



Okanagan Kootenay Sterile Insect Release Program
Financial Statements
For the year ended December 31, 2024

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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.

Signed by:

Shirley Fowler

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Board of Directors Chairperson

Signed by:

Michelle Cook

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General Manager

June 6, 2025

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, 2024, 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, 2024, 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.

Chartered Professional Accountants

Kelowna, British Columbia
June 6, 2025

Okanagan-Kootenay Sterile Insect Release Board Statement of Financial Position

December 31	2024	2023
Financial Assets		
Cash	\$ 2,128,442	\$ 1,999,952
Accounts receivable	36,900	51,734
	<u>2,165,342</u>	<u>2,051,686</u>
Financial Liabilities		
Accounts payable and accrued liabilities	210,718	446,064
Asset retirement obligation (Note 2)	147,300	140,951
Deferred revenue (Note 3)	376,806	403,067
	<u>734,823</u>	<u>990,082</u>
Net Financial Assets	1,430,519	1,061,604
Non-Financial Assets		
Inventory (Note 4)	147,831	133,180
Prepays and deposits	9,469	101,652
Tangible capital assets (Note 5)	2,498,116	2,557,648
	<u>2,655,416</u>	<u>2,792,480</u>
Accumulated Surplus (Note 6)	\$ 4,085,935	\$ 3,854,084

Approved on behalf of the Board:

Signed by:

Shirley Fowler

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Chairperson

Okanagan-Kootenay Sterile Insect Release Board Statement of Operations

For the year ended December 31	2024	2024	2023
	Actual	Budget (Note 9)	Actual
Revenues			
Land taxes	\$ 1,924,337	\$ 1,924,336	\$ 1,850,323
Parcel tax	1,118,672	1,105,086	1,079,571
Sales income	1,175,054	900,000	1,015,441
Grants	785,005	590,981	427,603
Interest income	68,705	39,000	56,089
Gain on disposal of assets	3,442	-	-
	5,075,215	4,559,403	4,429,027
Expenses			
Amortization	195,841	-	203,232
Accretion	5,215	-	5,029
Community relations	1,423	10,000	2,662
Diet ingredients	352,172	360,000	322,285
General overhead	378,685	469,750	377,542
Operations (building and site maintenance)	53,689	101,000	77,982
Postage and courier	15,386	33,250	42,817
Research and program development	315,989	482,981	183,157
Supplies - administration	30,904	15,000	11,075
Supplies - operational	193,424	258,500	200,801
Utilities	226,221	256,500	219,299
Vehicle and travel	179,184	184,500	167,050
Wages and benefits	2,840,220	2,729,923	2,264,081
Waste management	55,011	28,500	28,204
Loss on disposal of assets	-	-	2,878
	4,843,364	4,929,904	4,108,094
Annual surplus (deficit) (Note 6)	231,851	(370,501)	320,933
Accumulated surplus, beginning of the year	3,854,084	3,854,084	3,533,151
Accumulated surplus, end of year	\$ 4,085,935	\$ 3,483,583	\$ 3,854,084

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

For the year ended December 31	2024	2024	2023
	Actual	Budget (Note 9)	Actual
Annual surplus (deficit)	\$ 231,851	\$ (370,501)	\$ 320,933
Acquisition of tangible capital assets	(144,415)	(147,000)	(299,005)
Amortization of tangible capital assets	195,841	-	203,232
Disposal of tangible capital assets	9,240	-	8,829
Change in estimate of Asset Retirement Obligations	(1,134)	-	-
	<u>59,532</u>	<u>(147,000)</u>	<u>(86,944)</u>
Change in inventory	(14,651)	-	(7,693)
Change in prepaids and deposits	92,183	-	50,423
	<u>368,915</u>	<u>(517,501)</u>	<u>276,719</u>
Change in net financial assets (debt)			
Net financial assets, beginning of the year	<u>1,061,604</u>	<u>1,061,604</u>	<u>784,885</u>
Net financial assets, end of year	<u>\$ 1,430,519</u>	<u>\$ 544,103</u>	<u>\$ 1,061,604</u>

Okanagan-Kootenay Sterile Insect Release Board Statement of Cash Flows

For the year ended December 31	2024	2023
Cash provided by (used in)		
Operating Activities		
Annual surplus (deficit)	\$ 231,851	\$ 320,933
Items not involving cash:		
Amortization	195,841	203,232
Accretion	5,215	5,029
Gain/Loss on disposal of assets	(3,442)	2,878
	<u>429,465</u>	<u>532,072</u>
Changes in working capital items		
Account receivable	14,834	6,367
Accounts payable and accrued liabilities	(235,350)	44,982
Inventory	(14,648)	(7,693)
Prepays and deposits	92,183	50,422
Deferred revenue	(26,261)	182,126
	<u>(169,242)</u>	<u>276,204</u>
Cash from operations	<u>260,223</u>	<u>808,276</u>
Capital activities		
Purchase of tangible capital assets	(144,415)	(299,006)
Proceeds on sales on tangible capital assets	12,682	5,952
Cash from capital activities	<u>(131,733)</u>	<u>(293,054)</u>
Net change in cash and cash equivalents	<u>128,490</u>	<u>515,222</u>
 Cash, beginning of the year	 <u>1,999,952</u>	 <u>1,484,730</u>
Cash, end of year	<u>\$ 2,128,442</u>	<u>\$ 1,999,952</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>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>Revenues from transactions with performance obligations are recognized as the Release Board satisfies the performance obligations, which occurs when control of the benefits associated with the promised good or services have passed to the payor.</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, 2024

1. Change in Accounting Policy - PSAS 3400 Revenue

Effective January 1, 2024, the Release Board adopted the new Public Sector Accounting Handbook Standard, PS 3400 - Revenue. The standard provides guidance on the recognition, measurement, and presentation of revenue in the public sector. The standard was adopted on a prospective basis at the date of adoption. Under the prospective method the Release Board assessed the timing of revenue recognition for any transactions involving performance obligations, revenue recognition policies and the classification of revenues and estimates.

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. The irradiator machine has an estimated remaining useful life of 11 years (2023 - 13 years). Estimated undiscounted costs total \$123,270 (2023 - \$164,313). Estimated costs have been discounted to the present value using a discount rate of 4.4% (2023 - 3.7%) and an inflation rate of 2.18% (2023 - 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 18 years (2023 - 20). Estimated undiscounted costs total \$5,155 (2023 - \$4,950). Estimated costs have been discounted to the present value using a discount rate of 4.4% (2023 - 3.7%) and an inflation rate of 2.18% (2023 - 1.99%) per annum.

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

	Machinery and Equipment	Buildings	2024
Opening balance	\$ 137,270	\$ 3,681	140,951
Accretion expense	5,079	136	5,215
Change in ARO liability estimate	1,474	(340)	1,134
Closing balance	143,823	3,817	147,300

	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

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

December 31, 2024

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.

	<u>2024</u>	<u>2023</u>
Balance, beginning of the year	\$ 403,067	\$ 220,941
Contributions		
WSU Decision Aid System	200,000	-
SIR Strategic Support	-	460,000
Cross Commodity Leadership Program	517,608	149,730
Recognized as revenue	<u>(743,869)</u>	<u>(427,604)</u>
Balance, end of the year	<u>\$ 376,806</u>	<u>\$ 403,067</u>

4. Inventory

	<u>2024</u>	<u>2023</u>
Diet Ingredients	\$ 81,948	\$ 52,799
Supplies	<u>65,883</u>	<u>80,379</u>
	<u>\$ 147,831</u>	<u>\$ 133,178</u>

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

December 31, 2024

5. Tangible Capital Assets

	2024							
	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Computers	WIP	Total
Cost, beginning of year	\$ 31,200	\$ 151,799	\$ 3,131,452	\$ 4,469,510	\$ 759,804	\$ 118,416	\$ -	\$ 8,662,181
Additions	-	-	28,597	21,099	47,751	-	46,968	144,415
Disposals	-	-	-	-	(16,671)	(13,824)	-	(30,495)
Change in ARO estimate	-	-	(340)	1,474	-	-	-	1,134
Cost, end of year	31,200	151,799	3,159,709	4,492,083	790,884	104,592	46,968	8,777,235
Accumulated amortization, beginning of year	-	151,799	1,938,152	3,277,565	670,932	66,085	-	6,104,533
Amortization	-	-	63,658	92,154	28,642	11,387	-	195,841
Disposals	-	-	-	-	(7,431)	(13,824)	-	(21,255)
Accumulated amortization, end of year	-	151,799	2,001,810	3,369,719	692,143	63,648	-	6,279,119
Net carrying amount, end of year	\$ 31,200	\$ -	\$ 1,157,899	\$ 1,122,364	\$ 98,741	\$ 40,944	\$ 46,968	\$ 2,498,116

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

December 31, 2024

5. Tangible Capital Assets (continued)

	2023						
	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Computers	Total
Cost, beginning of year	\$ 31,200	\$ 151,799	\$ 3,131,452	\$ 4,204,914	\$ 745,403	\$ 114,729	\$ 8,379,497
Additions	-	-	-	274,785	20,533	3,687	299,005
Disposals	-	-	-	(10,189)	(6,132)	-	(16,321)
Cost, end of year	31,200	151,799	3,131,452	4,469,510	759,804	118,416	8,662,181
Accumulated amortization, beginning of year	-	151,799	1,875,065	3,187,617	641,851	52,461	5,908,793
Additions due to ARO recognition	-	-	-	-	-	-	-
Amortization	-	-	63,087	91,307	35,214	13,624	203,232
Disposals	-	-	-	(1,359)	(6,133)	-	(7,492)
Accumulated amortization, end of year	-	151,799	1,938,152	3,277,565	670,932	66,085	6,104,533
Net carrying amount, end of year	\$ 31,200	\$ -	\$ 1,193,300	\$ 1,191,945	\$ 88,872	\$ 52,331	\$ 2,557,648

Okanagan-Kootenay Sterile Insect Release Board

Notes to the Financial Statements

December 31, 2024

6. Accumulated Surplus

The Release Board segregates its accumulated surplus in the following categories:

	2024	2023
Investment in tangible capital assets (Note 5)	\$ 2,498,116	\$ 2,557,648
Current fund (Note 7)	1,587,819	1,296,436
	<u>\$ 4,085,935</u>	<u>\$ 3,854,084</u>

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

7. Current fund

	2024	2023
Annual surplus (deficit)	\$ 231,851	\$ 320,933
Amortization of tangible capital assets	195,841	203,232
Transfer to capital fund for capital asset acquisitions	(144,415)	(299,005)
Transfer to capital fund for sale of capital assets	9,240	8,829
Transfer to capital fund for decrease of capital assets related to ARO	(1,134)	-
Changes in current fund	291,383	233,989
Current fund, beginning of year	1,296,436	1,062,447
Current fund, end of year	<u>\$ 1,587,819</u>	<u>\$ 1,296,436</u>

The Release Board maintains a reserve for future expenditures of \$31,909 (2023 - \$31,909) for equipment replacement.

8. 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 (2023 - \$135,509) and the estimated annual cost of the office lease per the agreement is \$16,441 (2023 - \$16,441).

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

December 31, 2024

9. 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>2024</u>
Budget surplus (deficit) for the year as per board budget	\$ -
Add:	
Amount budgeted for capital expenditures	147,000
Less:	
Transfer from reserves in revenues	-
Transfer from previous years surplus in revenues	<u>(517,501)</u>
	<u>\$ (370,501)</u>

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 Notes to the Financial Statements

December 31, 2024

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.