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# Consolidated financial statements of Okanagan Indian Band

March 31, 2019

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# Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements (the "financial statements") of Okanagan Indian Band (the "Band") as at March 31, 2019 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.



Chief Councillor



Executive Director

## Independent Auditor's Report

To the Members of  
Okanagan Indian Band

### Opinion

We have audited the consolidated financial statements of Okanagan Indian Band (the "Band"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the accompanying financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2019, and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

### Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Band in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PSAS requires 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, 2019 and March 31, 2018. Consequently, we were unable to determine whether any adjustments were necessary to tangible capital assets as at March 31, 2019 and March 31, 2018, excess of revenues over expenses for the years ended March 31, 2019 and March 31, 2018 or accumulated surplus as at March 31, 2019, March 31, 2018 and April 1, 2017.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Band's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Band or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Band's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Band's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Band's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Band to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*

Chartered Professional Accountants  
July 17, 2019  
Langley, British Columbia

**Okanagan Indian Band****Consolidated statement of operations and accumulated surplus**

Year ended March 31, 2019

	Notes	Budget \$	2019 \$	2018 \$
<b>Revenue</b>				
Federal government transfers	10	12,227,417	11,176,458	10,220,253
Provincial government transfers		1,343,840	1,675,247	3,444,086
General revenue	22	2,193,634	1,669,018	1,929,394
Contract revenue		1,484,372	1,338,860	1,582,062
Rent		1,237,318	1,289,376	1,215,143
Forestry Consultation and Revenue Sharing Agreement		727,534	727,534	671,270
Equity income from Band owned entities	7	615,000	1,249,894	628,518
Interest and investment income		17,526	63,981	27,244
		<b>19,846,641</b>	<b>19,190,368</b>	<b>19,717,970</b>
<b>Expenses</b>				
Education	20	4,695,401	4,587,058	4,260,787
Social services		3,145,600	2,665,181	2,346,915
Territorial stewardship		2,251,347	2,587,472	1,773,994
Public works		2,153,828	1,755,653	4,064,534
Band government		1,913,571	1,671,504	1,643,686
Health		1,907,969	1,568,158	1,480,579
Lands management		1,827,433	1,309,217	742,382
Amortization		-	803,934	817,733
Housing		722,000	693,923	928,274
Council	21	529,740	549,261	554,317
Economic development		419,600	393,212	178,500
Land claims		93,038	167,642	148,501
Employment programs		-	-	16,182
		<b>19,659,527</b>	<b>18,752,215</b>	<b>18,956,384</b>
Excess of revenue over expenses for the year		<b>187,114</b>	<b>438,153</b>	761,586
Accumulated surplus, beginning of year		<b>20,137,600</b>	<b>20,899,186</b>	20,137,600
<b>Accumulated surplus, end of year</b>		<b>20,324,714</b>	<b>21,337,339</b>	20,899,186

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

**Okanagan Indian Band**  
**Consolidated statement of changes in net debt**  
Year ended March 31, 2019

	<b>Budget</b>	<b>2019</b>	2018
	\$	\$	\$
<b>Excess of revenue over expenses</b>	<b>187,114</b>	<b>438,153</b>	761,586
Acquisition of tangible capital assets	—	<b>(389,891)</b>	(902,287)
Amortization of tangible capital assets	—	<b>803,934</b>	817,733
Change in prepaid expenses	—	<b>(16,004)</b>	(9,031)
Decrease in net debt	<b>187,114</b>	<b>836,192</b>	668,001
Net debt, beginning of year	<b>(1,199,824)</b>	<b>(1,199,824)</b>	(1,867,825)
<b>Net debt, end of year</b>	<b>(1,012,710)</b>	<b>(363,632)</b>	(1,199,824)

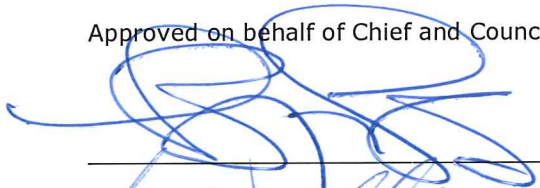
The accompanying notes are an integral part of the financial statements.

**Okanagan Indian Band**  
**Consolidated statement of financial position**  
As at March 31, 2019

	Notes	2019 \$	2018 \$
<b>Financial assets</b>			
Cash and cash equivalents	2	<b>3,912,107</b>	3,077,365
Accounts receivable	3	<b>1,131,557</b>	1,679,338
Loan receivable	4	<b>220,208</b>	226,572
Due from Government	5	<b>175,149</b>	1,082,377
Investment in Band-owned entities	7	<b>2,222,951</b>	1,720,962
Funds held in Ottawa Trust	8	<b>4,904,345</b>	4,789,302
		<b>12,566,317</b>	12,575,916
<b>Liabilities</b>			
Accounts payable and accrued liabilities	9	<b>2,171,964</b>	2,966,863
Deferred revenue	10	<b>3,462,061</b>	3,247,563
Due to Government	11	<b>474,486</b>	500,564
Employee benefit obligations	12	<b>218,073</b>	169,129
Security deposits	13	<b>3,255</b>	3,480
Long-term debt	15	<b>6,600,110</b>	6,888,141
		<b>12,929,949</b>	13,775,740
Commitments and contingencies	23		
Net financial liabilities		<b>(363,632)</b>	(1,199,824)
<b>Non-financial assets</b>			
Tangible capital assets (Schedule)		<b>21,287,988</b>	21,702,031
Property under development	6	<b>200,000</b>	200,000
Prepaid expenses		<b>212,983</b>	196,979
		<b>21,700,971</b>	22,099,010
<b>Accumulated surplus</b>	16	<b>21,337,339</b>	20,899,186

The accompanying notes are an integral part of the consolidated financial statements.

Approved on behalf of Chief and Council

 Chief

 Chair of Finance and Audit Committee

 Director of Finance



**Okanagan Indian Band**  
**Consolidated statement of cash flows**  
Year ended March 31, 2019

	2019 \$	2018 \$
<b>Operating activities</b>		
Excess of revenue over expenses for the year	438,153	761,586
Items not affecting cash		
Amortization	803,934	817,733
Equity income from Band-owned entities	(1,249,894)	(628,518)
	(7,808)	950,801
Changes in non-cash working capital		
Accounts receivable	547,781	(342,353)
Due from Government	907,228	(967,237)
Prepaid expenses	(16,004)	(9,031)
Due to Government	(26,078)	(34,562)
Accounts payable and accrued liabilities	(794,896)	1,558,226
Deferred revenue	214,498	1,003,854
Employee benefit obligations	48,944	436
Security deposits	(225)	(24)
	873,440	2,160,110
<b>Capital activities</b>		
Additions to tangible capital assets	(389,891)	(902,287)
	(389,891)	(902,287)
<b>Financing activities</b>		
Bank indebtedness	—	(768,553)
Proceeds from long-term debt	89,390	953,476
Repayment of long-term debt	(377,421)	(323,310)
	(288,031)	(138,387)
<b>Investing activities</b>		
Loan receivable	6,364	6,119
Advances from (to) Band-owned entities	132,903	233,694
Distributions from Band-owned entities	615,000	600,000
Funds held in Ottawa Trust	(115,043)	222,953
	639,224	1,062,766
Change in cash and cash equivalents	834,742	2,182,202
Cash and cash equivalents, beginning of year	3,077,365	895,163
Cash and cash equivalents, end of year	3,912,107	3,077,365
<b>Supplementary cash flow information</b>		
Interest paid	105,665	86,398

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

**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) Okanagan Band Development Corporation
- (iii) Okanagan Indian Band Forestry Limited Partnership

The Band has a subsidiary, 631640 B.C. Ltd., which does not meet the definition of a government business enterprise, and as a result the accounts of this company have been consolidated in the Band's financial statements.

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)

**1. Significant accounting policies (continued)**

*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.

*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	2%

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.

**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, 2019 and 2018, 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.

	<b>2019</b>	2018
	<b>\$</b>	\$
Externally restricted		
CMHC reserves	<b>960,395</b>	949,102
Internally restricted		
Restricted band accumulated surpluses	<b>71,457</b>	71,457
Unrestricted		
Band operating (Note 14)	<b>2,239,258</b>	1,602,763
Social housing operating	<b>568,670</b>	380,348
Eagle Rock Aggregates	<b>72,327</b>	73,695
	<b>2,880,255</b>	2,056,806
	<b>3,912,107</b>	3,077,365
Cash and cash equivalents consist of		
Cash	<b>2,820,253</b>	2,002,078
Cash equivalents	<b>1,091,854</b>	1,075,287
	<b>3,912,107</b>	3,077,365

**Okanagan Indian Band**  
**Notes to the consolidated financial statements**  
March 31, 2019

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**3. Accounts receivable**

	2019	2018
	\$	\$
Accounts receivable	1,160,359	1,697,270
Less: allowance for doubtful accounts	(145,049)	(139,043)
Net accounts receivable	<u>1,015,310</u>	<u>1,558,227</u>
 Social housing rents receivable	 135,497	 168,361
Less: allowance for doubtful accounts	(36,827)	(50,557)
Net social housing rents receivable	<u>98,670</u>	<u>117,804</u>
 Band member accounts receivable	 46,507	 25,043
Less: allowance for doubtful accounts	(28,930)	(21,736)
Net band member accounts receivable	<u>17,577</u>	<u>3,307</u>
	<u><b>1,131,557</b></u>	<u><b>1,679,338</b></u>

**4. Loan receivable**

	2019	2018
	\$	\$
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 and by the related property.	<u>220,208</u>	<u>226,572</u>

During the year, \$9,506 (\$9,771 in 2018) of interest was received related to this loan.

**5. Due from Government**

	2019	2018
	\$	\$
Federal Government		
ISC	98,352	900,999
Sales taxes	21,934	7,310
	<u>120,286</u>	<u>908,309</u>
 Other organizations		
Okanagan Training & Development Council (OTDC)	54,863	174,068
	<u>54,863</u>	<u>174,068</u>
	<u><b>175,149</b></u>	<u><b>1,082,377</b></u>

**Okanagan Indian Band**  
**Notes to the consolidated financial statements**  
March 31, 2019

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**6. Property under development**

Property under development as at March 31, 2019 consists of residential building lots.

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
Balance, beginning of year	<b>200,000</b>	200,000
Additions	—	—
Inventory sold	—	—
Balance, end of year	<b>200,000</b>	200,000

**7. Investment in Band owned entities**

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

	<b>Okanagan Indian Band Forestry LP \$</b>	<b>Okanagan Indian Band Land Holding Company Ltd. \$</b>	<b>Okanagan Band Development Corporation \$</b>	<b>2019 Total \$</b>
Shares	<b>1</b>	<b>331,864</b>	<b>120</b>	<b>331,985</b>
Advances				
Opening balance	<b>100,076</b>	<b>1,560,599</b>	<b>(3,929)</b>	<b>1,656,746</b>
Advances for year	<b>(137,134)</b>	<b>1,329</b>	<b>3,700</b>	<b>(132,105)</b>
Closing balance	<b>(37,058)</b>	<b>1,561,928</b>	<b>(229)</b>	<b>1,524,641</b>
Retained earnings				
Opening balance	<b>290,640</b>	<b>(566,116)</b>	<b>7,707</b>	<b>(267,769)</b>
Net income	<b>1,249,894</b>	<b>—</b>	<b>(800)</b>	<b>1,249,094</b>
Distributions	<b>(615,000)</b>	<b>—</b>	<b>—</b>	<b>(615,000)</b>
Closing balance	<b>925,534</b>	<b>(566,116)</b>	<b>6,907</b>	<b>366,325</b>
Net investment	<b>888,477</b>	<b>1,327,676</b>	<b>6,798</b>	<b>2,222,951</b>

**Okanagan Indian Band**  
**Notes to the consolidated financial statements**  
March 31, 2019

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

	Okanagan Indian Band Forestry LP \$	Okanagan Indian Band Land Holding Company Ltd. \$	Okanagan Band Development Corporation \$	2018 Total \$
Shares	1	331,864	120	331,985
Advances				
Opening balance	338,423	1,559,647	(3,929)	1,894,141
Advances for year	(238,347)	952	—	(237,395)
Closing balance	100,076	1,560,599	(3,929)	1,656,746
Retained earnings				
Opening balance	262,122	(566,116)	7,707	(296,287)
Net income	628,518	—	—	628,518
Distributions	(600,000)	—	—	(600,000)
Closing balance	290,640	(566,116)	7,707	(267,769)
Net investment	390,717	1,326,347	3,898	1,720,962

Financial information for Band owned entities is as follows:

	Assets \$	Liabilities \$	Net assets (deficit) \$	Revenue \$	Expenses \$	2019 Net income (loss) \$
Okanagan Indian Band Land Holding Company Ltd.	1,273,608	1,571,465	(297,857)	11,000	20,307	(9,307)
Okanagan Indian Band Forestry LP	1,108,530	435,996	672,534	1,407,124	157,230	1,249,894
Okanagan Band Development Corporation	7,591	900	6,691	—	1,600	(1,600)

**Okanagan Indian Band**  
**Notes to the consolidated financial statements**  
March 31, 2019

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

	Assets	Liabilities	Net assets (deficit)	Revenue	Expenses	2018 Net income (loss)
	\$	\$	\$	\$	\$	\$
Okanagan Indian Band						
Land Holding						
Company Ltd.	1,281,432	1,570,384	(288,952)	11,000	21,165	(10,165)
Okanagan Indian Band						
Forestry LP	755,777	718,137	37,640	895,885	267,367	628,518
Okanagan Band						
Development						
Corporation	11,291	3,000	8,291	464	—	464

**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 2019	Total 2018
	\$	\$	\$	\$
Balance, beginning of year	<b>258,964</b>	<b>4,530,338</b>	<b>4,789,302</b>	5,012,255
Receipts during the year				
Federal government interest	—	<b>110,451</b>	<b>110,451</b>	108,828
Province of British Columbia	—	<b>4,582</b>	<b>4,582</b>	4,567
Permits and leases	—	<b>340,020</b>	<b>340,020</b>	341,039
Distributions	—	<b>(340,010)</b>	<b>(340,010)</b>	(677,387)
Balance, end of year	<b>258,964</b>	<b>4,645,381</b>	<b>4,904,345</b>	4,789,302

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 deposited into the Band's unrestricted cash, but under the terms of an agreement were required 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 and accrued liabilities**

	2019	2018
	\$	\$
Trade accounts payable and accrued liabilities	<b>1,485,429</b>	1,449,107
Social assistance payable	<b>50,653</b>	37,955
Accrued education costs	<b>443,316</b>	1,295,817
Salaries and wages payable	<b>192,566</b>	183,984
	<b>2,171,964</b>	2,966,863



**Okanagan Indian Band**  
**Notes to the consolidated financial statements**  
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**10. Deferred revenue**

To the extent that budgeted funding is received in excess of amounts spent the excess is recorded as an increase to deferred revenue. The following table presents the changes to the components of deferred revenue during the year.

	Balance at March 31, 2018 \$	Funding received \$	Revenue recognized \$	Balance at March 31, 2019 \$
ISC	2,040,015	1,003,367	(1,484,679)	<b>1,558,703</b>
Health Authority	856,872	400,534	(231,539)	<b>1,025,867</b>
Other	350,676	801,385	(274,570)	<b>877,491</b>
	<b>3,247,563</b>	<b>2,205,286</b>	<b>(1,990,788)</b>	<b>3,462,061</b>

**11. Due to Government**

	2019 \$	2018 \$
Federal Government Indigenous Services Canada (ISC)	<b>474,486</b>	500,564
	<b>474,486</b>	<b>500,564</b>

**12. Employee benefit obligations**

	2019 \$	2018 \$
Vacation pay and overtime	<b>216,808</b>	165,801
Pension contributions (Note 19)	<b>1,265</b>	3,328
	<b>218,073</b>	<b>169,129</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.

**15. Long-term debt**

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
Phase 11 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$2,264 including interest at 1.97% per annum, mortgage interest term matures October 1, 2022, mortgage matures October 1, 2022 and is secured by ministerial guarantee	<b>93,929</b>	118,986
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	<b>194,672</b>	228,571
Phase 13 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$1,953 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	<b>165,451</b>	187,063
Phase 14 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$1,699 including interest at 1.97% per annum, mortgage interest term matures December 1, 2022, mortgage matures July 1, 2027 and is secured by ministerial guarantee	<b>156,624</b>	173,757
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	<b>262,524</b>	286,339
Phase 16 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$2,250 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	<b>165,209</b>	190,269
Phase 18 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$6,002 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	<b>1,078,985</b>	1,136,611
Balance carried forward	<b>2,117,393</b>	2,321,596

**Okanagan Indian Band**  
**Notes to the consolidated financial statements**  
March 31, 2019

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**15. Long-term debt (continued)**

	2019 \$	2018 \$
Balance brought forward	<b>2,117,393</b>	2,321,596
Phase 19 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$1,944 including interest at 2.22% per annum, mortgage interest term matures January 1, 2024, mortgage matures November 1, 2033 and is secured by ministerial guarantee	<b>292,043</b>	308,847
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	<b>776,685</b>	807,191
Phase 21 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$4,014 including interest at 2.41% per annum, mortgage interest term matures April 1, 2023, mortgage matures April 1, 2043 and is secured by ministerial guarantee	<b>846,380</b>	869,961
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	<b>192,044</b>	219,859
Six Mile Mould Remediation - Bank of Montreal demand loan payable in monthly installments of \$1,035 plus interest at prime rate plus 1% per annum, secured by a mortgage on the related property	<b>78,660</b>	91,080
Six Mile Renovation Costs - Bank of Montreal demand loan payable in monthly installments of \$2,592 plus interest at prime rate plus 1% per annum, secured by a mortgage on the related property	<b>469,070</b>	500,168
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	<b>6,439</b>	13,927
Land Purchase - Bank of Montreal demand loan payable in monthly instalments of \$4,959 including interest at the bank prime rate plus 1% per annum, secured by the related property	<b>854,948</b>	878,455
Balance carried forward	<b>5,633,662</b>	6,011,084

**15. Long-term debt (continued)**

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
Balance brought forward	<b>5,633,662</b>	6,011,084
Indigenous Services Canada Native Claims Loan Agreement payable, without interest, and unsecured on the date on which the Commonage claim is settled (i)	<b>332,659</b>	332,659
Indigenous Services Canada Native Claims Loan Agreement payable, without interest and unsecured, due on the date on which the Colonial claim is settled	<b>633,789</b>	544,398
	<b>6,600,110</b>	6,888,141

- (i) This loan from Indigenous Services Canada had a maturity date of March 31, 2018. To date the maturity date has not been modified, nor has a new maturity date been agreed to.

**16. Accumulated surplus**

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

	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
Band accumulated deficit	<b>(2,274,025)</b>	(2,712,178)
Equity in investments in Band-owned entities	<b>2,222,951</b>	1,720,962
CMHC housing reserves (Note 17)	<b>890,887</b>	870,790
Equity in Ottawa Trust Funds	<b>4,904,345</b>	4,789,302
Restricted capital surplus	<b>39,195</b>	39,195
Equity in tangible capital assets	<b>15,553,986</b>	16,191,115
	<b>21,337,339</b>	20,899,186

**17. Housing replacement reserves**

	2019 \$	2018 \$
CMHC replacement reserves		
Beginning balance	787,329	737,821
Current provision	75,265	68,509
Interest earned	11,801	7,606
Disbursements	(39,032)	(26,607)
	<u>835,363</u>	<u>787,329</u>
Okanagan Indian Band replacement reserves		
Beginning balance	83,461	99,316
Disbursements	(27,937)	(15,855)
	<u>55,524</u>	<u>83,461</u>
	<u>890,887</u>	<u>870,790</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 \$189,427 (\$173,828 in 2018) to the defined contribution pension plan and does not have any other obligations with regard to the pension plan.

**20. Expenses by object**

	2019 \$	2018 \$
Wages and salaries	6,344,410	5,597,816
Professional fees	2,287,269	3,755,220
Student expenses	2,184,685	2,018,685
Administration	1,783,014	1,791,219
Member support	1,448,064	1,440,820
Repair and maintenance	1,474,192	1,339,235
Amortization	803,934	817,733
Materials and supplies	822,338	664,841
Council	549,261	554,317
Travel	481,999	437,525
Utilities	276,912	269,073
Community services	189,941	183,502
Interest	106,196	86,398
	<u>18,752,215</u>	<u>18,956,384</u>

**21. Council expenses**

	2019 \$	2018 \$
Honoraria	<b>352,286</b>	370,195
Other	<b>140,139</b>	136,464
Travel	<b>98,483</b>	74,580
	<b>590,908</b>	581,239
Recovery of travel costs	<b>(41,647)</b>	(26,922)
Net council expense	<b>549,261</b>	554,317

**22. General revenue**

	2019 \$	2018 \$
Administration fees	<b>810,304</b>	802,289
First Nations and other funding	<b>564,967</b>	840,584
CMHC subsidies	<b>188,776</b>	156,599
Daycare fees and subsidies	<b>91,471</b>	129,922
Other own source revenue	<b>13,500</b>	—
	<b>1,669,018</b>	1,929,394

**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, 2019, the Band had provided guarantees for 11 loans (10 loans as at 2018) for which a cumulative balance of \$2,389,482 (\$2,106,936 at 2018) is outstanding.

# **Okanagan Indian Band**

## **Consolidated schedule of tangible capital assets**

Year ended March 31, 2019

	Social Housing			Band			Infrastructure	Total
	Land	Buildings	Equipment	Land	Buildings	Equipment		
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
As at April 1, 2018	336,384	10,767,094	116,857	4,211,195	5,668,121	4,864,484	5,914,251	31,878,386
Additions	—	8,056	—	—	198,739	183,096	—	389,891
	336,384	10,775,150	116,857	4,211,195	5,866,860	5,047,580	5,914,251	32,268,277
Accumulated amortization								
As at April 1, 2018	—	2,876,147	98,444	—	2,499,938	4,135,778	566,048	10,176,355
Additions	—	394,979	3,683	—	137,669	160,638	106,965	803,934
	—	3,271,126	102,127	—	2,637,607	4,296,416	673,013	10,980,289
Net book value, March 31, 2019	336,384	7,504,024	14,730	4,211,195	3,229,253	751,164	5,241,238	21,287,988
	Social Housing			Band			Infrastructure	Total
	Land	Buildings	Equipment	Land	Buildings	Equipment		
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
As at April 1, 2017	336,384	10,134,942	116,857	4,025,011	5,668,121	4,780,532	5,914,251	30,976,098
Additions	—	632,152	—	186,184	—	83,952	—	902,288
	336,384	10,767,094	116,857	4,211,195	5,668,121	4,864,484	5,914,251	31,878,386
Accumulated amortization								
As at April 1, 2017	—	2,472,626	93,841	—	2,364,780	3,970,474	456,901	9,358,622
Additions	—	403,521	4,603	—	135,158	165,304	109,147	817,733
	—	2,876,147	98,444	—	2,499,938	4,135,778	566,048	10,176,355
Net book value, March 31, 2018	336,384	7,890,947	18,413	4,211,195	3,168,183	728,706	5,348,203	21,702,031