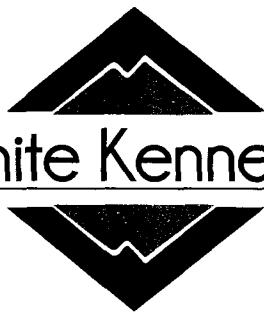


**OSOYOOS INDIAN BAND  
FINANCIAL STATEMENTS  
March 31, 2015**

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## INDEPENDENT AUDITORS' REPORT

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To the Members of Osoyoos Indian Band:

We have audited the accompanying consolidated financial statements of Osoyoos Indian Band, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated statements of operations, 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Except as explained in the following paragraphs, 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

(1)

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Operating as Incorporated Professionals through White Kennedy LLP

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Independent Auditor's Report to the Members of Osoyoos Indian Band (*continued*)

*Basis for Qualified Opinion*

We are expressing reservations of opinion for the following reasons:

- a) The information disclosed in Note 5 related to investments in wholly owned subsidiary companies and limited liability partnerships and were subjected to review engagement procedures, and are not audited. A review does not constitute an audit and, consequently, we did not express an audit opinion on the financial information of the business entities. Based on our review, nothing came to our attention that causes us to believe that the financial information of the Band business entities were not, in all material respects, in accordance with International Financial Reporting Standards. Since we did not perform audit procedures on the share of net earnings from Band business entities which enters into the determination of the results of operations and the valuation of the investment shown in the financial statements of the Osoyoos Indian Band, we were unable to determine whether adjustments, if any, were required to the investment in Band business entities, share of net income of the Band entities or equity in the Band entities included in the financial statements.
- b) The financial information of the Osoyoos Indian Band Housing Program, which has been included in these consolidated financial statements, was audited in accordance with the basis of accounting required by Section 95 of the Canada Mortgage and Housing Corporation. The tangible capital assets of the Osoyoos Indian Housing Program are carried in the statement of financial position at \$5,939,647. These tangible capital assets are amortized annually in an amount equal to the principal reduction of the mortgage on each associated capital asset and no amortization is taken on appliances. These amortization methods are in accordance with the basis of accounting required by Section 95 of the Canada Mortgage and Housing Corporation and this constitutes a departure from Public Sector Accounting Standards. The Band's records indicate that if management had amortized these tangible capital assets over their estimated economic life, a cumulative adjustment in the amount of \$190,300 would have been required to reduce net book value. Accordingly, current year amortization and deficit for the year would have decreased by \$50,900, and year end accumulated surplus would have been reduced by \$190,300.

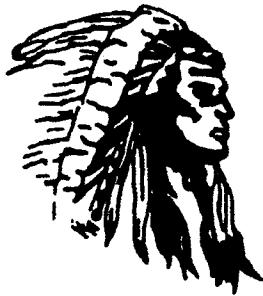
*Qualified Opinion*

In our opinion, except for adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the matters described in (a) and (b) of the preceding paragraphs, these consolidated financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2015 and the results of its operations, changes in its net financial assets and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*White Kennedy LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Penticton, British Columbia  
July 24, 2015



# OSOYOOS INDIAN BAND

1155 Sen Pok Chin Boulevard

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OLIVER, BC V0H 1T8

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## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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The accompanying financial statements of the Osoyoos Indian Band are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council meet 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 consolidated financial statements and the external auditor's report.

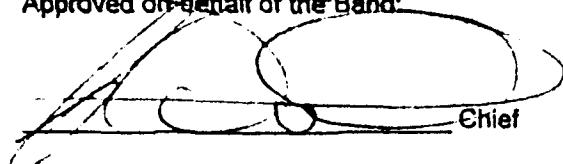
The external auditors, White Kennedy LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of the Osoyoos Indian Band and meet when required.

On Behalf of Osoyoos Indian Band:

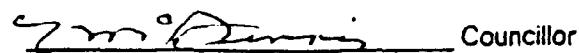
**OSOYOOS INDIAN BAND**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at March 31, 2015, With Comparative Figures for 2014

	<u>2015</u>	<u>2014</u>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and short term deposits (Note 2)	3,883,200	6,648,973
Accounts receivable	525,676	381,692
Trust funds held by federal government (Note 3)	2,277,805	1,578,301
Portfolio investments (Note 4)	1,331,046	1,549,387
Investments in government business enterprises (Note 5)	29,937,355	18,671,526
Loans receivable from band members (Note 6)	141,587	187,826
First Nations Finance Authority Deposit (Note 7)	494,376	-
	<u>38,591,045</u>	<u>29,017,705</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	1,216,158	966,259
Deferred revenue (Note 9)	505,265	175,555
Long term debt (Note 10)	<u>13,706,099</u>	<u>3,778,362</u>
	<u>15,427,522</u>	<u>4,920,176</u>
<b>NET FINANCIAL ASSETS</b>	<u>23,163,523</u>	<u>24,097,529</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	30,608	-
Tangible capital assets (Note 11)	<u>10,573,822</u>	<u>9,739,308</u>
	<u>10,604,430</u>	<u>9,739,308</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<u>33,767,953</u>	<u>33,836,837</u>
<b>CONTINGENT LIABILITIES (Note 13)</b>		

Approved on behalf of the Band:



Chief



Councillor

(4)



# OSOYOOS INDIAN BAND

## CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended March 31, 2015, With Comparative Figures for 2014

	Budget	2015	2014
	\$	\$	\$
<b>REVENUE</b>			
GOVERNMENT			
Aboriginal Affairs and Northern Dev. Canada	3,307,914	<b>3,490,278</b>	3,439,118
Health Canada	744,321	<b>744,378</b>	665,580
Province of British Columbia	300,420	<b>325,378</b>	310,333
CMHC	-	<b>258,963</b>	-
Okanagan training and development	100,142	<b>141,703</b>	120,766
SELF-GENERATED			
Income from business enterprises	-	<b>3,295,514</b>	2,477,218
Property taxes	2,113,972	<b>2,090,781</b>	1,866,423
Miscellaneous revenue	962,751	<b>981,230</b>	2,006,682
Rentals and leases	198,591	<b>545,229</b>	809,312
Other investment income	104,833	<b>432,083</b>	12,857
Gain on disposition of capital assets	-	<b>149,511</b>	-
	<b>7,832,944</b>	<b>12,455,048</b>	<b>11,708,289</b>
<b>EXPENSES</b>			
Social development (Note 14)	3,326,646	<b>4,375,249</b>	2,100,652
Administration	2,507,847	<b>2,216,338</b>	2,236,336
General government	1,603,517	<b>2,054,501</b>	1,813,072
Education	1,882,496	<b>1,732,916</b>	1,908,479
Public works	626,414	<b>668,609</b>	212,173
Lands and natural resources	520,768	<b>483,022</b>	294,524
Social housing	260,380	<b>448,801</b>	1,433,116
Health	363,078	<b>349,123</b>	360,482
Other projects	33,955	<b>98,350</b>	80,341
Economic development	(13,679)	<b>18,943</b>	210,152
	<b>11,111,422</b>	<b>12,445,852</b>	<b>10,649,327</b>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>			
Transfers	(3,278,478)	<b>9,196</b>	1,058,962
Surplus clawbacks	-	<b>(62,935)</b>	(91,143)
	<b>(15,145)</b>	<b>(15,145)</b>	<b>(7,132)</b>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>			
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>33,836,837</b>	<b>33,836,837</b>	<b>32,876,150</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>30,543,214</b>	<b>33,767,953</b>	<b>33,836,837</b>

# OSOYOOS INDIAN BAND

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the Year Ended March 31, 2015, With Comparative Figures for 2014

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	2015	2014
	\$	\$
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(68,884)</b>	<b>960,687</b>
Acquisition of tangible capital assets	(1,372,046)	(890,686)
Proceeds on disposal of tangible capital assets	190,844	143,206
Amortization of tangible capital assets	526,479	471,168
Loss (gain) on disposal of tangible capital assets	(179,791)	(40,710)
	<b>(834,514)</b>	<b>(317,022)</b>
Use (acquisition) of prepaid expenses	(30,608)	366
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>(934,006)</b>	<b>644,031</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>24,097,529</b>	<b>23,453,498</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>23,163,523</b>	<b>24,097,529</b>

# OSOYOOS INDIAN BAND

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2015, With Comparative Figures for 2014

	2015	2014
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenue over expenditures	(68,884)	960,687
Amortization	526,479	471,168
Gain on disposal of tangible capital assets	<u>(179,788)</u>	<u>(40,710)</u>
	<b><u>277,807</u></b>	<b><u>1,391,145</u></b>
 Change in non-cash working capital:		
Accounts receivable	(97,745)	507,084
Prepaid expenses	(30,608)	366
Accounts payable and accrued liabilities	249,899	(537,359)
Deferred revenue	<u>329,710</u>	<u>172,264</u>
	<b><u>451,256</u></b>	<b><u>142,355</u></b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances (repayment) of long term debt	9,927,736	314,209
Increase of debt reserve fund	<u>(494,376)</u>	-
	<b><u>9,433,360</u></b>	<b><u>314,209</u></b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,372,046)	(890,686)
Proceeds from disposal of tangible capital assets	190,844	143,206
Advances from portfolio investments	218,341	109,382
Advances to investments in subsidiaries	(11,265,829)	(6,098,414)
Increase (decrease) of trust and reserve funds	<u>(1,095,782)</u>	<u>3,919,324</u>
	<b><u>(13,324,472)</u></b>	<b><u>(2,817,188)</u></b>
 <b>NET DECREASE IN CASH</b>		
CASH, beginning of year	(3,162,049)	(969,479)
<b>CASH, end of year (Note 2)</b>	<b><u>5,104,317</u></b>	<b><u>6,073,796</u></b>
	<b><u>1,942,268</u></b>	<b><u>5,104,317</u></b>

# **OSOYOOS INDIAN BAND**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended March 31, 2015

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### **Nature of Operations**

The Osoyoos Indian Band is an Indian Band subject to the provisions of the Indian Act of Canada.

### **1. Summary of Significant Accounting Policies**

#### **BASIS OF PRESENTATION**

The Band records accounting transactions using the fund accounting method generally in use for municipal organizations. A fund (branch) is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund has its own schedule of Revenue and Expenditures and Surplus which presents the results of operations and changes in surplus for the fund. The Band Council transfers amounts between funds as considered necessary. The financial position of the Band is shown on the statement of financial position which includes the assets, liabilities and equity of all funds presented in the financial statements.

The Band's incorporated business enterprises and its investments in limited partnerships have been accounted for using the modified equity method.

#### **PRINCIPLES OF CONSOLIDATION**

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprises, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the Osoyoos Indian Band's investment in the government business enterprises and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprises that are different from those of the Osoyoos Indian Band. The government business enterprises follow International Financial Reporting Standards.

#### **FINANCIAL INSTRUMENTS**

The Band's financial instruments consists of cash and term deposits, accounts receivable, property taxes receivable, First Nation Finance Authority deposits and loans, accounts payable and accrued liabilities, and long term debt. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

#### **LOANS**

Loans received and repaid for the operation of specific branches are recorded as revenue and expenditures respectively.

# OSOYOOS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2015

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### 1. Summary of Significant Accounting Policies (Continued)

#### TANGIBLE CAPITAL ASSETS

Property and equipment, when acquired, are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Property and equipment relating to the Osoyoos Indian Band Housing Program are recorded using the fund accounting principles applied by Indian Band Housing Programs in Canada and guidelines prescribed by the Canada Mortgage and Housing Corporation. Indian Reserve Land is recorded at its appraised value on the date of contribution to the Program on the pre-1997 projects and is not recorded for the post-1996 projects in accordance with Canada Mortgage and Housing Corporation guidelines. Buildings and appliances are recorded at cost. Amortization on buildings is provided for annually in an amount equal to the principal reduction of the mortgage on each associated project. No amortization is provided on appliances, however, provision for future replacement of appliances is provided for through the Replacement Reserve.

Amortization on the remaining property and equipment is provided on the declining balance method and is charged against equity in property and equipment, at the following annual rates:

Automotive equipment	30%
Furniture and equipment	20%
Computer hardware	55%
Computer software	100%
Trailers	30%
Buildings	4%
Sewer system	4%
Water system	4%
Roads	8%

#### INVESTMENTS IN SUBSIDIARIES

The Band records its investment in and income from its subsidiaries on a modified equity basis as an addition to the investment and on the statement of operations. The amount of equity income to be accrued is determined at December 31 each year.

When advances or other amounts receivable from subsidiaries are determined to be uncollectible, the Band reduces the investment and related equity in investment on the balance sheet by the amount determined to be uncollectible.

#### INVESTMENTS IN LIMITED LIABILITY PARTNERSHIPS

The Band records its investment in and income from its limited liability partnerships on a modified equity basis as an addition to the investment and on the statement of operations. The amount of equity income to be accrued is determined at December 31 each year.

#### PORTFOLIO INVESTMENTS

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

# **OSOYOOS INDIAN BAND**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended March 31, 2015

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### **1. Summary of Significant Accounting Policies (Continued)**

#### **REVENUErecognition**

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue and recognized as revenue in the fiscal year the related expenses are incurred.

Revenue for services provided is recognized when the service is rendered. Revenue from leases is recognized in the period in which it is earned, when there is a clear evidence that an arrangement exists, amounts are fixed or can be determined, and the ability to collect is reasonably assured.

Taxation revenue is earned when the amount meets the definition of an asset, the annual taxation legislation has been authorized by the First Nations Tax Commission , and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. The taxation period is based on the calendar year January through December. Taxation revenue is billed in June and is due at the end of July each year.

#### **MANAGEMENT ESTIMATES**

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent amounts and revenues and expenditures during the reported periods. Actual results could differ from those estimates.

#### **REPLACEMENT RESERVE**

The replacement reserve account is funded by an annual charge against operations in an amount determined by Canada Mortgage and Housing Corporation.

#### **OPERATING RESERVE**

The operating reserve account is funded by surplus revenue from housing projects committed to under the 1997 On-Reserve Program.

#### **COMPARATIVE FIGURES**

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

# OSOYOOS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2015

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### 2. Cash and Short Term Deposits

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the Osoyoos Indian Band must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account, and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation. Cash and Cash equivalents is comprised of the following:

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>Restricted</b>		
Taxation Capital Development Reserve	728,374	523,246
Housing Replacement Reserve Post 1996	544,079	499,475
Housing Operating Reserve	429,734	359,938
Taxation Contingency Reserve	158,304	85,361
Housing Replacement Reserve Pre 1997	<u>80,441</u>	<u>76,636</u>
	<b>1,940,932</b>	<b>1,544,656</b>
<b>Unrestricted</b>		
Current accounts	<b>1,942,268</b>	5,104,317
Total Cash and Cash Equivalents	<b>3,883,200</b>	<b>6,648,973</b>

### 3. Funds Held in Trust by Federal Government

Funds are held in trust for the Band by the Department of Aboriginal Affairs and Northern Development Canada. Amounts are comprised of the following:

	<b>2015</b>	<b>2014</b>
	\$	\$
Capital Fund		
Balance, beginning of year	378,976	442,505
Budget transfer	-	<u>(63,529)</u>
Balance, end of year	<b>378,976</b>	<b>378,976</b>

# OSOYOOS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2015

### 3. Funds Held in Trust by Federal Government (Continued)

	<u>2015</u> \$	<u>2014</u> \$
Revenue Fund		
Balance, beginning of year	1,199,325	5,091,044
Constellation Brands Canada Inc.	1,001,769	1,001,374
CDR Limited Partnership	123,500	74,100
Cherry Grove Estates	119,944	116,888
Mark Anthony Group	107,470	107,470
Andrew Peller Limited	94,000	94,000
Spirit Ridge Vineyard Resort	79,545	238,636
Interest	45,972	33,650
BC Hydro	16,000	-
Rogers Communications Inc.	10,063	10,063
BC Special Interest	1,241	1,243
Spirit Ridge Residence Club Limited Partnership	-	19,887
Withdrawals	<u>(900,000)</u>	<u>(5,589,030)</u>
Balance, end of year	<u>1,898,829</u>	<u>1,199,325</u>
Total Funds Held in Trust by Federal Government	<u>2,277,805</u>	<u>1,578,301</u>

### 4. Portfolio Investments

	<u>2015</u> \$	<u>2014</u> \$
BMO Nesbitt Burns - 7th Generation Trust / Elders Fund (quoted market value \$1,327,907 (2014 - \$1,561,769))	1,321,036	1,539,377
All Nations Trust shares	10,010	10,010
Total Investments	<u>1,331,046</u>	<u>1,549,387</u>

# OSOYOOS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2015

### 5. Investments in Government Business Enterprises

All companies are wholly owned subsidiaries of Osoyoos Indian Band Development Corporation, which is wholly owned by Osoyoos Indian Band, except for Nk'Mip Cellars Inc. which is 51% owned by Osoyoos Indian Band Development Corporation and CDR GP Inc. and CDR LP which are 25% owned by Osoyoos Indian Band. Nk'Mip Desert Cultural Centre Ltd and Senkulmen Utilities Ltd. are owned 100% by Osoyoos Indian Band. The Osoyoos Indian Band also owns 99.99% of each of the Limited Liability Partnerships.

	Advances	Retained Earnings	2015	2014
	\$	\$	\$	\$
Osoyoos Indian Band Development Corporation	3,071,156	2,941,967	<b>6,013,123</b>	5,747,898
Nk'Mip Utilities Ltd.	(2,400)	612,119	<b>609,719</b>	572,167
Nk'Mip Cellars Inc.	-	507,462	<b>507,462</b>	288,723
Senkulmen Utilities Ltd.	1,462	170,271	<b>171,733</b>	539,320
Senkulmen Projects Ltd.	-	1,748	<b>1,748</b>	1,748
Nk'Mip Campground and R.V. Park Ltd.	-	1,725	<b>1,725</b>	1,671
Nk'Mip Vineyards Ltd.	-	1,657	<b>1,657</b>	1,619
Osoyoos Indian Band Holdings Corporation	-	1,268	<b>1,268</b>	1,547
Nk'Mip Forestry Corp.	-	1,246	<b>1,246</b>	1,222
Nk'Mip (Inkameep) Convenience Store Ltd.	-	1,219	<b>1,219</b>	1,218
CDR GP Inc.	-	250	<b>250</b>	250
Nk'Mip Desert Cultural Centre Ltd.	479,326	(480,811)	<b>(1,485)</b>	(1,503)
Oliver Readi-Mix Ltd.	-	(2,223)	<b>(2,223)</b>	(9,032)
Nk'Mip Canyon Desert Golf Course Ltd.	-	(962,736)	<b>(962,736)</b>	(962,736)
	<b>3,549,544</b>	<b>2,795,162</b>	<b>6,344,706</b>	<b>6,184,112</b>

### Total Investments in Government Business Enterprises

	2015	2014
	\$	\$
Investments in and advances to wholly owned subsidiary companies	<b>6,344,706</b>	6,184,112
Osoyoos Indian Band Holdings Limited Liability Partnership	<b>13,489,277</b>	3,625,891
Nk'Mip Campground and R.V. Park Limited Liability Partnership	<b>4,535,741</b>	3,998,018
Nk'Mip Canyon Desert Golf Course Limited Liability Partnership	<b>1,352,522</b>	1,495,158
Oliver Readi-Mix Limited Liability Partnership	<b>1,060,841</b>	919,013
Nk'Mip Vineyards Limited Liability Partnership	<b>782,206</b>	686,834
Nk'Mip Desert Cultural Centre Limited Liability Partnership	<b>678,703</b>	475,902
Osoyoos Indian Band Development Limited Liability Partnership	<b>543,147</b>	272,403
Nk'Mip Forestry Limited Liability Partnership	<b>422,134</b>	285,019
CDR Limited Partnership	<b>421,250</b>	380,250
Nk'Mip Convenience Store Limited Liability Partnership	<b>343,267</b>	386,057
Senkulmen Projects Limited Liability Partnership	<b>(36,439)</b>	(37,131)
	<b>29,937,355</b>	18,671,526

**OSOYOOS INDIAN BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2015

## 5. Investments in Government Business Enterprises (continued)

Condensed financial information for the Band's government business enterprises is as follows:

# OSOYOOS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2015

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### 6. Loans Receivable from Band Members

	2015	2014
	\$	\$
Members' loans receivable	<u>141,587</u>	<u>187,826</u>

Loans receivable from Band Members are interest bearing at 1%, unsecured, and due on demand.

### 7. First Nations Finance Authority Deposit

The Band obtained a long term loan, financing from the First Nations Finance Authority. As a condition of these borrowings, a portion of the loan proceeds are withheld by the First Nations Finance Authority as a debt reserve fund. The debt reserve fund amount will be credited to the Band and invested on its behalf. The fund is under the non-discretionary control of the First Nations Finance Authority and can be accessed by the Authority to cover loan defaults of any First Nations member of the Authority. Any debt reserve fund balance that exists at the end of the loan term will be returned to the Band in the form of debt extinguishment or cash.

The details of the cash deposits at the year end are as follows:

	2015	2014
	\$	\$
Cash Deposits	<u>494,376</u>	-

### 8. Accounts Payable and Accrued Liabilities

	2015	2014
	\$	\$
Trade payables	810,484	661,421
Accrued salaries and benefits payable	403,674	298,098
Accrued liabilities	<u>2,000</u>	6,740
Total Accounts Payable and Accrued Liabilities	<u>1,216,158</u>	966,259

### 9. Deferred Revenue

As at March 31, 2015, the following contributions and revenue amounts have been deferred.

	2015	2014
	\$	\$
Sen Pok Chin rent prepayment	505,265	-
Capital projects	-	175,555
Total Deferred Revenue	<u>505,265</u>	175,555

# Osoyoos Indian Band

## Notes to Consolidated Financial Statements

For the Year Ended March 31, 2015

### 10. Long Term Debt

	2015	2014
	\$	\$
All Nations Trust Company Project #15 mortgage bearing interest at 1.7% per annum, repayable in monthly blended payments of \$2,702. The loan matures on August 1, 2016 and is secured by first mortgage over Project 15 properties with a carrying value of \$266,175, matures August 2016.	45,341	76,701
All Nations Trust Company Project #16 loan bearing interest at 1.12% per annum, repayable in monthly blended payments of \$2,169. The loan matures on December 1, 2019 and is secured by first mortgage over Project 16 properties with a carrying value of \$255,428, renewable December 2019.	120,324	143,873
All Nations Trust Company Project #17, mortgage bearing interest at 1.92% per annum, repayable in monthly blended payments of \$2,113. The loan matures on April 1, 2019 and is secured by first mortgage over Project 17 properties with a carrying value of \$253,038, renewable April 2019.	99,521	122,737
All Nations Trust Company Project #18, mortgage bearing interest at 2.65% per annum, repayable in monthly blended payments of \$2,485. The loan matures on January 1, 2021 and is secured by first mortgage over Project 18 properties with a carrying value of \$286,538, renewable April 2016.	161,052	186,260
All Nations Trust Company Project #19, mortgage bearing interest at 1.65% per annum, repayable in monthly blended payments of \$1,424. The loan matures on May 1, 2022 and is secured by first mortgage over Project 19 properties with a carrying value of \$188,384, renewable June 2017.	115,427	130,479
All Nations Trust Company Project #20, mortgage bearing interest at 1.67% per annum, repayable in monthly blended payments of \$1,357. The loan matures on June 1, 2023 and is secured by first mortgage over Project 20 properties with a carrying value of \$198,409, renewable June 2018.	125,452	139,522
All Nations Trust Company Project #21, mortgage bearing interest at 1.81% per annum, repayable in monthly blended payments of \$1,890. The loan matures on May 1, 2024 and is secured by first mortgage over Project 21 properties with a carrying value of \$288,821, renewable April 2019.	191,545	210,492
All Nations Trust Company Project #22, mortgage bearing interest at 1.05% per annum, repayable in monthly blended payments of \$2,887. The loan matures on April 1, 2025 and is secured by first mortgage over Project 22 properties with a carrying value of \$477,182, renewable April 2020.	331,172	359,168

# OSOYOOS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2015

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### 10. Long Term Debt (Continued)

All Nations Trust Company Project #23, mortgage bearing interest at 2.63% per annum, repayable in monthly blended payments of \$2,838. The loan matures on June 1, 2026 and is secured by first mortgage over Project 23 properties with a carrying value of \$431,832, renewable June 2016.	<b>331,556</b>	356,579
All Nations Trust Company Project #24, mortgage bearing interest at 2.11% per annum, repayable in monthly blended payments of \$2,826. The loan matures on December 1, 2033 and is secured by first mortgage over Project 24 properties with a carrying value of \$654,354, renewable January 2019.	<b>525,199</b>	547,820
All Nations Trust Company Project #25, mortgage bearing interest at 1.62% per annum, repayable in monthly blended payments of \$1,935. The loan matures on March 1, 2023 and is secured by first mortgage over Project 25 properties with a carrying value of \$190,656, renewable March 2018.	<b>174,180</b>	194,413
All Nations Trust Company Project #26, mortgage bearing interest at 1.65% per annum, repayable in monthly blended payments of \$2,819. The loan matures on September 1, 2036 and is secured by first mortgage over Project 26 properties with a carrying value of \$788,380, renewable September 2016.	<b>608,523</b>	632,132
All Nations Trust Company Project #27 mortgage bearing interest at 2.08% per annum, repayable in monthly blended payments of \$2,958. The loan matures on February 1, 2039 and is secured by first mortgage over Project 27 properties with a carrying value of \$669,066, renewable February 2019.	<b>669,066</b>	678,186
All Nations Trust Company Project #28 loan bearing interest at 1.67% per annum, repayable in monthly blended payments of \$2,683. The loan matures on January 1, 2040 and is secured by first mortgage over Project 28 properties with a carrying value of \$644,668, renewable January 2020.	<b>654,567</b>	-
FNFA First nations Finance Authority loan bearing interest at 3.79% per annum, repayable in monthly blended payments of \$58,377. The loan matures on June 26, 2024 and is secured by contracts and leases of the Osoyoos Indian Band and Osoyoos Indian Band Holdings LLP.	<b>9,553,174</b>	-
	<b>13,706,099</b>	<b>3,778,362</b>

**OSOYOOS INDIAN BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2015

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**10. Long Term Debt (Continued)**

Principal repayments over the next five years are estimated as follows:

	\$
2016	678,802
2017	666,209
2018	672,529
2019	692,955
2020	684,219
Subsequent	<u>10,311,385</u>
	<u>13,706,099</u>

# OSOYOOS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2015

### 11. Consolidated Statement of Tangible Capital Assets

	Land	Buildings	Furniture & Equipment	Sewer infrastructure	Vehicles	Water infrastructure	Roads	2015	2014
<b>COST</b>									
BALANCE, BEGINNING OF YEAR	\$ 478,000	\$ 13,266,089	\$ 981,524	\$ 135,154	\$ 301,887	\$ 949,449	\$ 460,740	\$ 16,572,843	\$ 16,189,903
Acquisition of tangible capital assets	45,000	1,215,954	86,275	-	24,817	-	-	1,372,046	890,686
Disposal of tangible capital assets	-	(5,945)	(263,880)	-	-	-	-	(269,825)	(507,746)
<b>BALANCE, END OF YEAR</b>	<b>523,000</b>	<b>14,476,098</b>	<b>803,919</b>	<b>135,154</b>	<b>326,704</b>	<b>949,449</b>	<b>460,740</b>	<b>17,675,064</b>	<b>16,572,843</b>
<b>ACCUMULATED AMORTIZATION</b>									
BALANCE, BEGINNING OF YEAR	-	4,912,697	671,682	81,346	157,066	630,795	379,949	6,833,535	6,767,616
Annual amortization	-	409,365	48,581	2,153	47,171	12,746	6,463	526,479	471,168
Accumulated amortization on disposals	-	-	(258,772)	-	-	-	-	(258,772)	(405,249)
<b>BALANCE, END OF YEAR</b>	<b>-</b>	<b>5,322,062</b>	<b>461,491</b>	<b>83,499</b>	<b>204,237</b>	<b>643,541</b>	<b>386,412</b>	<b>7,101,242</b>	<b>6,833,535</b>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>523,000</b>	<b>9,154,036</b>	<b>342,428</b>	<b>51,655</b>	<b>122,467</b>	<b>305,908</b>	<b>74,328</b>	<b>10,573,822</b>	<b>9,739,308</b>

# OSOYOOS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2015

### 12. Accumulated Surplus

	2015	2014
	\$	\$
<b>Unrestricted surplus</b>		
Enterprise Fund	12,958,379	9,662,865
Operating Fund	10,169,938	15,090,069
Physical Assets Fund	<u>6,420,899</u>	<u>5,960,944</u>
	<b><u>29,549,216</u></b>	<b><u>30,713,878</u></b>
<b>Restricted surplus</b>		
Revenue Trust Fund	1,898,829	1,199,325
Taxation Capital Development Reserve	728,374	523,248
Replacement Reserve	624,520	576,111
Operating Reserve	429,734	359,938
Capital Trust Fund	378,976	378,976
Taxation Contingency Reserve	<u>158,304</u>	<u>85,361</u>
	<b><u>4,218,737</u></b>	<b><u>3,122,959</u></b>
<b>Total Accumulated Surplus</b>	<b><u>33,767,953</u></b>	<b><u>33,836,837</u></b>

### 13. Contingent Liabilities

Under the terms of the contribution agreements with the Department of Aboriginal Affairs and Northern Development Canada and other government departments, certain surpluses may be repayable to the government.

The Band has provided loan guarantees to various Band members in the amount of \$27,480 (2014 \$33,788).

The Band has also provided loan guarantees for other companies and limited liability partnerships related to the Band in the amount of \$11,184,000.

The Band has signed a standby letter of credit in the amount of \$419,900.

### 14. Social Development

Included in social development are band membership distributions of \$3,123,907 (2013 - \$601,753).

### 15. Income Taxes

The Band is considered to be a municipality and as such is exempt from income taxes under Section 149(1)(c) of the Income Tax Act.

# OSOYOOS INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2015

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### 16. Related Party Transactions

Related Party	Relationship	Type of transaction	Received (Paid)	
			2015	2014
			\$	\$
Nk'Mip Canyon Desert Golf Course LLP	Partnership	Sales	(29,966)	(31,249)
Nk'Mip Convenience Store LLP	Partnership	Sales	(27,499)	(18,473)
Nk'Mip Desert Cultural Centre LLP	Partnership	Taxation contribution	(308,655)	(287,335)
		Sales	(1,550)	(1,176)
Oliver Readi-Mix LLP	Partnership	Sales Cost of sales	(10,335) 20,021	(13,675) 22,950
Osoyoos Indian Band Development LLP	Partnership	Administration	14,400	14,400
Nk'Mip Utilities Ltd.	Subsidiary	Taxation contribution	(100,000)	(100,000)
Nk'Mip Forestry LLP	Partnership	Grazing license	3,949	3,949
Nk'Mip Campground and RV Park LLP	Partnership	Sales	(2,691)	(2,691)

These transactions were carried out in the normal course of business at their exchange value which approximates fair value.

**OSOYOOS INDIAN BAND**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2015

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**17. Financial instruments**

**Credit Risk**

Credit risk arises from the possibility that a counter party will fail to perform its obligations. The Band is exposed to credit risk from customers. In order to reduce its credit risk, the Band reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Band has a significant number of customers which minimizes concentration of credit risk.

**Fair Value**

The Band's carrying value of cash and cash equivalents, accounts receivable, and accounts payable approximates its fair value due to the immediate or short term maturity of these instruments.

The fair value of the amounts due from wholly owned subsidiary companies and limited liability partnership investments are less than carrying value, as the amounts are non-interest bearing. As the amounts have no terms of repayment, the fair value cannot be calculated with any degree of certainty.

The carrying value of the long term debt approximates the fair value as the interest rates are consistent with the current rates offered to the Band for debt with similar terms.

**Interest Rate**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Band manages exposure through its normal operating and financing activities.

**18. Pension Agreement**

The band provides a defined contribution plan for eligible members of its staff. Members contribute 5% of their salary which is matched by the band. Additional voluntary contributions can also be made by each member. The Osoyoos Indian Band contributed \$37,064 (2014 - \$40,863) to this plan during the year.

# **OSOYOOS INDIAN BAND**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended March 31, 2015

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### **19. Segment Information**

The Band is a diversified government body that provides a wide range of services to its members such as social housing, social development, general government services, public works, and economic development. Distinguishable functional segments have been separately disclosed in the consolidated statement of operations. The nature of the segments and the activities they encompass are as follows:

#### **Social Development Services**

This segment includes band membership distributions and many of the Inkameep community services programs offered to band members including workshops, basic needs, shelter, in home care, national child benefits, Okanagan training and development program costs, and youth programs.

#### **Administration Services**

This segment includes costs relating to general administration of the band office including administration of taxation.

#### **General Government Services**

This segment includes operational and maintenance expenses and amortization.

#### **Education Services**

This segment includes costs relating to tuition and language and cultural research.

#### **Public Works**

This segment includes development costs incurred for capital projects, and costs relating to the maintenance of the Osoyoos health station.

#### **Lands and Natural Resources**

This segment includes costs relating to forestry resource management, parks Canada program, and species at risk program.

#### **Social Housing**

This segment includes costs relating to the construction of housing for band members.

#### **Health Services**

This segment includes costs relating to providing community health, on reserve medical services, and patient travel.

#### **Other Projects**

This segment includes recreational services provided to band members.

#### **Economic Development**

This segment includes costs relating to the development of economic opportunities on OIB land.

**OSOYOOS INDIAN BAND****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended March 31, 2015

**20. Consolidated Expenses by Object**

	<b>2015</b>	<b>2014</b>
	\$	\$
Band membership distributions	3,123,907	601,753
Contracts	2,459,075	2,764,322
Salaries and benefits	2,297,347	2,241,760
Social assistance	793,572	799,953
Tuition	640,839	678,276
Repairs and maintenance	586,862	794,666
Travel and meetings	498,632	420,454
Interest on long-term debt	348,565	64,108
Amortization	214,131	204,532
Materials, supplies and activities	188,330	153,056
Recreation	153,497	142,930
Professional fees	152,396	230,153
Administration	136,765	100,232
Training	127,426	86,632
Health contributions	109,686	90,296
Insurance	98,944	84,434
Honoraria	80,623	90,106
Miscellaneous	73,446	291,666
Telephone and utilities	43,056	51,775
Occupancy	24,996	28,996
Bank charges and interest	17,513	13,789
Replacement reserve	10,819	-
Bad debts	4,570	-
	<b>12,184,997</b>	<b>9,933,889</b>