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# Consolidated financial statements of Okanagan Indian Band

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March 31, 2020

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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, 2020 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.

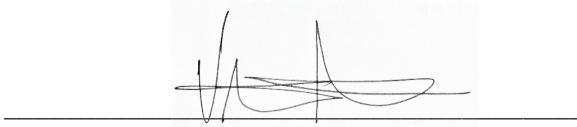
The Okanagan Indian Band Council ("Council") is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

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.

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Chief Councillor

A handwritten signature in black ink, consisting of several sharp, vertical, and curved strokes.

Executive Director

## Independent Auditor's Report

To the Members of  
Okanagan Indian Band

### Opinion

We have audited the accompanying consolidated financial statements of Okanagan Indian Band (the "Band"), which comprise the consolidated statement of financial position as at March 31, 2020, 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, 2020, 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, 2020 and March 31, 2019. Consequently, we were unable to determine whether any adjustments were necessary to tangible capital assets as at March 31, 2020 and March 31, 2019, excess of revenues over expenses for the years ended March 31, 2020 and March 31, 2019 or accumulated surplus as at March 31, 2020, March 31, 2019 and April 1, 2018.

### 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  
September 21, 2020  
Langley, British Columbia

**Okanagan Indian Band**

**Consolidated statement of operations and accumulated surplus**

Year ended March 31, 2020

	Notes	Budget	2020	2019
		\$	\$	\$
<b>Revenue</b>				
Federal government transfers	10	<b>12,047,632</b>	<b>12,866,184</b>	11,176,458
General revenue	21	<b>2,949,722</b>	<b>2,985,351</b>	1,669,018
Rent		<b>1,267,979</b>	<b>1,230,367</b>	1,289,376
Provincial government transfers		<b>1,168,708</b>	<b>1,251,268</b>	1,675,247
Contract revenue		<b>1,606,705</b>	<b>915,647</b>	1,338,860
Forestry Consultation and Revenue Sharing Agreement		<b>827,536</b>	<b>827,536</b>	727,534
Income from Band owned entities	7	<b>627,500</b>	<b>21,350</b>	1,249,894
Interest and investment income		<b>20,000</b>	<b>63,615</b>	63,981
		<b>20,515,782</b>	<b>20,161,318</b>	19,190,368
<b>Expenses</b>				
Education	19	<b>5,241,114</b>	<b>5,278,439</b>	4,587,058
Social services		<b>3,183,216</b>	<b>3,603,755</b>	2,665,181
Public works		<b>2,425,217</b>	<b>2,425,483</b>	1,755,653
Band government		<b>2,421,073</b>	<b>2,362,537</b>	1,671,504
Health		<b>1,858,517</b>	<b>2,033,505</b>	1,568,158
Territorial stewardship		<b>1,992,560</b>	<b>1,999,185</b>	2,587,472
Lands management		<b>1,201,683</b>	<b>1,054,317</b>	1,309,217
Amortization		-	<b>789,367</b>	803,934
Housing		<b>723,000</b>	<b>708,195</b>	693,923
Council	20	<b>535,000</b>	<b>517,811</b>	549,261
Economic development		<b>189,930</b>	<b>217,853</b>	393,212
Land claims		<b>90,000</b>	<b>165,998</b>	167,642
Employment programs		<b>22,000</b>	<b>22,000</b>	-
(Deficiency) excess of revenue over expenses		<b>19,883,310</b>	<b>21,178,445</b>	18,752,215
Accumulated surplus, beginning of year		<b>632,472</b>	<b>(1,017,127)</b>	438,153
<b>Accumulated surplus, end of year</b>		<b>21,337,339</b>	<b>21,337,339</b>	20,899,186
		<b>21,969,811</b>	<b>20,320,212</b>	21,337,339

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

**Okanagan Indian Band****Consolidated statement of changes in net debt**

Year ended March 31, 2020

	<b>2020</b>	2019
	\$	\$
<b>(Deficiency) excess of revenue over expenses</b>	<b>(1,017,127)</b>	438,153
Acquisition of tangible capital assets	(604,918)	(389,891)
Disposal of tangible capital assets, net	500	—
Amortization of tangible capital assets	789,367	803,934
Change in prepaid expenses	(22,230)	(16,004)
Change in net debt	(854,408)	836,192
Net debt, beginning of year	(363,632)	(1,199,824)
<b>Net debt, end of year</b>	<b>(1,218,040)</b>	(363,632)

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

**Okanagan Indian Band**  
**Consolidated statement of financial position**  
As at March 31, 2020

	Notes	2020	2019
		\$	\$
<b>Financial assets</b>			
Cash and cash equivalents	2	<b>2,495,292</b>	3,912,107
Accounts receivable	3	<b>940,382</b>	1,131,557
Loan receivable	4	<b>213,256</b>	220,208
Due from Government	5	<b>317,575</b>	175,149
Investment in Band-owned entities	7	<b>2,101,238</b>	2,098,049
Funds held in Ottawa Trust	8	<b>4,533,608</b>	4,904,345
		<b>10,601,351</b>	<b>12,441,415</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	9	<b>1,883,042</b>	2,047,062
Deferred revenue	10	<b>3,345,788</b>	3,462,061
Due to Government	11	<b>31,629</b>	474,486
Employee benefit obligations	12	<b>247,078</b>	218,073
Security deposits	13	<b>3,405</b>	3,255
Long-term debt	15	<b>6,308,449</b>	6,600,110
		<b>11,819,391</b>	<b>12,805,047</b>
Net debt		<b>(1,218,040)</b>	(363,632)
Commitments and contingencies	22		
<b>Non-financial assets</b>			
Tangible capital assets (Schedule)		<b>21,103,039</b>	21,287,988
Property under development	6	<b>200,000</b>	200,000
Prepaid expenses		<b>235,213</b>	212,983
<b>Accumulated surplus</b>	16	<b>21,538,252</b>	21,700,971
		<b>20,320,212</b>	<b>21,337,339</b>

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, 2020

	<b>2020</b>	2019
	\$	\$
<b>Operating activities</b>		
(Deficiency) excess of revenue over expenses	<b>(1,017,127)</b>	438,153
Items not affecting cash:		
Amortization	<b>789,367</b>	803,934
Income from Band-owned entities	<b>(21,350)</b>	(1,249,894)
	<b>(249,111)</b>	(7,807)
Changes in non-cash working capital		
Accounts receivable	<b>191,175</b>	547,780
Due from Government	<b>(142,426)</b>	907,228
Prepaid expenses	<b>(22,230)</b>	(16,004)
Due to Government	<b>(442,857)</b>	(26,078)
Accounts payable and accrued liabilities	<b>(163,349)</b>	(919,000)
Deferred revenue	<b>(116,273)</b>	214,498
Employee benefit obligations	<b>29,005</b>	48,944
Security deposits	<b>150</b>	(225)
	<b>(915,916)</b>	749,336
<b>Capital activities</b>		
Additions to tangible capital assets	<b>(604,918)</b>	(389,891)
Disposals of tangible capital assets	<b>500</b>	—
	<b>(604,418)</b>	(389,891)
<b>Financing activities</b>		
Proceeds from long-term debt	<b>87,735</b>	89,390
Repayment of long-term debt	<b>(379,396)</b>	(377,421)
	<b>(291,661)</b>	(288,031)
<b>Investing activities</b>		
Loan receivable	<b>6,952</b>	6,364
Withdrawals from Band-owned entities	<b>17,491</b>	257,007
Distributions from Band-owned entities	<b>—</b>	615,000
Funds held in Ottawa Trust	<b>370,737</b>	(115,043)
	<b>395,180</b>	763,328
Change in cash and cash equivalents	<b>(1,416,815)</b>	834,742
Cash and cash equivalents, beginning of year	<b>3,912,107</b>	3,077,365
Cash and cash equivalents, end of year	<b>2,495,292</b>	3,912,107
<b>Supplementary cash flow information</b>		
Interest paid	<b>89,101</b>	105,665

The accompanying notes are an integral part of the consolidated 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 can be 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*

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) OKIB Forestry Limited Partnership
- (iv) OKIB Management Services 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 certain other entities which are either inactive or have limited operations.

## **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 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. General revenue, contract revenue and other income 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, 2020 and 2019, no contaminated sites have been identified that meet the criteria outlined above.

## **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>2020</b>	<b>2019</b>
	\$	\$
Externally restricted		
CMHC reserves	<b>986,628</b>	960,395
Internally restricted		
Restricted band accumulated surpluses	—	71,457
Unrestricted		
Band operating (Note 14)	<b>912,915</b>	2,239,258
Social housing operating	<b>595,749</b>	568,670
Eagle Rock Aggregates	—	72,327
	<b>1,508,664</b>	2,880,255
	<b>2,495,292</b>	3,912,107
Cash and cash equivalents consist of		
Cash	<b>1,448,662</b>	2,820,253
Cash equivalents	<b>1,046,630</b>	1,091,854
	<b>2,495,292</b>	3,912,107

**Okanagan Indian Band**  
**Notes to the consolidated financial statements**  
March 31, 2020

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**3. Accounts receivable**

	<b>2020</b>	2019
	\$	\$
Accounts receivable	<b>941,560</b>	1,160,359
Less: allowance for doubtful accounts	<b>(110,914)</b>	(145,049)
Net accounts receivable	<b>830,646</b>	1,015,310
Social housing rents receivable	<b>127,451</b>	135,497
Less: allowance for doubtful accounts	<b>(39,562)</b>	(36,827)
Net social housing rents receivable	<b>87,889</b>	98,670
Band member accounts receivable	<b>48,484</b>	46,507
Less: allowance for doubtful accounts	<b>(26,637)</b>	(28,930)
Net band member accounts receivable	<b>21,847</b>	17,577
	<b>940,382</b>	1,131,557

**4. Loan receivable**

	<b>2020</b>	2019
	\$	\$
Term loan receivable from a Band member bearing interest at 4.25% per annum, repayable in monthly blended instalments of \$1,322, original maturity date of March 1, 2020, secured by a personal guarantee and by the related property.	<b>213,256</b>	220,208

During the year, \$9,231 (\$9,506 in 2019) of interest was received related to this loan.

**5. Due from Government**

	<b>2020</b>	2019
	\$	\$
Federal Government		
Indigenous Services Canada ("ISC")	<b>239,755</b>	98,352
Sales taxes	<b>21,627</b>	21,934
	<b>261,382</b>	120,286
Other organizations		
Okanagan Training & Development Council (OTDC)	<b>56,193</b>	54,863
	<b>317,575</b>	175,149

**Okanagan Indian Band**  
**Notes to the consolidated financial statements**  
March 31, 2020

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**6. Property under development**

Property under development as at March 31, 2020 consists of residential building lots.

	<b>2020</b>	2019
	\$	\$
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.

	OKIB Forestry LP	Management Services LP	Okanagan Indian Band Land Holding Company Ltd.	Okanagan Band Development Corporation	2020 Total \$
	\$	\$	\$	\$	\$
Shares	1	1	331,864	120	<b>331,986</b>
Advances					
Opening balance	(161,960)	—	1,561,928	(229)	<b>1,399,739</b>
Advances (withdrawals)	(17,491)	—	(1,570)	900	<b>(18,161)</b>
Closing balance	<u>(179,451)</u>	<u>—</u>	<u>1,560,358</u>	<u>671</u>	<u><b>1,381,578</b></u>
Retained earnings					
Opening balance	925,534	—	(566,116)	6,907	<b>366,325</b>
Net income (loss)	199,742	(184,269)	5,877	—	<b>21,350</b>
Distributions	—	—	—	—	—
Closing balance	<u>1,125,276</u>	<u>(184,269)</u>	<u>(560,239)</u>	<u>6,907</u>	<u><b>387,675</b></u>
Net investment	<u>945,826</u>	<u>(184,268)</u>	<u>1,331,983</u>	<u>7,698</u>	<u><b>2,101,238</b></u>

**Okanagan Indian Band**  
**Notes to the consolidated financial statements**  
March 31, 2020

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

	OKIB Forestry LP	Okanagan Indian Band Land Holding Company Ltd.	Okanagan Band Development Corporation	2019 Total
	\$	\$	\$	\$
Shares	1	331,864	120	331,985
Advances				
Opening balance	100,076	1,560,599	(3,929)	1,656,746
Advances (withdrawals)	(262,036)	1,329	3,700	(257,007)
Closing balance	(161,960)	1,561,928	(229)	1,399,739
Retained earnings				
Opening balance	290,640	(566,116)	7,707	(267,769)
Net income	1,249,894	—	(800)	1,249,094
Distributions	(615,000)	—	—	(615,000)
Closing balance	925,534	(566,116)	6,907	366,325
Net investment	763,575	1,327,676	6,798	2,098,049

Financial information for Band owned entities for is as follows:

	Assets \$	Liabilities \$	Net assets (deficit) \$	Revenue \$	Expenses \$	2020 Net income (loss) \$
OKIB Forestry LP	<b>921,539</b>	<b>49,263</b>	<b>872,276</b>	<b>522,072</b>	<b>322,330</b>	<b>199,742</b>
OKIB Management Services LP	<b>15,731</b>	<b>200,000</b>	<b>(184,269)</b>	<b>121,560</b>	<b>305,829</b>	<b>(184,269)</b>
Okanagan Indian Band Land Holding Company Ltd.	<b>1,275,314</b>	<b>1,567,294</b>	<b>(291,980)</b>	<b>23,100</b>	<b>17,223</b>	<b>5,877</b>
Okanagan Band Development Corporation	<b>7,362</b>	<b>671</b>	<b>6,691</b>	—	—	—

**Okanagan Indian Band**  
**Notes to the consolidated financial statements**  
March 31, 2020

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

	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)
OKIB Forestry LP Okanagan Band Development Corporation	1,108,530	435,996	672,534	1,407,124	157,230	1,249,894
	<u>7,591</u>	<u>900</u>	<u>6,691</u>	<u>—</u>	<u>1,600</u>	<u>(1,600)</u>

**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 2020 \$	Total 2019 \$
Balance, beginning of year	<b>258,964</b>	<b>4,645,380</b>	<b>4,904,344</b>	4,789,302
Receipts during the year				
Federal government interest	—	<b>76,381</b>	<b>76,381</b>	110,451
Province of British Columbia	—	<b>4,550</b>	<b>4,550</b>	4,582
Permits and leases	—	<b>256,333</b>	<b>256,333</b>	340,020
Distributions	—	<b>(708,000)</b>	<b>(708,000)</b>	(340,010)
Balance, end of year	<b>258,964</b>	<b>4,274,644</b>	<b>4,533,608</b>	4,904,345

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**

	2020 \$	2019 \$
Trade accounts payable and accrued liabilities	<b>868,807</b>	1,360,527
Social assistance payable	<b>42,547</b>	50,653
Accrued education costs	<b>750,986</b>	443,316
Salaries and wages payable	<b>220,702</b>	192,566
	<b>1,883,042</b>	2,047,062

**Okanagan Indian Band**  
**Notes to the consolidated financial statements**  
March 31, 2020

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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, 2019 \$	Funding received \$	Revenue recognized \$	Balance at March 31, 2020 \$
ISC	1,558,703	988,829	(1,305,632)	<b>1,241,900</b>
Health Authority	1,025,867	265,278	(489,944)	<b>801,201</b>
Other	877,491	843,788	(418,592)	<b>1,302,687</b>
	<b>3,462,061</b>	<b>2,097,895</b>	<b>(2,214,168)</b>	<b>3,345,788</b>

**11. Due to Government**

	2020 \$	2019 \$
ISC	<b>31,629</b>	474,486
	<b>31,629</b>	474,486

**12. Employee benefit obligations**

	2020 \$	2019 \$
Vacation pay and overtime	<b>243,379</b>	216,808
Pension contributions (Note 19)	<b>3,699</b>	1,265
	<b>247,078</b>	218,073

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 properties 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 consolidated financial statements**  
March 31, 2020

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**15. Long-term debt**

	<b>2020</b> \$	2019 \$
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>68,379</b>	93,929
Phase 12 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$3,137 including interest at 1.69% per annum, mortgage interest term matures August 1, 2024, mortgage matures August 1, 2024 and is secured by ministerial guarantee	<b>160,112</b>	194,672
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>143,620</b>	165,451
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>139,157</b>	156,624
Phase 15 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$2,417 including interest at 1.86% per annum, mortgage interest term matures April 1, 2024, mortgage matures February 1, 2029 and is secured by ministerial guarantee	<b>238,199</b>	262,524
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>139,870</b>	165,209
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 Balance carried forward	<b>1,020,637</b> <b>1,909,975</b>	1,078,985 2,117,393

**Okanagan Indian Band**  
**Notes to the consolidated financial statements**  
March 31, 2020

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

	<b>2020</b> \$	2019 \$
Balance brought forward	<b>1,909,975</b>	2,117,393
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>275,006</b>	292,043
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>745,851</b>	776,685
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>835,450</b>	846,380
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>163,208</b>	192,044
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>66,240</b>	78,660
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>437,971</b>	469,070
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	—	6,439
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>836,939</b>	854,948
Balance carried forward	<b>5,270,641</b>	5,633,662

**Okanagan Indian Band**  
**Notes to the consolidated financial statements**  
March 31, 2020

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

	<b>2020</b> \$	2019 \$
Balance brought forward	<b>5,270,641</b>	5,633,662
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>705,149</b>	633,789
	<b>6,308,449</b>	6,600,110

(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.

Minimum required principal repayments on the long-term debt over the next five years and thereafter are as follows:

	\$
2021	399,000
2022	402,000
2023	398,380
2024	385,000
2025	374,112
Thereafter	<u>4,349,957</u>
	<u>6,308,449</u>

**16. Accumulated surplus**

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

	<b>2020</b> \$	2019 \$
Band accumulated deficit	<b>(2,640,643)</b>	(2,274,025)
Equity in investments in Band-owned entities	<b>2,101,238</b>	2,222,951
CMHC housing reserves (Note 17)	<b>917,277</b>	890,887
Equity in Ottawa Trust Funds	<b>4,533,608</b>	4,904,345
Restricted capital surplus	<b>39,195</b>	39,195
Equity in tangible capital assets	<b>15,369,537</b>	15,553,986
	<b>20,320,212</b>	21,337,339

**17. Housing replacement reserves**

	<b>2020</b> \$	2019 \$
CMHC replacement reserves		
Beginning balance	<b>835,363</b>	787,329
Current provision	<b>75,259</b>	75,265
Interest earned	<b>18,090</b>	11,801
Disbursements	<b>(66,959)</b>	(39,032)
	<b>861,753</b>	835,363
Okanagan Indian Band replacement reserves		
Beginning balance	<b>55,524</b>	83,461
Disbursements	<b>—</b>	(27,937)
	<b>55,524</b>	55,524
	<b>917,277</b>	890,887

**18. 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 \$225,898 (\$189,427 in 2019) to the defined contribution pension plan and does not have any other obligations with regard to the pension plan.

**19. Expenses by object**

	<b>2020</b> \$	2019 \$
Wages and salaries	<b>7,662,097</b>	6,344,410
Administration	<b>2,009,619</b>	1,783,014
Student expenses	<b>2,479,396</b>	2,184,685
Professional fees	<b>1,959,365</b>	2,287,269
Repair and maintenance	<b>1,915,168</b>	1,474,192
Member support	<b>1,791,698</b>	1,448,064
Materials and supplies	<b>931,495</b>	822,338
Amortization	<b>789,367</b>	803,934
Travel	<b>550,387</b>	481,999
Council	<b>517,811</b>	549,261
Utilities	<b>297,467</b>	276,912
Community services	<b>185,474</b>	189,941
Interest	<b>89,101</b>	106,196
	<b>21,178,445</b>	18,752,215

**20. Council expenses**

	<b>2020</b> \$	2019 \$
Honoraria	<b>326,293</b>	352,286
Other	<b>146,040</b>	140,139
Travel	<b>61,224</b>	98,483
	<b>533,557</b>	590,908
Recovery of travel costs	<b>(15,746)</b>	(41,647)
Net council expense	<b>517,811</b>	549,261

**21. General revenue**

	<b>2020</b> \$	2019 \$
Administration fees	<b>812,210</b>	810,304
First Nations Gaming Revenue Share	<b>740,648</b>	—
First Nations and other funding	<b>1,161,549</b>	564,967
CMHC subsidies	<b>196,392</b>	188,776
Daycare fees and subsidies	<b>74,552</b>	91,471
Other own source revenue	<b>—</b>	13,500
	<b>2,985,351</b>	1,669,018

**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, 2020, the Band had provided guarantees for 12 loans (11 loans as at 2019) for which a cumulative balance of \$2,419,092 (\$2,389,482 at 2019) is outstanding.

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Band in future periods.

**Okanagan Indian Band**

**Consolidated schedule of tangible capital assets**

Year ended March 31, 2020

	Social Housing			Band				
	Land	Buildings	Equipment	Land	Buildings	Equipment	Infrastructure	
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
As at April 1, 2019	336,384	10,775,150	116,857	4,211,195	5,866,860	5,047,580	5,914,251	32,268,277
Additions	—	26,678	—	324,250	28,695	225,295	—	604,918
Disposals	—	—	—	—	—	(31,362)	—	(31,362)
	<b>336,384</b>	<b>10,801,828</b>	<b>116,857</b>	<b>4,535,445</b>	<b>5,895,555</b>	<b>5,241,513</b>	<b>5,914,251</b>	<b>32,841,833</b>
<b>Accumulated amortization</b>								
As at April 1, 2019	—	3,271,126	102,127	—	2,637,607	4,296,416	673,013	10,980,289
Additions	—	376,098	2,946	—	136,277	169,222	104,824	789,367
Disposals	—	—	—	—	—	(30,862)	—	(30,862)
	<b>—</b>	<b>3,647,224</b>	<b>105,073</b>	<b>—</b>	<b>2,773,884</b>	<b>4,434,776</b>	<b>777,837</b>	<b>11,738,794</b>
Net book value, March 31, 2020	<b>336,384</b>	<b>7,154,604</b>	<b>11,784</b>	<b>4,535,445</b>	<b>3,121,671</b>	<b>806,737</b>	<b>5,136,414</b>	<b>21,103,039</b>
Social Housing			Band					
Land	Buildings	Equipment	Land	Buildings	Equipment	Infrastructure		Total
\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>								
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
	<b>336,384</b>	<b>10,775,150</b>	<b>116,857</b>	<b>4,211,195</b>	<b>5,866,860</b>	<b>5,047,580</b>	<b>5,914,251</b>	<b>32,268,277</b>
<b>Accumulated amortization</b>								
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
	<b>—</b>	<b>3,271,126</b>	<b>102,127</b>	<b>—</b>	<b>2,637,607</b>	<b>4,296,416</b>	<b>673,013</b>	<b>10,980,289</b>
Net book value, March 31, 2019	<b>336,384</b>	<b>7,504,024</b>	<b>14,730</b>	<b>4,211,195</b>	<b>3,229,253</b>	<b>751,164</b>	<b>5,241,238</b>	<b>21,287,988</b>