

Financial statements of

Okanagan Indian Band

March 31, 2016

Okanagan Indian Band

March 31, 2016

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Management's responsibility for financial reporting

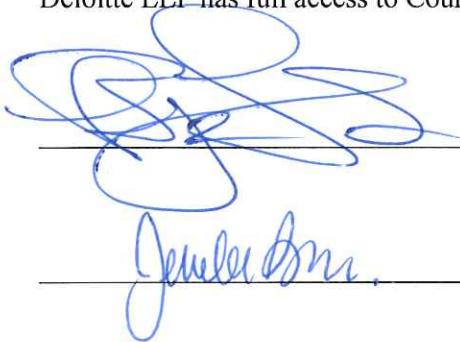
The accompanying financial statements ("financial statements") of Okanagan Indian Band (the "Band") as at March 31, 2016 and for the year then ended are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. 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.

Management 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 Band's assets are appropriately accounted for and adequately safeguarded.

The Okanagan Indian Band Council ("Council") is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

Council reviews the financial statements and approves them. Council meets periodically with management, as well as the external auditor, 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 financial statements and the independent auditor's report. Council considers its findings when approving the financial statements.

The financial statements have been approved by Council. In addition, these financial statements have been audited by Deloitte LLP in accordance with Canadian generally accepted auditing standards. Deloitte LLP has full access to Council.

A handwritten signature in blue ink, appearing to read "Jennifer Smith".

Chief Councillor

Chief Executive Officer



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Independent Auditor's Report

To the Members of
Okanagan Indian Band

We have audited the accompanying financial statements of Okanagan Indian Band, which comprise the statement of financial position as at March 31, 2016, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements.

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

Basis for Qualified Opinion

Canadian public sector accounting standards require that tangible capital assets be recorded at cost and amortized over their estimated useful lives, less any provision for impairment. Certain tangible capital assets acquired prior to 2010 were expensed in the accounting records at the time of acquisition or construction, and the cost of these assets and their date of acquisition or construction has not been determined. We were unable to obtain sufficient, appropriate audit evidence to support the carrying value of tangible capital assets as at March 31, 2016 and March 31, 2015. Consequently, we were unable to determine whether any adjustments were necessary to tangible capital assets as at March 31, 2016 and March 31, 2015, deficiency of revenues over expenses for the years ended March 31, 2016 and March 31, 2015 or accumulated surplus as at March 31, 2016, March 31, 2015 and April 1, 2014.

Emphasis of Matter

We draw attention to Note 2 which describes that the financial statements have been revised to correct for an error. Our audit opinion is not qualified in respect of this matter.

Qualified Opinion

In our opinion, except for possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Okanagan Indian Band as at March 31, 2016, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

The financial statements of Okanagan Indian Band as at March 31, 2015 and for the year then ended were audited by another auditor who expressed a qualified audit opinion on those financial statements in their report dated July 28, 2015. The audit opinion was qualified for the same reason as described above, and was also qualified because the method to record amortization on housing assets was not in compliance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants
August 16, 2016
Langley, British Columbia

Okanagan Indian Band

Statement of operations and accumulated surplus year ended March 31, 2016

	Budget	2016	2015 (Restated - Note 2)
	\$	\$	\$
Revenue			
Federal government transfers	8,752,140	9,115,590	8,971,522
Other	1,358,343	1,061,442	982,484
Rent	656,301	1,010,968	645,081
Contract revenue	534,116	989,036	736,381
Forestry Consultation and Revenue Sharing Agreement	518,719	555,174	594,862
Sale of properties	-	441,410	1,279,262
Provincial government transfers	202,993	150,549	940,211
Interest and investment income	19,486	117,660	16,925
Total revenue	12,042,098	13,441,829	14,166,728
Expenses (Note 20, Page 19)			
Education	3,387,720	2,716,527	3,035,440
Public works	1,621,481	2,794,145	2,602,423
Social services	2,213,716	2,005,765	2,134,359
Band government	1,336,170	1,487,952	1,132,075
Health	1,166,333	1,113,249	1,207,287
Territorial stewardship	683,784	964,687	885,500
Amortization	210,577	811,030	678,357
Council	575,789	527,038	603,140
Housing	334,901	474,846	349,622
Economic development	907,218	470,941	648,873
Cost of housing sales	-	441,409	1,540,056
Land claims	123,200	216,216	176,258
Employment programs	100,984	153,566	324,590
Interest	92,344	87,174	133,318
Equity loss from Band owned entities (Note 8, Page 13)	-	13,118	24,292
	12,754,217	14,277,663	15,475,590
Deficiency of revenue over expenses for the year	(712,119)	(835,834)	(1,308,862)
Accumulated surplus, beginning of year, as previously reported	-	-	23,626,219
Correction of an error (Note 2, Page 10)	-	-	793,430
Accumulated surplus, beginning of year, restated	22,317,357	23,110,787	24,419,649
Accumulated surplus, end of year	21,605,238	22,274,953	23,110,787

The accompanying notes to the financial statements are an integral part of this financial statement.

Okanagan Indian Band

Statement of changes in net financial assets year ended March 31, 2016

	Budget	2016	2015 (Restated - Note 2)
	\$	\$	\$
Deficiency of revenues over expenses	(712,119)	(835,834)	(1,308,862)
Acquisition of tangible capital assets	(143,249)	(1,266,355)	(1,115,331)
Amortization of tangible capital assets	210,577	811,030	678,357
Disposal of tangible capital assets	-	-	60,806
Change in property under development	-	274,980	988,775
Change in prepaid expenses	-	(67,520)	30,918
Decrease in net financial assets	(644,791)	(1,083,699)	(665,337)
Net financial assets, beginning of year	4,267,979	4,267,979	4,933,316
Net financial assets, end of year	3,623,188	3,184,280	4,267,979

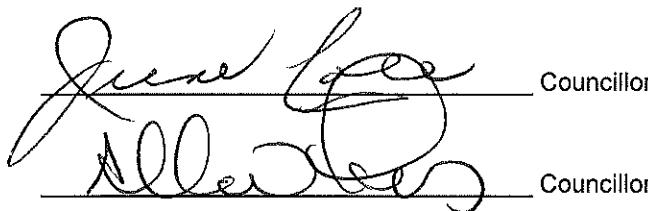
Okanagan Indian Band

Statement of financial position as at March 31, 2016

	2016	2015 (Restated - Note 2)
	\$	\$
Financial assets		
Cash and cash equivalents (Notes 3 and 14, Pages 10 and 15)	874,760	2,117,524
Accounts receivable (Note 4, Page 11)	804,947	152,904
Loan receivable (Note 5, Page 12)	238,537	244,140
Due from Government (Note 6, Page 12)	117,568	313,058
Investment in Band-owned entities (Note 8, Page 13)	3,504,275	3,497,176
Funds held in Ottawa Trust (Note 9, Page 14)	4,604,646	4,223,200
	10,144,733	10,548,002
Liabilities		
Accounts payable (Note 10, Note 15)	1,144,616	1,127,512
Due to Government (Note 11, Page 15)	32,356	36,674
Employee benefit obligations (Note 12, Page 15)	144,066	129,688
Security deposits (Note 13, Page 15)	18,423	18,675
Long-term debt (Note 15, Pages 16 and 17)	5,620,992	4,967,474
	6,960,453	6,280,023
Net financial assets	3,184,280	4,267,979
Non-financial assets		
Tangible capital assets (Schedule 1, Page 20)	18,737,471	18,282,146
Property under development (Note 7, Page 12)	200,000	474,980
Prepaid expenses	153,202	85,682
	19,090,673	18,842,808
Accumulated surplus (Note 16, Page 18)	22,274,953	23,110,787

Commitments and contingencies (Note 22, Page 19)

Approved on behalf of Chief and Council



The image shows two handwritten signatures in black ink. The top signature is longer and appears to be 'June Loo', with the name 'Councillor' written to its right. Below it is a shorter, stylized signature that appears to be 'Nellie' or 'Nellie Loo', with the title 'Councillor' written to its right.

Okanagan Indian Band

Statement of cash flows year ended March 31, 2016

	2016	2015
	\$	\$
Operating activities		
Deficiency of revenue over expenses for the year	(835,834)	(1,308,862)
Items not affecting cash		
Amortization	811,030	678,357
Equity loss from Band-owned entities	13,118	24,292
Loss on disposal of tangible capital assets	-	60,806
Cost of properties sold	441,409	1,540,056
	429,723	994,649
Changes in non-cash working capital		
Accounts receivable	(652,041)	1,423,120
Due from Government	195,490	652,407
Prepaid expenses	(67,520)	30,867
Due to Government	(4,318)	30,227
Accounts payable	17,103	(304,133)
Employee benefit obligations	14,378	10,240
Security deposits	(252)	937
	(67,437)	2,838,314
Capital activities		
Additions to property under development	(166,429)	(415,450)
Additions to tangible capital assets	(1,266,355)	(1,115,331)
	(1,432,784)	(1,530,781)
Financing activities		
Proceeds from long-term debt	937,370	136,639
Repayment of long-term debt	(283,852)	(231,714)
	653,518	(95,075)
Investing activities		
Loan receivable	5,603	(244,140)
Advances to Band-owned entities	(20,218)	(21,688)
Funds held in Ottawa trust	(381,446)	(387,204)
	(396,061)	(653,032)
(Decrease) increase in cash and cash equivalents	(1,242,764)	559,426
Cash and cash equivalents, beginning of year	2,117,524	1,558,098
Cash and cash equivalents, end of year	874,760	2,117,524
Supplementary cash flow information		
Interest paid	87,174	133,318

The accompanying notes to the financial statements are an integral part of this financial statement.

Okanagan Indian Band

Notes to the financial statements

March 31, 2016

1. Significant accounting policies

Okanagan Indian Band (the Band) is part of the Okanagan Nation, which is comprised of seven Indian Bands, including the Lower Similkameen Indian Band, Upper Similkameen Indian Band, Osoyoos Indian Band, Penticton Indian Band, Westbank First Nation, Upper Nicola Indian Band and the Okanagan Indian Band. Okanagan Indian Band is located at the head of Okanagan Lake in Vernon, British Columbia, and provides various services to its members.

These financial statements, which represent the operations of the Okanagan Indian Band ("OKIB") as represented by its Band Council, have been prepared in accordance with Canadian public sector accounting standards. The significant accounting policies are as follows:

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that can be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services and may be consumed in normal operations. Non-financial assets include tangible capital assets, property under development, and prepaid expenses. Intangible assets, and items inherited by right of the Crown, are not recognized in the financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and short-term money market instruments with an original maturity of three months or less, which are readily convertible into a known amount of cash.

Property under development

Property under development consists of residential lots that are or will be actively developed for the purposes of generating revenue from sales for the Band. Property under development is carried at the lower of cost and net realizable value, with net realizable value being determined as the estimated selling price less estimated costs to sell.

Investment in Band-owned entities

Incorporated business entities which meet the definition of a government business enterprise are included in the financial statements using the modified equity method and, as such, the accounting policies of these entities are not adjusted to conform with those of the Band. These include:

(i) Okanagan Indian Band Land Holding Company Ltd.

(ii) 631640 B.C. Ltd.

(iii) Okanagan Band Development Corporation

The Band also owns the following corporations, which are inactive and which have no assets or liabilities:

(iv) Okanagan Log Homes Inc. (Inactive)

(v) Swan Lake Industrial Park Ltd. (Inactive)

(vi) ERA Aggregates Ltd. (Inactive)

(vii) OKIB Forestry Limited Partnership

Funds held in trust

Interest earned on funds held in trust are accounted for on an accrual basis. All other revenue paid to funds in trust are recorded when received.

Okanagan Indian Band

Notes to the financial statements

March 31, 2016

1. Significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the assets. The cost, less residual value of the capital assets, is amortized using the declining balance method at the following annual rates:

Buildings and improvements	4-5%
General equipment	20%
Infrastructure	4%

When conditions indicate that a tangible capital asset no longer contributes to the ability to provide goods or services, or that the value of future economic benefits is less than its book value, the carrying value of the asset is reduced to reflect the decline in value.

Revenue recognition

Government transfers from the federal and provincial governments that do not include stipulations are recognized as revenue when the transfers have been authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made. Government transfers with stipulations are recognized as revenue in the period the transfers are authorized, and eligibility criteria and stipulations are met.

Restricted contributions received under terms of agreements are recognized as revenue in the year in which the related expenses are incurred. Unexpended restricted contributions are deferred. Unrestricted contributions are recognized as revenue when received.

Revenue from leases is recognized on a straight-line basis as it is earned based on the lease agreements and when collectability is reasonable assured. Other income, contract revenue and sale of properties are recognized when the risks and rewards have passed to the buyer, the price is fixed and determinable, and collectability is reasonably assured. Interest and investment income is recognized on an accrual basis when earned.

Use of 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 the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the determination of the allowance for doubtful accounts, the useful lives and recoverability of tangible capital assets, and the recording of deferred revenue where appropriate. Actual results could differ from those estimates.

Employee benefits

Under the terms and conditions of employment, Band employees may qualify and earn benefits for annual leave, elective leave, severance and other benefits. The estimated liability for these benefits is recorded as the benefits are earned by employees. Severance liabilities are recorded when employees are identified for lay-off.

Okanagan Indian Band

Notes to the financial statements

March 31, 2016

1. Significant accounting policies (continued)

Liability for contaminated sites

The Band recognizes and measures a liability for remediation of contaminated sites where:

- (viii) an environmental standard exists;
- (ix) contaminated levels exceed the environmental standards;
- (x) the Band is directly responsible or accepts responsibility;
- (xi) it is expected that future economic benefits will be given up; and
- (xii) a reasonable estimate of the amount can be made.

The liability is based on the present value of the estimated costs directly attributable to the remediation and post-remediation activities.

As at March 31, 2016 and 2015, no contaminated sites have been identified that meet the criteria outlined in the standard.

2. Correction of an error

During the year, it was determined that the Band's receipt of certain royalties had been incorrectly accounted for in prior years. These royalties had been recorded upon receipt as a liability payable to the Ottawa Trust, but should have been recorded as revenue in the year of receipt. The financial statements have been revised by reducing the liability for royalties payable from \$793,430 to \$Nil, with a corresponding increase to accumulated surplus and net financial assets as at April 1, 2014. The correction of this error did not affect the deficiency of revenues over expenses or cash flows for the years ended March 31, 2016 or March 31, 2015.

3. Cash and cash equivalents

Under the terms of agreements with Canada Mortgage and Housing Corporation ("CMHC"), the Band must set aside funds annually for the repair, maintenance or replacement of certain tangible capital 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 CMHC, with any interest earned to be credited as revenue to the appropriate housing fund.

Okanagan Indian Band

Notes to the financial statements
March 31, 2016

3. Cash and cash equivalents (continued)

	2016	2015
	\$	\$
Externally restricted		
CMHC reserves	827,933	891,275
Internally restricted		
Restricted band accumulated surpluses	71,457	71,457
Unrestricted		
Band operating (Note 14)	(507,139)	836,114
Social housing operating	426,779	278,005
Eagle Rock Aggregates	55,730	40,673
	(24,630)	1,154,792
	874,760	2,117,524
Cash and cash equivalents consist of		
(Bank indebtedness) cash	(233,222)	1,018,669
Cash equivalents	1,107,982	1,098,855
	874,760	2,117,524

4. Accounts receivable

	2016	2015
	\$	\$
Accounts receivable (i)	877,776	231,846
Less: allowance for doubtful accounts	(122,939)	(135,260)
Net accounts receivable	754,837	96,586
Social housing rents receivable	154,490	223,038
Less: allowance for doubtful accounts	(113,823)	(173,475)
Net social housing rents receivable	40,667	49,563
Band member accounts receivable	19,589	30,043
Less: allowance for doubtful accounts	(10,146)	(23,288)
Net band member accounts receivable	9,443	6,755
	804,947	152,904

(i) From April 1, 2016 to July 31, 2016, \$554,399 of the accounts receivable had been collected.

Okanagan Indian Band

Notes to the financial statements

March 31, 2016

5. Loan receivable

	2016	2015
	\$	\$
Term loan receivable from a Band member bearing interest at 4.25% per annum, repayable in monthly blended instalments of \$1,322 maturing on March 1, 2020, secured by a personal guarantee.	<u>238,537</u>	<u>244,140</u>

During the year, \$10,261 (2015 - \$Nil) of interest was received related to this loan.

6. Due from Government

	2016	2015
	\$	\$
Federal Government		
Canada Mortgage and Housing Corporation (CMHC)	11,015	11,015
Sales taxes	6,395	1,756
	<u>17,410</u>	<u>12,771</u>
Provincial Government	-	156,832
Other organizations		
Okanagan Nation Alliance (ONA)	7,967	29,358
Okanagan Training & Development Council (OTDC)	92,191	114,097
	<u>100,158</u>	<u>143,455</u>
	<u>117,568</u>	<u>313,058</u>

7. Property under development

Property under development as at March 31, 2016 consists of residential building lots, and previously also included detached residential housing units.

	2016	2015
	\$	\$
Balance, beginning of year	474,980	1,599,886
Additions	166,429	415,150
Inventory sold	(441,409)	(1,348,447)
Write-down to estimated net realizable value	-	(191,609)
Balance, end of year	<u>200,000</u>	<u>474,980</u>

Okanagan Indian Band

Notes to the financial statements

March 31, 2016

8. Investment in Band owned entities

The Band has ownership interests in the following Band owned entities, which are all 100% enterprise investments.

	2016			
	Okanagan Indian Band Land Holding Company Ltd.	631640 B.C. Ltd.	Okanagan Band Development Corporation	Total
	\$	\$	\$	\$
Shares	331,864	1	120	331,985
Advances				
Opening balance	1,510,842	2,197,900	(3,929)	3,704,813
Advances for year	5,218	15,000	-	20,218
Closing balance	1,516,060	2,212,900	(3,929)	3,725,031
Retained earnings				
Opening balance	(545,780)	(5,065)	11,222	(539,623)
Net loss	(9,604)	-	(3,514)	(13,118)
Closing balance	(555,384)	(5,065)	7,708	(552,741)
Net investment	1,292,540	2,207,836	3,899	3,504,275
	2015			
	Okanagan Indian Band Land Holding Company Ltd.	631640 B.C. Ltd.	Okanagan Band Development Corporation	Total
	\$	\$	\$	\$
Shares	331,864	1	120	331,985
Advances				
Opening balance	1,504,152	2,182,900	(3,929)	3,683,123
Advances for year	6,688	15,000	-	21,688
Closing balance	1,510,840	2,197,900	(3,929)	3,704,811
Retained earnings				
Opening balance	(518,021)	(5,065)	7,758	(515,328)
Net income (loss)	(27,756)	-	3,464	(24,292)
Closing balance	(545,777)	(5,065)	11,222	(539,620)
Net investment	1,296,927	2,192,836	7,413	3,497,176

Okanagan Indian Band

Notes to the financial statements

March 31, 2016

8. Investment in Band owned entities (continued)

Financial information for Band owned entities is as follows:

2016						
	Assets	Liabilities	Net assets (deficit)	Revenue	Expenses	Net income (loss)
	\$	\$	\$	\$	\$	\$
Okanagan Indian Band						
Land Holding Company Ltd.	1,258,041	1,526,096	(268,055)	11,004	20,608	(9,604)
631640 B.C. Ltd.	2,208,335	2,213,399	(5,064)	-	-	-
Okanagan Band Development Corporation	7,827	7,827	-	-	(3,514)	(3,514)
2015						
	Assets	Liabilities	Net assets (deficit)	Revenue	Expenses	Net income (loss)
	\$	\$	\$	\$	\$	\$
Okanagan Indian Band						
Land Holding Company Ltd.	1,258,464	1,516,915	(258,451)	13,200	40,955	(27,755)
631640 B.C. Ltd.	2,193,335	2,198,399	(5,064)	-	-	-
Okanagan Band Development Corporation	11,341	11,341	-	3,463	-	3,463

9. Funds held in Ottawa Trust

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds are primarily governed by Sections 63 through 69 of the Indian Act.

	Capital account	Revenue account	Total 2016	Total 2015
	\$	\$	\$	\$
Balance, beginning of year	258,964	3,964,236	4,223,200	3,835,996
Receipts during the year				
Federal government interest	-	88,883	88,883	94,568
Province of British Columbia	-	4,563	4,563	4,636
Permits and leases	-	288,000	288,000	288,000
Balance, end of year	258,964	4,345,682	4,604,646	4,223,200

Up to and including the fiscal year ended March 31, 2012, the Band received cumulative royalty payments of \$793,430 relating to the sale of aggregates. These funds were included in the Band's unrestricted cash, but under the terms of an agreement were to be contributed to the funds held in Ottawa Trust. The Band anticipates making the transfer of these funds to the Ottawa Trust at such time that a designation vote is held and when cash resources allow.

Okanagan Indian Band

Notes to the financial statements

March 31, 2016

10. Accounts payable

	2016	2015
	\$	\$
Trade accounts payable	659,300	355,826
Social assistance payable	-	6,040
Education payable	303,613	638,899
Salaries and wages payable	181,703	126,747
	1,144,616	1,127,512

11. Due to Government

	2016	2015
	\$	\$
Federal Government		
Indigenous and Northern Affairs Canada (INAC)	32,356	31,021
Canada Mortgage and Housing Corporation (CMHC)	-	5,653
	32,356	36,674

12. Employee benefit obligations

	2016	2015
	\$	\$
Vacation pay and overtime	142,769	129,624
Pension contributions (Note 19)	1,297	64
	144,066	129,688

The vacation pay and overtime consist of amounts that employees have earned and are entitled to within the next budgetary year.

13. Security deposits

Security deposits are received from tenants of Band owned and CMHC social housing units.

14. Bank indebtedness

The Band has available an operating line of credit with a maximum authorized limit of \$900,000 which bears interest at the bank prime rate plus 0.75% per annum and is secured by a general security agreement over the Band's assets.

Okanagan Indian Band

Notes to the financial statements
March 31, 2016

15. Long-term debt

	2016	2015
	\$	\$
Phase 11 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$2,240 including interest at 1.53% per annum, mortgage interest term matures December 1, 2017, mortgage matures October 1, 2022 and is secured by ministerial guarantee	168,279	192,389
Phase 12 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$3,147 including interest at 1.82% per annum, mortgage interest term matures September 1, 2019, mortgage matures August 1, 2024 and is secured by ministerial guarantee	294,565	326,657
Phase 13 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$2,026 including interest at 1.80% per annum, mortgage interest term matures October 1, 2016, mortgage matures July 1, 2026 and is secured by ministerial guarantee	229,140	249,135
Phase 14 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$1,665 including interest at 1.53% per annum, mortgage interest term matures December 1, 2017, mortgage matures July 1, 2027 and is secured by ministerial guarantee	207,789	224,450
Phase 15 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$2,424 including interest at 1.92% per annum, mortgage interest term matures April 1, 2019, mortgage matures February 1, 2029 and is secured by ministerial guarantee	332,638	355,112
Phase 16 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$2,431 including interest at 1.08% per annum, mortgage interest term matures August 1, 2020, mortgage matures July 1, 2025 and is secured by ministerial guarantee	239,623	263,060
Phase 18 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$6,556 including interest at 1.30% per annum, mortgage interest term matures December 1, 2020, mortgage matures November 1, 2035 and is secured by ministerial guarantee	1,249,684	1,301,722
Balance carried forward	<u>2,721,718</u>	<u>2,912,525</u>

Okanagan Indian Band

Notes to the financial statements

March 31, 2016

15. Long-term debt (continued)

	2016	2015
	\$	\$
Balance brought forward	2,721,718	2,912,525
Phase 19 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$1,930 including interest at 2.11% per annum, mortgage interest term matures January 1, 2019, mortgage matures November 1, 2033 and is secured by ministerial guarantee	341,474	357,257
Phase 20 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$3,294 including interest at 1.14% per annum, mortgage interest term matures June 1, 2021, mortgage matures June 1, 2041 and is secured by ministerial guarantee	859,783	-
Winfield 15 Units - Bank of Montreal demand loan payable in monthly installments of \$3,134 including interest at prime rate plus 1% per annum, secured by a mortgage on the related property.	275,833	302,538
Six Mile Mould Remediation - Bank of Montreal demand loan payable in monthly installments of \$1,594 including interest at prime rate plus 1% per annum, secured by a mortgage on the related property.	115,920	128,340
Six Mile Renovation Costs - Bank of Montreal demand loan payable in monthly installments of \$8,941 including interest at prime rate plus 1% per annum	562,366	593,464
Royal Bank of Canada term loan payable in bi-weekly instalments of \$295 including interest at 1.99% per annum, loan matures on January 29, 2020 and is secured by a specified vehicle	28,415	35,454
Indigenous and Northern Affairs Canada Native Claims Loan Agreement payable, without interest, on the date on which the Commonage claim is settled	332,659	332,659
Indigenous and Northern Affairs Canada Native Claims Loan Agreement payable, without interest and unsecured, due on the date on which the Colonial claim is settled	382,824	305,237
	5,620,992	4,967,474

Okanagan Indian Band

Notes to the financial statements
March 31, 2016

16. Accumulated surplus

Accumulated surplus consists of individual fund balances. The use of certain surpluses have specific requirements.

	2016	2015 (Restated - Note 2)
	\$	\$
Band accumulated (deficit) surplus	(969,304)	71,127
Equity in investments in Band-owned entities	3,504,275	3,497,176
CMHC housing reserves (Note 17)	827,933	891,275
Equity in Ottawa Trust Funds	4,604,646	4,223,200
Restricted capital surplus	39,195	39,195
Equity in tangible capital assets	14,268,208	14,388,814
	22,274,953	23,110,787

17. Housing replacement reserves

	2016	2015
	\$	\$
CMHC replacement reserves		
Beginning balance	691,396	652,888
Current provision	60,799	60,799
Interest earned	5,245	19,426
Disbursements	(52,186)	(41,717)
	705,254	691,396
Okanagan Indian Band replacement reserves		
Beginning balance	199,879	340,803
Disbursements	(77,200)	(140,924)
	122,679	199,879
	827,933	891,275

18. Comparative figures

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

19. Defined contribution plan

The Band maintains a defined contribution pension plan. Employee contributions are deducted as a percentage of earnings and the Band matches employee contributions. During the year, the Band contributed \$146,237 (2015 - \$142,657) to the defined contribution pension plan and does not have any other obligations with regard to the pension plan.

Okanagan Indian Band

Notes to the financial statements

March 31, 2016

20. Expenses by object

	2016	2015
	\$	\$
Wages and salaries	5,348,694	4,648,229
Student expenses	1,363,938	1,962,883
Professional fees	1,261,266	851,768
Member support	1,168,195	1,274,643
Repair and maintenance	1,019,631	1,569,480
Amortization	811,030	678,357
Administration	755,362	1,041,813
Council	527,039	603,140
Materials and supplies	587,362	473,956
Travel	471,946	302,541
Cost of property sales	441,409	1,540,056
Utilities	267,878	238,863
Community services	141,316	119,226
Interest	99,479	146,343
Equity loss from Band owned entities	13,118	24,292
	14,277,663	15,475,590

21. Council expenses

	2016	2015
	\$	\$
Honoraria	351,722	367,749
Other	122,306	189,965
Travel	53,011	45,426
	527,039	603,140
Recovery of travel costs	(3,151)	(9,590)
Net council expense	523,888	593,550

22. Commitments and contingencies

The Band has provided guarantees for housing loans for certain members, and is contingently liable for repayment of these loans to the extent that scheduled repayments are not being made by the members. As at March 31, 2016, the Band had provided guarantees for 9 loans (2015 – 5 loans) of which a balance of \$1,785,628 (2015 - \$1,012,824) is outstanding.

Okanagan Indian Band

Schedule of tangible capital assets - Schedule 1 year ended March 31, 2016

	Social Housing						Band					
	Land	Buildings	Equipment	Land	Buildings	Equipment	Land	Buildings	Equipment	Infrastructure	Total	\$
Cost	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
As at April 1, 2015	378,537	9,668,930	120,117	859,253	5,398,444	4,371,443	5,240,316	26,037,045				
Additions	-	1,032,332	-	-	-	234,023	-	1,266,355				
	378,537	10,701,262	120,117	859,253	5,398,444	4,605,471	5,240,316	27,303,400				
Accumulated amortization												
As at April 1, 2015	-	1,982,593	83,485	-	1,846,731	3,661,712	180,378	7,754,899				
Additions	-	391,860	7,326	-	150,352	160,292	101,200	811,030				
	-	2,374,453	90,811	-	1,997,083	3,822,004	281,578	8,565,929				
Net book value, March 31, 2016	378,537	8,326,809	29,306	859,253	3,401,361	783,467	4,958,738	18,737,471				
Social Housing												
	Land	Buildings	Equipment	Land	Buildings	Equipment	Land	Buildings	Equipment	Infrastructure	Total	\$
Cost	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
As at April 1, 2014	405,030	9,832,515	122,322	698,636	5,391,504	4,296,463	4,420,571	25,167,041				
Additions	-	-	-	160,617	6,940	128,029	819,745	1,115,331				
Disposals	(26,493)	(163,585)	(2,205)	-	-	(53,044)	-	(245,327)				
	378,537	9,668,930	120,117	859,253	5,398,444	4,371,448	5,240,316	26,037,045				
Accumulated amortization												
As at April 1, 2014	-	1,897,959	75,925	-	1,690,322	3,511,410	85,547	7,261,163				
Additions	-	215,790	9,158	-	156,409	202,169	94,831	678,357				
Disposals	-	(131,156)	(1,598)	-	-	(51,867)	-	(184,621)				
	-	1,982,593	83,485	-	1,846,731	3,661,712	180,378	7,754,899				
Net book value, March 31, 2015	378,537	7,686,337	36,632	859,253	3,551,713	709,736	5,059,938	18,282,146				