
Consolidated financial statements of Okanagan Indian Band

March 31, 2023

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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, 2023 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 Councilor
Chief Byron Louis



Executive Director
Romeo Crow Chief
Acting Executive Director

Independent Auditor's Report

To the Members of
Okanagan Indian Band

Qualified 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, 2023, 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 section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2023, 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

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 their 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, 2023 and March 31, 2022. Consequently, we were unable to determine whether any adjustments were necessary to tangible capital assets as at March 31, 2023 and March 31, 2022, excess of revenues over expenses for the years ended March 31, 2023 and March 31, 2022, or accumulated surplus as at March 31, 2023, March 31, 2022 and April 1, 2021. Our audit opinion on the financial statements for the year ended March 31, 2022 was modified accordingly because of the possible effects of this scope limitation.

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 qualified opinion.

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 24, 2023

Vancouver, British Columbia

Okanagan Indian Band

Consolidated statement of operations and accumulated surplus

Year ended March 31, 2023

	Notes	Budget \$	2023 \$	2022 \$
Revenue				
Federal government transfers	10	38,706,814	34,387,906	24,684,954
Colonial claim advance payment	15	—	30,000,000	—
General revenue	22	11,341,961	3,745,267	2,837,421
Contract revenue		1,255,079	2,604,061	2,141,148
Provincial government transfers		1,794,127	1,529,861	1,938,949
Forestry Consultation and revenue sharing agreement		1,748,343	1,784,343	827,536
Rent		2,442,750	2,020,790	1,676,081
Income from band owned entities	7	—	2,125,676	327,877
Interest and investment income		40,000	496,602	11,000
		57,329,074	78,694,506	34,444,966
Expenses	20			
Band government		7,350,900	8,868,792	6,660,906
Education		7,254,225	6,161,196	5,947,010
Lands management		4,681,921	4,699,442	3,342,639
Health		5,923,038	4,337,920	3,131,830
Public works		18,277,379	4,229,859	2,609,706
Social services		3,746,677	3,976,687	2,736,160
Territorial stewardship		3,103,463	2,892,177	2,376,588
Amortization		—	1,087,756	1,004,561
Council	21	896,000	901,725	939,915
Housing		980,000	772,291	727,045
Land claims		760,343	590,569	72,406
Economic development		243,204	127,196	179,763
		53,217,150	38,645,610	29,728,529
Excess of revenue over expenses		4,111,925	40,048,896	4,716,437
Accumulated surplus, beginning of year		28,499,558	28,499,558	23,783,121
Accumulated surplus, end of year		32,611,483	68,548,454	28,499,558

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, 2023

	2023	2022
	\$	\$
Excess of revenue over expenses	40,048,896	4,716,437
Acquisition of tangible capital assets	(38,523,761)	(7,805,526)
Proceeds on disposal of tangible capital assets	226,871	14,048
Gain on disposal of tangible capital assets	—	(13,277)
Amortization of tangible capital assets	1,087,756	1,004,561
Change in prepaid expenses	813,640	(966,903)
Change in net debt	3,653,402	(3,050,660)
Net debt, beginning of year	(4,030,084)	(979,424)
Net debt, end of year	(376,682)	(4,030,084)

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

Okanagan Indian Band
Consolidated statement of financial position
As at March 31, 2023

	Notes	2023	2022
		\$	\$
Financial assets			
Cash and cash equivalents	2	21,960,263	24,004,253
Accounts receivable	3	5,087,456	2,361,160
Colonial claim advance payment receivable	15	30,000,000	—
Loan receivable	4	191,874	199,414
Due from Government	5	5,133,469	1,327,684
Investment in Band-owned entities	7	4,951,368	3,573,202
Funds held in Ottawa Trust	8	5,738,076	4,833,164
		73,062,506	36,298,877
Liabilities			
Accounts payable and accrued liabilities	9	3,582,107	4,326,249
Deferred revenue	10	30,359,544	24,929,542
Due to Government	11	15,249	21,322
Employee benefit obligations	12	352,937	336,258
Security deposits	13	9,183	3,855
Long-term debt	16	39,120,168	10,711,735
		73,439,188	40,328,961
Net debt		(376,682)	(4,030,084)
Commitments and contingencies	23		
Non-financial assets			
Tangible capital assets (Schedule)		68,382,481	31,173,346
Property under development	6	66,662	66,662
Prepaid expenses		475,994	1,289,634
		68,925,137	32,529,642
Accumulated surplus	16	68,548,454	28,499,558

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, 2023

	2023 \$	2022 \$
Operating activities		
Excess of revenue over expenses	40,048,896	4,716,437
Items not affecting cash		
Amortization	1,087,756	1,004,561
Gain on disposal of tangible capital assets	—	(13,277)
Income from Band-owned entities	(2,125,676)	(327,877)
Accrued Colonial claim advance payment	(30,000,000)	—
	9,010,976	5,379,844
Changes in non-cash working capital		
Accounts receivable	(2,726,296)	659,655
Due from Government	(3,805,785)	(374,114)
Prepaid expenses	813,640	(966,956)
Due to Government	(6,073)	—
Accounts payable and accrued liabilities	(744,142)	866,128
Deferred revenue	5,430,002	14,397,628
Employee benefit obligations	16,679	81,748
Security deposits	5,328	275
	7,994,329	20,044,208
Capital activities		
Additions to tangible capital assets	(38,523,761)	(7,805,526)
Proceeds on disposals of tangible capital assets	226,871	14,048
	(38,296,890)	(7,791,478)
Financing activities		
Proceeds from long-term debt	28,833,632	3,575,952
Repayment of long-term debt	(425,198)	(460,035)
	28,408,433	3,115,917
Investing activities		
Loan receivable	7,540	7,228
Advances to Band-owned entities	(2,490)	(34,317)
Distributions from Band-owned entities	750,000	—
Funds held in Ottawa Trust	(904,912)	(304,931)
	(149,862)	(332,020)
Change in cash and cash equivalents	(2,043,990)	15,036,627
Cash and cash equivalents, beginning of year	24,004,253	8,967,626
Cash and cash equivalents, end of year	21,960,263	24,004,253
Supplementary cash flow information		
Interest paid	1,259,772	87,089

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

Okanagan Indian Band

Notes to the consolidated financial statements

March 31, 2023

1. Significant accounting policies

Okanagan Indian Band (the "Band" or "OKIB") 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) The Okanagan Indian Band Group of Companies, which consists of the following operational entities:
 - OKIB Forestry Limited Partnership
 - OKIB Operations Limited Partnership
 - OKIB Assets Limited Partnership
 - 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 revenue amounts 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 consolidated financial statements

March 31, 2023

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, 2023 and 2022, no contaminated sites have been identified that meet the criteria outlined above.

Asset retirement obligations

Liabilities are recognized for statutory, contractual or legal obligations associated with the retirement of property and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in determining the results of operations.

Financial instruments

All financial assets and financial liabilities are measured at cost or amortized cost. Interest attributable to financial instruments are reported in the statement of operations. All financial assets are tested annually for impairment. In cases where financial assets are impaired, impairment losses are recorded in the statement of operations.

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.

	2023	2022
	\$	\$
Externally restricted CMHC reserves	652,578	844,946
Unrestricted Band operating (Note 14)	20,235,773	22,552,442
Social housing operating	1,071,912	606,865
	21,307,685	23,159,307
	21,960,263	24,004,253
Cash and cash equivalents consist of		
Cash	15,084,005	22,492,290
Cash equivalents	6,876,258	1,511,963
	21,960,263	24,004,253

Okanagan Indian Band**Notes to the consolidated financial statements**

March 31, 2023

3. Accounts receivable

	2023 \$	2022 \$
Accounts receivable	4,820,912	2,178,751
Less: allowance for doubtful accounts	(173,209)	(134,896)
Net accounts receivable	4,647,703	2,043,855
Social housing rents receivable	271,756	285,049
Less: allowance for doubtful accounts	(56,328)	(51,729)
CMHC funding receivable	140,000	35,000
Net social housing receivable	355,428	268,320
Band member accounts receivable	99,427	64,018
Less: allowance for doubtful accounts	(15,102)	(15,033)
Net band member accounts receivable	84,325	48,985
	5,087,456	2,361,160

4. Loan receivable

	2023 \$	2022 \$
Term loan receivable from a Band member bearing interest at 4.25% per annum, repayable in monthly blended instalments of \$1,322, maturity date of March 1, 2040, secured by a personal guarantee and by the related property	191,874	199,414

During the year, \$8,329 (\$8,643 in 2022) of interest was received related to this loan.

5. Due from Government

	2023 \$	2022 \$
Federal government		
Indigenous Services Canada ("ISC")	4,414,586	570,092
Sales taxes	13,291	22,818
	4,427,877	592,910
Provincial government	—	347,542
Other organizations		
BC Housing	592,337	321,843
Okanagan Training & Development Council (OTDC)	113,255	65,389
	705,592	387,232
	5,133,469	1,327,684

Okanagan Indian Band

Notes to the consolidated financial statements

March 31, 2023

6. Property under development

Property under development as at April 1, 2020 consisted of nine residential building lots.

During fiscal 2021 six lots were transferred to tangible capital assets in connection with the construction of a new housing development. No further activity occurred in fiscal 2022 or 2023.

	2023 \$	2022 \$
Balance, beginning of year	66,662	66,662
Additions	—	—
Used for housing construction	—	—
Balance, end of year	66,662	66,662

7. Investment in Band owned entities

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

OKIB Group of Companies	Okanagan Indian Band Land Holding Company Ltd.		Okanagan Band Development Corporation		2023 Total \$
	\$	\$	\$	\$	
Shares	3	331,864			331,866
Advances					
Opening balance	225,964	1,568,743	2,471	1,797,178	
Advances (withdrawals)	(6,152)	7,863	900	2,611	
Closing balance	219,812	1,576,606	3,371	1,799,789	
Retained earnings					
Opening balance	2,016,150	(577,219)	5,107	1,444,038	
Net income (loss)	2,136,674	(2,520)	(8,478)	2,125,676	
Distributions to OKIB	(750,000)	—	—	(750,000)	
Closing balance	3,402,824	(579,739)	(3,371)	2,819,714	
Net investment	3,622,638	1,328,731			4,951,368

OKANAGAN INDIAN BAND

Notes to the consolidated financial statements

March 31, 2023

7. Investment in Band owned entities (continued)

	OKIB Group of Companies	Okanagan Indian Band Land Holding Company Ltd.	Okanagan Band Development Corporation	2022 Total
	\$	\$	\$	\$
Shares	3	331,864	120	331,987
Advances				
Opening balance	196,829	1,564,461	1,571	1,762,861
Advances (withdrawals)	29,135	4,282	900	34,317
Closing balance	225,964	1,568,743	2,471	1,797,178
Retained earnings				
Opening balance	1,679,427	(569,054)	6,007	1,116,380
Net income (loss)	336,722	(8,165)	(900)	327,657
Distributions	—	—	—	—
Closing balance	2,016,149	(577,219)	5,107	1,444,037
Net investment	2,242,116	1,323,388	7,698	3,573,202

Financial information for Band owned entities for is as follows:

	Assets \$	Liabilities \$	Net assets (deficit) \$	Revenue \$	Expenses \$	2023 Net income (loss) \$
OKIB Group of Companies	6,113,379	2,913,557	3,199,822	5,512,315	3,375,641	2,136,674
Okanagan Indian Band Land Holding Company Ltd.	1,265,621	1,578,880	(313,259)	13,200	15,720	(2,520)
Okanagan Band Development Corporation	—	—	—	—	3,871	(3,871)
	Assets \$	Liabilities \$	Net assets (deficit) \$	Revenue \$	Expenses \$	2022 Net income (loss) \$
OKIB Group of Companies	4,372,312	2,579,164	1,793,148	1,627,252	1,290,530	336,722
Okanagan Indian Band Land Holding Company Ltd.	1,267,540	1,578,280	(310,740)	13,200	21,365	(8,165)
Okanagan Band Development Corporation	7,362	3,371	3,991	—	900	(900)

Okanagan Indian Band

Notes to the consolidated financial statements

March 31, 2023

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 \$	2023 Total \$	2022 Total \$
Balance, beginning of year	288,138	4,545,026	4,833,164	4,528,233
Receipts during the year				
Federal government interest	—	150,654	150,654	78,016
Province of British Columbia	—	—	—	4,574
Permits and leases	—	1,262,597	1,262,597	953,167
Other	471,661	—	471,661	29,175
Distributions to OKIB	—	(980,000)	(980,000)	(760,000)
Balance, end of year	759,799	4,978,277	5,738,076	4,833,164

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

	2023	2022
		\$
Trade accounts payable and accrued liabilities	2,746,009	2,517,353
Accrued education costs	71,507	1,158,210
Salaries and wages payable	172,254	328,843
Construction holdback payable	592,337	321,843
	3,582,107	4,326,249

10. Deferred revenue

In cases where restricted contributions are received that are in excess of the related amounts spent, the excess is recorded as deferred revenue. The following table presents the significant components of the Band's deferred revenue:

	2023	2022
	\$	\$
ISC	20,633,335	18,888,209
Provincial government and other	9,070,279	5,117,597
Health authority	655,930	923,736
	30,359,544	24,929,542

Okanagan Indian Band**Notes to the consolidated financial statements**

March 31, 2023

11. Due to Government

	2023 \$	2022 \$
ISC	15,249	21,322

12. Employee benefit obligations

	2023 \$	2022 \$
Vacation pay and overtime	341,949	325,570
Pension contributions (Note 19)	10,988	10,688
	352,937	336,258

The vacation pay and overtime consist of amounts that employees have earned and are entitled to within the next fiscal 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. No amount was utilized on this line of credit as at March 31, 2023 or 2022.

15. Colonial claim advance payment

The Band and the Government of Canada ("Canada") entered into an agreement, effective March 6, 2023, whereby the Band will receive an advance payment of \$30,000,000 in connection with the Colonial Reserve Claim that the Band has previously submitted to Canada.

This advance payment was received by the Band on April 13, 2023 and was used, in part, to repay a bank loan of \$25,870,000 which was advanced in August 2022 to fund the Band's purchase of the O'Keefe lands at that time.

Under the terms of the agreement described above the Band and Canada have agreed that the proceeds due to the Band as a result of a future settlement of the Colonial Reserve Claim will be reduced by the amount of this advance payment.

Okanagan Indian Band
Notes to the consolidated financial statements
March 31, 2023

16. Long-term debt

	2023 \$	2022 \$
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	—	15,473
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	52,654	89,076
Phase 13 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$1,957 including interest at 1.12% per annum, mortgage interest term matures July 1, 2026, mortgage matures July 1, 2026 and is secured by ministerial guarantee	76,799	99,287
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 July 1, 2027, mortgage matures July 1, 2027 and is secured by ministerial guarantee	84,800	103,162
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	162,400	188,132
Phase 16 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$2,228 including interest at 0.68% per annum, mortgage interest term matures August 1, 2024, mortgage matures July 1, 2025 and is secured by ministerial guarantee	61,866	88,082
Phase 18 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$5,771 including interest at 0.76% per annum, mortgage interest term matures December 1, 2025, mortgage matures November 1, 2035 and is secured by ministerial guarantee	836,055	898,701
Balance carried forward	1,274,574	1,481,913

Okanagan Indian Band
Notes to the consolidated financial statements
March 31, 2023

16. Long-term debt (continued)

	2023 \$	2022 \$
Balance brought forward	1,274,574	1,481,913
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	221,523	239,742
Phase 20 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$3,291 including interest at 1.13% per annum, mortgage interest term matures June 1, 2026, mortgage matures June 1, 2041 and is secured by ministerial guarantee	651,086	683,039
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	747,990	777,830
Phase 22 - Canada Mortgage and Housing Corporation Mortgage payable in monthly installments of \$6,142 including interest at 1.22% per annum, mortgage interest term matures May 1, 2026, mortgage matures May 1, 2046 and is secured by ministerial guarantee	1,486,961	1,542,391
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	64,400	97,095
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	28,980	41,400
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	344,675	375,774
Land Purchase - Bank of Montreal demand loan payable in monthly instalments of \$5,425 including interest at the bank prime rate plus 1% per annum, secured by the related property	756,862	773,683
Balance carried forward	5,577,051	6,012,867

Okanagan Indian Band
Notes to the consolidated financial statements
March 31, 2023

16. Long-term debt (continued)

	2023 \$	2022 \$
Balance brought forward	5,577,051	6,012,867
Land Purchase - Bank of Montreal demand loan repayable on an interest-only basis, including interest at the bank prime rate plus 0.5% per annum, secured by the related property, due by the earlier of July 31, 2024 and the date an advance payment on the Colonial claim is received	25,870,000	-
BC Housing Loans Loans secured by Ministerial Loan Guarantees, bearing interest at a variable rate not to exceed RBC prime plus 1%, with repayment terms to be determine upon project completion	6,035,445	3,490,943
Indigenous Services Canada Native Claims Loan Agreement payable, without interest and unsecured, due on the date on which the Commonage claim is settled	332,659	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	1,305,013	875,266
	39,120,168	10,711,735

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

	\$
2024	1,246,862
2025	26,342,055
2026	401,846
2027	376,799
2028	361,800
Thereafter	10,390,806
	39,120,168

Okanagan Indian Band**Notes to the consolidated financial statements**

March 31, 2023

17. Accumulated surplus

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

	2023	2022
	\$	\$
Band accumulated equity (deficit)	27,754,559	(1,307,514)
Equity in investments in Band-owned entities	4,951,368	3,573,202
CMHC housing reserves (Note 18)	802,945	899,900
Equity in Ottawa Trust Funds	5,738,076	4,833,164
Restricted capital surplus	39,194	39,195
Equity in tangible capital assets	29,262,312	20,461,611
	68,548,454	28,499,558

18. Housing replacement reserves

	2023	2022
	\$	\$
CMHC replacement reserves		
Beginning balance	844,946	896,425
Current provision	79,220	117,904
Interest earned	14,622	4,226
Disbursements	(186,602)	(173,609)
Transfer to OKIB replacement reserves	(99,610)	—
	652,576	844,946
Okanagan Indian Band replacement reserves		
Beginning balance	54,954	55,524
Disbursements	(4,195)	(570)
Transfer from CMHC replacement reserve	99,610	—
	150,369	54,954
	802,945	899,900

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 \$286,386 (\$229,328 in 2022) to the defined contribution pension plan and does not have any other obligations with regard to the pension plan.

20. Expenses by object

	2023 \$	2022 \$
Wages and salaries	10,954,300	8,836,911
Repair and maintenance	6,052,081	4,330,047
Professional fees	3,648,136	2,919,083
Administration	3,502,919	1,357,868
UXO removal costs	3,311,688	2,520,000
Member support	2,755,393	2,187,782
Materials and supplies	2,002,821	2,048,919
Student expenses	1,974,130	2,669,317
Interest	1,259,772	133,875
Amortization	1,087,756	1,004,561
Council	901,925	939,915
Travel	564,572	275,947
Utilities	394,645	348,462
Community services	235,472	155,842
	38,645,610	29,728,529

21. Council expenses

	2023 \$	2022 \$
Honoraria	357,041	360,102
Meeting costs and benefits	194,273	123,351
Travel	43,159	2,716
	594,473	486,169
Recovery of travel costs	(2,621)	(121)
Net Council expenses	591,852	486,048
Discretionary Council expenses		
Legal fees	232,540	389,158
Contractor costs	12,847	5,255
Consulting contract fees	45,427	54,990
Materials and supplies	12,842	3,278
Other expenses	6,217	1,186
	309,873	453,867
Total Council expenses	901,725	939,915

Okanagan Indian Band**Notes to the consolidated financial statements**

March 31, 2023

22. General revenue

	2023 \$	2022 \$
First Nations and other funding	2,240,342	2,086,837
First Nations Gaming Revenue Share	1,068,741	452,643
CMHC subsidies and contribution	352,764	249,301
Daycare fees and subsidies	83,420	48,640
	3,745,267	2,837,421

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, 2023, the Band had provided guarantees for 13 loans (13 loans as at 2022) for which a cumulative balance of \$2,408,685 (\$2,498,126 at 2022) is outstanding.

24. Risk management

The Band is exposed to credit and interest rate risk which arise from the Band's financial instruments.

(i) Credit Risk

Financial assets which potentially subject the Government to concentrations of credit risk consist principally of accounts receivable and cash. In determining the recoverability of receivables, the Band considers any change in the credit quality of these receivables from the date credit was initially granted up to the reporting date and records an allowance for doubtful accounts in situations where collection is uncertain. Provisions required for these receivables are recorded as disclosed in Note 3. Cash is placed at a large national bank and as a result management feels credit risk relating to the Band's cash balances is not significant.

(i) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Band's cash balances earn interest at a variable rate, and changes in market interest rate will affect interest revenue. In addition, some of the Band's long-term debt facilities bear interest at a variable rate and changes in the market rate of interest will impact the Band's interest expense in future periods. The Band does not use derivative financial instruments to mitigate this risk.

Okanagan Indian Band

Consolidated schedule of tangible capital assets

Year ended March 31, 2023

	Social Housing			Band				Construction in progress	2023 Total
	Land	Buildings	Equipment	Land	Buildings	Equipment	Infrastructure		
Cost									
As at April 1, 2022	469,722	12,733,195	116,857	4,535,445	5,968,255	4,726,989	6,240,783	8,162,391	42,953,637
Additions	—	—	—	27,428,130	2,873,725	371,023	7,835,933	14,950	38,523,761
Transfers	—	—	—	—	5,470,974	—	1,831,976	(7,302,950)	—
Disposals	(70,634)	(631,246)	(18,000)	—	—	—	—	—	(719,880)
	399,088	12,101,949	98,857	31,963,575	14,312,954	5,098,012	15,908,692	874,392	80,757,518
Accumulated amortization									
As at April 1, 2022	—	4,475,942	106,976	—	3,071,383	3,141,902	984,088	—	11,780,291
Additions	—	342,855	1,508	—	242,660	402,072	98,660	—	1,087,756
Disposals	—	(475,801)	(17,208)	—	—	—	—	—	(493,009)
	—	4,342,995	91,276	—	3,314,043	3,543,975	1,082,748	—	12,375,037
Net book value, March 31, 2023									
	399,088	7,758,954	7,581	31,963,575	10,998,910	1,554,037	14,825,944	874,392	68,382,481
Cost									
As at April 1, 2021	469,722	12,733,195	116,857	4,535,445	5,956,395	3,885,739	6,198,961	1,388,554	35,284,868
Additions	—	—	—	—	11,860	978,007	41,822	6,773,837	7,805,526
Transfers	—	—	—	—	—	—	—	—	—
Disposals	—	—	—	—	—	(136,757)	—	—	(136,757)
	469,722	12,733,195	116,857	4,535,445	5,968,255	4,726,989	6,240,783	8,162,391	42,953,637
Accumulated amortization									
As at April 1, 2021	—	4,041,725	105,073	—	2,937,913	2,943,539	883,413	—	10,911,663
Additions	—	434,217	1,903	—	133,470	334,296	100,675	—	1,004,561
Disposals	—	—	—	—	—	(135,933)	—	—	(135,933)
	—	4,475,942	106,976	—	3,071,383	3,141,902	984,088	—	11,780,291
Net book value, March 31, 2022									
	469,722	8,257,253	9,881	4,535,445	2,896,872	1,585,087	5,256,695	8,162,391	31,173,346