund, beginning of year	1,062,447	1,081,694
Current fund, end of year	\$ 1,296,436	\$ 1,062,447

The Release Board maintains a reserve for future expenditures of \$31,909 (2022 - \$31,909) for equipment replacement. PSAB requires that non-statutory reserves be included with the current fund.

7. 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, 2028 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 \$135,590 and the estimated annual cost of the office lease per the agreement is \$16,441.

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

8. 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>2023</u>
Budget surplus (deficit) for the year as per board budget	\$ -
Add:	
Amount budgeted for capital expenditures	300,000
Less:	
Transfer from reserves in revenues	-
Transfer from previous years surplus in revenues	<u>(439,911)</u>
	<u>\$ (139,911)</u>

9. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

10. Financial Instruments

The Release Board is exposed to credit risk and liquidity risk from its financial instruments. This note describes the Release Board's objectives, policies, and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Release Board is exposed to credit risk through its cash and accounts receivables.

The Release Board manages its credit risk by holding cash at federally regulated chartered banks with cash accounts insured up to \$100,000. The Release Board measures its exposure to credit risk based on how long amounts have been outstanding and historical experience regarding collections. The maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable. Accounts receivable are with other companies for the sale of sterilized codling moth eggs, other local governments, and reimbursement from the federal government for GST credits. Based on this knowledge, credit risk of cash and accounts receivable are assessed as low.

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

10. Financial Instruments (Continued)

Liquidity risk

Liquidity risk is the risk that the Release Board will not be able to meet its financial obligations as they become due. The Release Board is exposed to liquidity risk through its accounts payable and accrued liabilities.

To help manage the risk, the Release Board has in place a planning, budgeting and forecasting process to help determine the funds required to support the normal operating requirements. The Release Board's five-year financial plan is approved by the Board of Directors, which includes operational activities and capital investments. The Release Board measures its exposure to liquidity risk based on the results of cash forecasting and expected outflows and extensive budgeting.

Interest Rate Risk

Interest Rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Release Board is exposed to interest rate risk only when it uses its line of credit.

The Release Board manages its interest rate risk on its line of credit by planning, budgeting and forecasting processes to help determine when they will begin to utilize their line of credit and for how long. The Release Board measures its exposure to liquidity risk based on the results of cash forecasting and expected outflows and extensive budgeting.