

Financial statements of

## **Okanagan Indian Band**

March 31, 2017

# Okanagan Indian Band

March 31, 2017

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## **Management's responsibility for financial reporting**

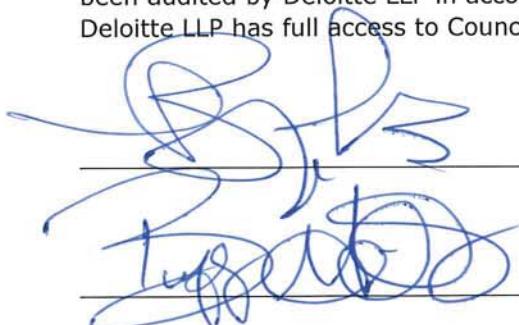
The accompanying financial statements ("financial statements") of Okanagan Indian Band (the "Band") as at March 31, 2017 and for the year then ended are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. 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 "S. J. S." followed by "T. J. S." on a single line.

Chief Councillor

Executive Director



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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, 2017, 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, 2017 and March 31, 2016. Consequently, we were unable to determine whether any adjustments were necessary to tangible capital assets as at March 31, 2017 and March 31, 2016, deficiency of revenues over expenses for the years ended March 31, 2017 and March 31, 2016 or accumulated surplus as at March 31, 2017, March 31, 2016 and April 1, 2015.

**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, 2017, 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.

*Deloitte LLP*

Chartered Professional Accountants

July 21, 2017

Langley, British Columbia

# Okanagan Indian Band

## Statement of operations and accumulated surplus year ended March 31, 2017

	Budget	2017	2016
	\$	\$	\$
<b>Revenue</b>			
Federal government transfers	9,592,407	9,234,600	8,552,553
Contract revenue	1,936,815	1,926,524	989,036
General revenue (Note 22, page 19)	1,498,095	1,762,439	1,061,442
Rent	782,188	937,793	1,010,968
Provincial government transfers	1,045,820	748,348	150,549
Forestry Consultation and Revenue Sharing Agreement	555,174	529,979	555,174
Equity income from Band owned entities (Note 7, page 12)	760,000	251,390	-
Interest and investment income	12,000	120,306	117,660
Sale of properties	-	-	441,410
<b>Total revenue</b>	<b>16,182,499</b>	<b>15,511,379</b>	<b>12,878,792</b>
 Expenses (Note 20, Page 19)			
Education	3,800,465	3,908,173	3,069,137
Territorial stewardship	2,043,874	2,003,040	964,687
Social services	2,221,118	1,965,270	2,005,765
Health	1,666,832	1,419,033	1,113,249
Public works	1,541,349	1,317,538	2,229,395
Band government	1,485,542	1,292,139	1,487,952
Housing	1,384,719	1,025,824	474,846
Amortization	264,271	795,216	811,030
Economic development	620,915	610,935	470,941
Lands management	-	600,785	564,750
Council	496,662	420,267	527,038
Employment programs	-	118,698	153,566
Interest	25,020	74,751	87,174
Land claims	631,732	59,175	216,216
Cost of housing sales	-	-	441,409
Equity loss from Band owned entities (Note 7, Page 12)	-	-	13,118
	<b>16,182,499</b>	<b>15,610,844</b>	<b>14,630,273</b>
Deficiency of revenue over expenses for the year	-	(99,465)	(1,751,481)
<b>Accumulated surplus, beginning of year</b>	<b>20,237,065</b>	<b>20,237,065</b>	<b>21,988,546</b>
<b>Accumulated surplus, end of year</b>	<b>20,237,065</b>	<b>20,137,600</b>	<b>20,237,065</b>

# Okanagan Indian Band

## Statement of changes in net financial assets year ended March 31, 2017

	Budget	2017	2016
	\$	\$	\$
<b>Deficiency of revenues over expenses</b>	-	(99,465)	(1,751,481)
Acquisition of tangible capital assets	-	(551,616)	(1,266,355)
Amortization of tangible capital assets	264,271	795,216	811,030
Change in property under development	-	-	274,980
Change in prepaid expenses	-	(34,746)	(67,520)
Increase (decrease) in net financial assets	264,271	109,389	(1,999,346)
Net financial assets, beginning of year		1,146,392	3,145,738
<b>Net financial assets, end of year</b>	<b>264,271</b>	<b>1,255,781</b>	<b>1,146,392</b>

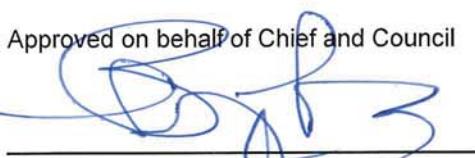
# Okanagan Indian Band

Statement of financial position  
as at March 31, 2017

	2017	2016
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents (Note 2, Page 10)	895,163	1,107,982
Accounts receivable (Note 3, Page 11)	1,336,985	804,947
Loan receivable (Note 4, Page 11)	232,691	238,537
Due from Government (Note 5, Page 11)	115,140	117,568
Investment in Band-owned entities (Note 7, Page 12)	4,166,675	3,504,275
Funds held in Ottawa Trust (Note 8, Page 14)	5,012,255	4,604,646
	<b>11,758,909</b>	<b>10,377,955</b>
<b>Liabilities</b>		
Bank indebtedness (Note 14, Page 15)	768,553	233,222
Accounts payable (Note 9, Page 14)	1,404,023	1,497,226
Deferred revenue (Note 10, Page 14)	2,243,709	1,355,383
Due to Government (Note 11, Page 15)	535,126	362,251
Employee benefit obligations (Note 12, Page 15)	168,693	144,066
Security deposits (Note 13, Page 15)	3,504	18,423
Long-term debt (Note 15, Pages 16 and 17)	5,379,520	5,620,992
	<b>10,503,128</b>	<b>9,231,563</b>
Net financial assets	<b>1,255,781</b>	<b>1,146,392</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1, Page 20)	18,493,871	18,737,471
Property under development (Note 6, Page 12)	200,000	200,000
Prepaid expenses	187,948	153,202
	<b>18,881,819</b>	<b>19,090,673</b>
<b>Accumulated surplus (Note 16, Page 18)</b>	<b>20,137,600</b>	<b>20,237,065</b>

Commitments and contingencies (Note 23, Page 20)

Approved on behalf of Chief and Council

 Councillor

 Councillor

# Okanagan Indian Band

## Statement of cash flows year ended March 31, 2017

	2017	2016
	\$	\$
<b>Operating activities</b>		
Deficiency of revenue over expenses for the year	(99,465)	(1,751,481)
Items not affecting cash		
Amortization	795,216	811,030
Equity (income) loss from Band-owned entities	(251,390)	13,118
Cost of properties sold	-	441,409
	<b>444,361</b>	<b>(485,924)</b>
Changes in non-cash working capital		
Accounts receivable	(532,038)	(652,043)
Due from Government	2,428	195,490
Prepaid expenses	(34,746)	(67,520)
Due to Government	172,875	325,577
Accounts payable	(93,203)	369,714
Deferred revenue	888,326	233,142
Employee benefit obligations	24,627	14,378
Security deposits	(14,919)	(252)
	<b>857,711</b>	<b>(67,438)</b>
<b>Capital activities</b>		
Additions to property under development	-	(166,429)
Additions to tangible capital assets	(551,616)	(1,266,355)
	<b>(551,616)</b>	<b>(1,432,784)</b>
<b>Financing activities</b>		
Bank indebtedness	535,331	233,222
Proceeds from long-term debt	605,465	937,370
Repayment of long-term debt	(846,937)	(283,852)
	<b>293,859</b>	<b>886,740</b>
<b>Investing activities</b>		
Loan receivable	5,846	5,603
Advances to Band-owned entities	(411,010)	(20,217)
Funds held in Ottawa trust	(407,609)	(381,446)
	<b>(812,773)</b>	<b>(396,060)</b>
Decrease in cash and cash equivalents	(212,819)	(1,009,542)
Cash and cash equivalents, beginning of year	1,107,982	2,117,524
<b>Cash and cash equivalents, end of year</b>	<b>895,163</b>	<b>1,107,982</b>
<b>Supplementary cash flow information</b>		
Interest paid	74,758	87,174

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, 2017

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## 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
- (iv) Okanagan Indian Band Forestry Limited Partnership

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

- (v) Okanagan Log Homes Inc. (Inactive)
- (vi) Swan Lake Industrial Park Ltd. (Inactive)
- (vii) ERA Aggregates Ltd. (Inactive)

### *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, 2017

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## 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 reasonably 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, 2017

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## 1. Significant accounting policies (continued)

### *Liability for contaminated sites*

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

- an environmental standard exists;
- contaminated levels exceed the environmental standards;
- the Band is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- 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, 2017 and 2016, no contaminated sites have been identified that meet the criteria outlined in the standard.

## 2. 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.

	2017	2016
	\$	\$
Externally restricted		
CMHC reserves	837,137	827,933
Internally restricted		
Restricted band accumulated surpluses	71,457	71,457
Unrestricted		
Band operating (Note 14)	(1,571,410)	(507,139)
Social housing operating	734,165	426,779
Eagle Rock Aggregates	55,261	55,730
	<u>(781,984)</u>	<u>(24,630)</u>
	<u>126,610</u>	<u>874,760</u>
Cash and cash equivalents consist of		
Bank indebtedness	(768,553)	(233,222)
Cash and cash equivalents	895,163	1,107,982
	<u>126,610</u>	<u>874,760</u>

# Okanagan Indian Band

Notes to the financial statements  
March 31, 2017

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## 3. Accounts receivable

	2017	2016
	\$	\$
Accounts receivable	1,528,660	877,776
Less: allowance for doubtful accounts	(258,557)	(122,939)
<b>Net accounts receivable</b>	<b>1,270,103</b>	<b>754,837</b>
 Social housing rents receivable	 183,198	 154,490
Less: allowance for doubtful accounts	(125,861)	(113,823)
<b>Net social housing rents receivable</b>	<b>57,337</b>	<b>40,667</b>
 Band member accounts receivable	 28,028	 19,589
Less: allowance for doubtful accounts	(18,483)	(10,146)
<b>Net band member accounts receivable</b>	<b>9,545</b>	<b>9,443</b>
	1,336,985	804,947

## 4. Loan receivable

	2017	2016
	\$	\$
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.	232,691	238,537

During the year, \$10,024 (2016 - \$10,261) of interest was received related to this loan.

## 5. Due from Government

	2017	2016
	\$	\$
 Federal Government		
Canada Mortgage and Housing Corporation (CMHC)	735	11,015
Sales taxes	13,463	6,395
	<b>14,198</b>	<b>17,410</b>
 Other organizations		
Okanagan Nation Alliance (ONA)	7,967	7,967
Okanagan Training & Development Council (OTDC)	92,975	92,191
	<b>100,942</b>	<b>100,158</b>
	<b>115,140</b>	<b>117,568</b>

# Okanagan Indian Band

Notes to the financial statements  
March 31, 2017

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## 6. Property under development

Property under development as at March 31, 2017 consists of residential building lots, and previously also included detached residential housing units.

	2017	2016
	\$	\$
Balance, beginning of year	200,000	474,980
Additions	-	166,429
Inventory sold	-	(441,409)
Balance, end of year	<u>200,000</u>	<u>200,000</u>

## 7. Investment in Band owned entities

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

					2017
	Okanagan Indian Band Forestry LP	Okanagan Indian Band Land Holding Company Ltd.	631640 B.C. Ltd.	Okanagan Development Corporation	Total
			\$	\$	\$
Shares	1	331,864	1	120	331,986
Advances					
Opening balance	-	1,516,060	2,212,900	(3,929)	3,725,031
Advances for year	338,423	43,587	29,000	-	411,010
Closing balance	338,423	1,559,647	2,241,900	(3,929)	4,136,041
Retained earnings					
Opening balance	-	(555,384)	(5,065)	7,707	(552,742)
Net income (loss)	262,122	(10,732)	-	-	251,390
Closing balance	262,122	(566,116)	(5,065)	7,707	(301,352)
Net investment	600,546	1,325,395	2,236,836	3,898	4,166,675

# Okanagan Indian Band

Notes to the financial statements  
March 31, 2017

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## 7. Investment in Band owned entities (continued)

	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

Financial information for Band owned entities is as follows:

	2017					
	Assets	Liabilities	Net assets (deficit)	Revenue	Expenses	Net income (loss)
	\$	\$	\$	\$	\$	\$
Okanagan Indian Band						
Land Holding Company Ltd.	1,290,997	1,569,783	(278,786)	9,900	20,632	(10,732)
631640 B.C. Ltd.	3,130,311	3,135,375	(5,064)	-	-	-
Okanagan Indian Band						
Forestry LP	1,168,659	1,156,537	12,122	611,428	349,306	262,122
Okanagan Band Development Corporation	7,827	7,827	-	-	-	-
	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)

# Okanagan Indian Band

## Notes to the financial statements

March 31, 2017

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### 8. 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 2017	Total 2016
	\$	\$	\$	\$
Balance, beginning of year	258,964	4,345,681	4,604,645	4,223,200
Receipts during the year				
Federal government interest	-	90,623	90,623	88,883
Province of British Columbia	-	28,987	28,987	4,563
Permits and leases	-	288,000	288,000	288,000
Balance, end of year	258,964	4,753,291	5,012,255	4,604,646

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.

### 9. Accounts payable

	2017	2016
	\$	\$
Trade accounts payable	529,506	714,300
Social assistance payable	169,330	-
Education payable	585,536	601,223
Salaries and wages payable	119,651	181,703
	1,404,023	1,497,226

### 10. Deferred revenue

	Balance at March 31, 2016	Funding received	Revenue recognized	Balance at March 31, 2017
	\$	\$	\$	\$
INAC	1,355,383	299,647	(107,124)	1,547,906
Health Authority	-	347,095	-	347,095
Other	-	348,708	-	348,708
	1,355,383	995,450	(107,124)	2,243,709

# Okanagan Indian Band

Notes to the financial statements  
March 31, 2017

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## 11. Due to Government

	2017	2016
	\$	\$
Federal Government		
Indigenous and Northern Affairs Canada (INAC)	535,126	362,251
Canada Mortgage and Housing Corporation (CMHC)	-	-
	<b>535,126</b>	<b>362,251</b>

## 12. Employee benefit obligations

	2017	2016
	\$	\$
Vacation pay and overtime	166,024	142,769
Pension contributions (Note 19)	2,669	1,297
	<b>168,693</b>	<b>144,066</b>

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, 2017

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### 15. Long-term debt

	2017	2016
	\$	\$
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	143,787	168,279
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	261,861	294,565
Phase 13 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$2,026 including interest at 1.03% per annum, mortgage interest term matures October 1, 2021, mortgage matures July 1, 2026 and is secured by ministerial guarantee	208,453	229,140
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	190,854	207,789
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	309,703	332,638
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	215,081	239,623
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	1,193,495	1,249,684
Balance carried forward	<u>2,523,234</u>	<u>2,721,718</u>

# Okanagan Indian Band

Notes to the financial statements

March 31, 2017

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## 15. Long-term debt (continued)

	2017	2016
	\$	\$
Balance brought forward	2,523,234	2,721,718
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	325,324	341,474
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	837,351	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.	247,928	275,833
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.	103,500	115,920
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, secured by a mortgage on the related property.	531,267	562,366
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	21,235	28,415
Indigenous and Northern Affairs Canada Native Claims Loan Agreement payable, without interest, and unsecured 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	457,022	382,824
	<b>5,379,520</b>	<b>5,620,992</b>

# Okanagan Indian Band

Notes to the financial statements  
March 31, 2017

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## 16. Accumulated surplus

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

	2017	2016
	\$	\$
Band accumulated deficit	(3,942,270)	(3,007,192)
Equity in investments in Band-owned entities	4,166,675	3,504,275
CMHC housing reserves (Note 17)	837,137	827,933
Equity in Ottawa Trust Funds	5,012,255	4,604,646
Restricted capital surplus	39,195	39,195
Equity in tangible capital assets	14,024,608	14,268,208
	<u>20,137,600</u>	<u>20,237,065</u>

## 17. Housing replacement reserves

	2017	2016
	\$	\$
CMHC replacement reserves		
Beginning balance	705,254	691,396
Current provision	67,224	60,799
Interest earned	9,959	5,245
Disbursements	(44,616)	(52,186)
	<u>737,821</u>	<u>705,254</u>
Okanagan Indian Band replacement reserves		
Beginning balance	122,679	199,879
Disbursements	(23,363)	(77,200)
	<u>99,316</u>	<u>122,679</u>
	<u>837,137</u>	<u>827,933</u>

## 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 \$159,929 (2016 - \$146,237) 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, 2017

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## 20. Expenses by object

	2017	2016
	\$	\$
Wages and salaries	5,655,724	5,348,694
Student expenses	2,036,891	1,716,548
Professional fees	1,359,241	1,261,266
Administration	1,157,857	755,362
Repair and maintenance	1,144,771	1,019,631
Member support	1,118,010	1,168,195
Amortization	795,216	811,030
Materials and supplies	710,037	587,362
Council	600,006	527,039
Travel	536,444	471,946
Utilities	254,569	267,878
Community services	155,105	141,316
Interest	86,973	99,479
Cost of property sales	-	441,409
Equity loss from Band owned entities	-	13,118
	15,610,844	14,630,273

## 21. Council expenses

	2017	2016
	\$	\$
Honoraria	334,496	351,722
Other	209,275	122,306
Travel	78,368	56,162
	622,139	530,190
Recovery of travel costs	(22,133)	(3,151)
Net council expense	600,006	527,039

## 22. General revenue

	2017	2016
	\$	\$
Other First Nations funding	230,385	274,631
Daycare fees and subsidies	142,211	126,986
Other own source revenue	224,646	202,659
Administration fees	614,028	78,243
Miscellaneous other income	158,276	251,600
Partnership distributions	250,000	0
CMHC subsidies	142,893	127,323
	1,762,439	1,061,442

# **Okanagan Indian Band**

Notes to the financial statements

March 31, 2017

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## **23. 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, 2017, the Band had provided guarantees for 9 loans (2016 - 9 loans) of which a balance of \$2,089,952 (2016 - \$1,785,628) is outstanding.

The Band has provided a guarantee for a loan to a related party, 631640 B.C. Ltd., and is contingently liable for repayment of this loan to the extent that scheduled repayments are not being made by the borrower. As at March 31, 2017, the Band had provided a guarantee for the loan of which a balance of \$897,250 is outstanding.

# Okanagan Indian Band

## Schedule of tangible capital assets - Schedule 1 year ended March 31, 2017

	Social Housing			Band				Infrastructure	Total
	Land	Buildings	Equipment	Land	Buildings	Equipment	\$		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>									
As at April 1, 2016	378,537	10,701,262	120,117	859,253	5,398,444	4,605,471	5,240,316	27,303,400	
Additions	-	372,814	-	-	-	178,802	-	-	551,616
	378,537	11,074,076	120,117	859,253	5,398,444	4,784,273	5,240,316	27,855,016	

Accumulated amortization	Land	Buildings	Equipment	Land	Buildings	Equipment	Infrastructure	Total
	\$	\$	\$	\$	\$	\$	\$	\$
As at April 1, 2016	-	2,374,453	90,811	-	1,997,083	3,822,004	281,578	8,565,929
Additions	-	355,300	5,755	-	146,042	176,745	111,374	795,216
	-	2,729,753	96,566	-	2,143,125	3,998,749	392,952	9,361,145
Net book value, March 31, 2017	378,537	8,344,323	23,551	859,253	3,255,319	785,524	4,847,364	18,493,871

	Social Housing			Band				Infrastructure	Total
	Land	Buildings	Equipment	Land	Buildings	Equipment	\$		
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>									
As at April 1, 2015	378,537	9,668,930	120,117	859,253	5,398,444	4,371,448	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	
<b>Accumulated amortization</b>									
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	