

# **OSOYOOS INDIAN BAND**

## **Consolidated Financial Statements**

Year Ended March 31, 2020

# OSOYOOS INDIAN BAND

## Index to Consolidated Financial Statements

Year ended March 31, 2020

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2-4
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations and Accumulated Surplus	6
Consolidated Statement of Changes in Net Financial Assets	7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9-24
Schedule of Consolidated Expenses by Object - (Schedule 1)	25
Schedule of Investments in Business Enterprises, Summarized Financial Information - (Schedule 2)	26
Schedule of Segmented Information - (Schedule 3)	27-28
Branch Schedules	29-132

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


The accompanying consolidated financial statements of Osoyoos Indian Band ("OIB") and all the information in this annual report are the responsibility of management and have been approved by Chief and Council.

The consolidated 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 consolidated financial statements are presented fairly, in all material respects, including the consolidated financial position of OIB and the results of its consolidated operations and its consolidated cash flows.

OIB 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 OIB's assets are appropriately accounted for and adequately safeguarded.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Chief and Council review OIB's consolidated financial statements and recommend their approval. Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. In addition, Chief and Council also consider the engagement of OIB's external auditors.

The consolidated financial statements have been audited by Omland Heal Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Members. Omland Heal Chartered Professional Accountants have full and free access to Chief and Council.



Chief



Councilor

September 10, 2020



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## INDEPENDENT AUDITOR'S REPORT

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To Chief and Council and Members of Osoyoos Indian Band

*Report on the Consolidated Financial Statements*

*Qualified Opinion*

We have audited the financial statements of Osoyoos Indian Band ("OIB") or (the "Band"), which comprise the statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated 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 and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Basis for Qualified Opinion*

The Band's investments in business enterprises (note 6) as at March 31, 2020 and its equity in earnings from business enterprises were subjected to review engagement procedures, and are not audited. A review does not constitute an audit and, consequently, we did not express an audit opinion on the financial information of the business entities.

We were not engaged to audit OIB's investments in business enterprises as at and for the year ended March 31, 2020. Since we did not perform audit procedures on the share of net earnings from Band business enterprises which enters into the determination of the results of operations and the valuation of the investment shown in the financial statements of the Osoyoos Indian Band, we were unable to obtain sufficient appropriate audit evidence related to equity in earnings from business enterprises for the 2020 and 2019 financial statements.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

*Other Matter*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included on pages 25 through 133 is presented for purposes of additional analysis and is not a required part of the financial statements. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the supplementary information, including the March 31, 2020 budget amounts.

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*Limited Liability Partnership of Corporations*  
Wayne Heal Ltd. Ryan Schulz Ltd.  
Chris Newton Ltd. Kris Omland Ltd.  
Andrew Nendick Inc.



The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Band's ability to continue as a going concern, disclosing, as applicable, matters relating 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 Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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 consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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.

*(continues)*



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

*Omland Heal LLP*

Chartered Professional Accountants

Penticton, BC  
September 10, 2020

# OSOYOOS INDIAN BAND

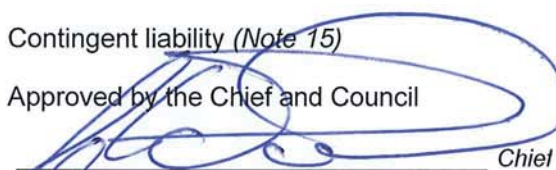
## Consolidated Statement of Financial Position

March 31, 2020

	2020	(Restated - Note 19) 2019
<b>Financial assets</b>		
Cash and cash equivalents	\$ 9,144,866	\$ 6,061,973
Restricted cash and cash equivalents (Note 3)	7,648,627	7,182,873
Accounts receivable (Note 4)	2,262,711	2,107,520
Investments (Note 5)	1,527,815	1,445,189
Investments in business enterprises (Note 6)	43,207,932	42,384,527
	<u>63,791,951</u>	<u>59,182,082</u>
<b>Liabilities</b>		
Accounts payable (Note 7)	1,303,201	1,315,124
Deferred income (Note 8)	1,431,132	1,151,449
Long term debt (Note 9)	16,248,852	16,762,943
	<u>18,983,185</u>	<u>19,229,516</u>
Net financial assets	<u>44,808,766</u>	<u>39,952,566</u>
<b>Non-financial assets</b>		
Prepaid expenses	443,082	33,148
Tangible capital assets (Note 10)	17,417,331	16,315,072
	<u>17,860,413</u>	<u>16,348,220</u>
Accumulated surplus (Note 10)	<u>\$ 62,669,179</u>	<u>\$ 56,300,786</u>

Contingent liability (Note 15)

Approved by the Chief and Council



Chief



Councillor

See accompanying notes to consolidated financial statements.

# OSOYOOS INDIAN BAND

## Consolidated Statement of Operations and Accumulated Surplus

Year Ended March 31, 2020

	Budget (Unaudited) 2020	2020	2019
<b>Revenues</b>			
Transfers from other governments:			
Department of Indigenous Services Canada	\$ 6,738,323	\$ 5,230,091	\$ 4,509,443
Province of British Columbia	3,702,018	3,180,573	2,347,398
Okanagan Training and Development	185,444	178,784	223,440
First Nations Health Authority	1,054,407	1,098,509	1,096,220
Federal government	599,166	359,423	396,960
Grants	490,538	541,828	484,672
Property taxation	2,620,773	2,779,099	2,625,681
Okanagan Nation Alliance	222,557	220,657	119,994
Rent and leases	564,848	482,191	458,943
Other	1,862,893	1,088,119	753,429
Investment	202,322	290,400	246,442
Canada Mortgage and Housing Corporation	722,198	722,198	283,838
Equity in earnings from business enterprises (Note 6)	3,265,466	4,606,883	6,308,890
	<b>22,230,953</b>	<b>20,778,755</b>	<b>19,855,350</b>
<b>Expenses (Schedule 1)</b>			
Administration	3,411,718	1,981,272	1,555,932
Economic development	245,915	187,116	68,035
Education	2,804,693	1,066,608	1,067,376
General government	2,013,042	2,934,357	2,484,442
Health	938,969	794,827	624,409
Inkameep Daycare	458,908	375,877	284,608
Lands and natural resources	1,435,944	659,688	886,532
Other projects	2,876,883	1,035,984	352,282
Public works	923,409	425,292	204,237
Sen*Pok*Chin Education	1,893,540	1,748,950	1,531,334
Social development	2,913,339	2,472,686	2,303,167
Social housing	657,458	727,705	1,311,094
	<b>20,573,818</b>	<b>14,410,362</b>	<b>12,673,448</b>
Surplus	1,657,135	6,368,393	7,181,902
Accumulated surplus - beginning of year	56,300,786	56,300,786	49,118,884
Accumulated surplus - end of year	<b>\$ 57,957,921</b>	<b>\$ 62,669,179</b>	<b>\$ 56,300,786</b>

See accompanying notes to consolidated financial statements.



# OSOYOOS INDIAN BAND

## Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2020

	Budget (Unaudited) 2020	2020	2019
Surplus for the year	\$ 1,657,135	\$ 6,368,393	\$ 7,181,902
Changes to non-financial assets:			
Purchase of tangible capital assets	(1,762,415)	(2,324,129)	(2,390,010)
Amortization of tangible capital assets	979,772	979,772	718,789
Proceeds on disposal of tangible capital assets	-	34,008	26,527
Net book value of tangible capital assets disposed or written down	-	208,090	4,633
	(782,643)	(1,102,259)	(1,640,061)
Acquisition of prepaid expenses and deposits	-	(409,934)	(7,215)
Increase in net financial assets	874,492	4,856,200	5,534,626
Net financial assets - beginning of year	39,952,566	39,952,566	34,417,940
Net financial assets - end of year	\$ 40,827,058	\$ 44,808,766	\$ 39,952,566

See accompanying notes to consolidated financial statements.

# OSOYOOS INDIAN BAND

## Consolidated Statement of Cash Flows

Year Ended March 31, 2020

	2020	(Restated - Note 19) 2019
Operating activities		
Surplus	\$ 6,368,393	\$ 7,181,902
Items not affecting cash:		
Amortization of tangible capital assets	979,772	718,789
Loss on disposal of tangible capital assets	208,090	4,633
	7,556,255	7,905,324
Changes in non-cash working capital:		
Accounts receivable	(155,191)	(49,920)
Accounts payable	(11,921)	185,270
Deferred income	279,683	(27,119)
Prepaid expenses	(409,934)	(7,215)
Restricted cash and cash equivalents	(465,752)	(539,666)
Investments	(82,627)	(85,945)
Investments in business enterprises	(823,408)	(2,944,569)
	(1,669,150)	(3,469,164)
Cash flow from operating activities	5,887,105	4,436,160
Investing activities		
Purchase of tangible capital assets	(2,324,129)	(2,390,010)
Proceeds on disposal of tangible capital assets	34,008	26,527
Cash flow used by investing activities	(2,290,121)	(2,363,483)
Financing activities		
Proceeds from long term financing	451,162	-
Repayment of long term debt	(965,253)	(940,413)
Cash flow used by financing activities	(514,091)	(940,413)
Increase in cash flow	3,082,893	1,132,264
Cash - beginning of year	6,061,973	4,929,709
Cash - end of year	\$ 9,144,866	\$ 6,061,973

See accompanying notes to consolidated financial statements.

# OSOYOOS INDIAN BAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2020

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## 1. Purpose of the Band

Osoyoos Indian Band ("OIB") or (the "Band") provides local government, education, and social development services to its members. OIB is an Indian Band subject to the provisions of the Indian Act of Canada, including exemption from income tax pursuant to section 87 of the Indian Act.

## 2. Summary of significant accounting policies

These consolidated financial statements include the assets, liabilities, and results of operations of OIB and all related entities and organizations subject to control by OIB's Chief and Council. No inclusion has been made of assets, liabilities, revenue or expenses of OIB members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of OIB's Chief and Council.

The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB"), which encompasses the following principles:

### Fund accounting

Osoyoos Indian Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been combined for the purpose of presentation in the consolidated financial statements.

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# OSOYOOS INDIAN BAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2020

## 2. Summary of significant accounting policies (*continued*)

### Principles of consolidation

OIB's reporting entity includes the Osoyoos Indian Band and all related entities and organizations which are accountable for the administration of their financial affairs and resources to OIB and are either owned or controlled by OIB.

#### (a) Consolidated entities

These financial statements consolidate the assets, liabilities and results of operations of the following government organizations and entities:

Sen\*Pok\*Chin Education Society  
Inkameep Preschool/ Day Care Society  
Osoyoos Indian Band Housing Program

#### (b) Investment in government business enterprises

OIB accounts for its investments in government business enterprises ("GBE") and government business partnerships ("GBP") on a modified equity basis. Under the modified equity basis, the GBE's and GBP's accounting policies are not adjusted to conform with those of OIB and inter-organizational transactions and balances are not eliminated. OIB recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any distributions that OIB may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

<u>Subsidiary</u>	<u>Ownership %</u>	<u>Year end</u>
OIB's GBE's consist of the following partnerships:		
Senkulmen Utilities Ltd.	100.00	December 31, 2019
Nk'Mip Heritage Centre Ltd.	100.00	December 31, 2019
Osoyoos Indian Band Development Corporation	100.00	December 31, 2019
OIB's GBP's consist of the following partnerships:		
Osoyoos Indian Band Development Limited Partnership	99.99	December 31, 2019
Nk'Mip Desert Heritage Centre Limited Partnership	99.99	December 31, 2019
Nk'Mip Canyon Desert Golf Course Limited Partnership	99.99	December 31, 2019
Nk'Mip Forestry Limited Partnership	99.99	December 31, 2019
Nk'Mip Convenience Store Limited Partnership	99.99	December 31, 2019
Nk'Mip Campground and RV Park Limited Partnership	99.99	December 31, 2019
Senkulmen Projects Limited Partnership	99.99	December 31, 2019
Nk'Mip Vineyards Limited Partnership	99.99	December 31, 2019
Oliver Read-Mix Limited Partnership	99.99	December 31, 2019
Osoyoos Indian Band Holdings Limited Partnership	99.99	December 31, 2019
Nk'Mip Management Services Limited Partnership	99.99	December 31, 2019

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# OSOYOOS INDIAN BAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2020

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## 2. Summary of significant accounting policies (*continued*)

### Principles of consolidation (continued)

#### (c) Investments

Investments in entities in which OIB does not control individually or jointly are recorded at acquisition cost. If there has been an other than temporary decline in the value of an investment, the investment is written down to its net realizable value.

#### (d) Trust funds

Trust funds and their related operations administered by OIB (note 16) are not included in these consolidated financial statements.

### Cash and cash equivalents

Cash and cash equivalents includes cash and investments in highly liquid money market funds which are readily convertible to cash.

### Revenue recognition

Osoyoos Indian Band follows the deferral method of accounting for contributions.

Government transfers 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, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when there are stipulations that give rise to a liability and become recognized as revenue when the liabilities are settled. Other grants and subsidy revenue are recognized as OIB becomes entitled to the funding under the terms of applicable funding agreements and is recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Rent and user fee revenue is recognized on a monthly basis as income is earned and when collection is reasonably assured. Property and First Nation Goods and Service tax revenues are recognized at the time the taxes are levied.

Other revenue, including sales of goods, provision of services, or other contributions are recognized in the period the goods or services are provided, any contribution stipulations have been met, and the related proceeds are received or receivable.

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# OSOYOOS INDIAN BAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2020

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## 2. Summary of significant accounting policies (*continued*)

### Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates:

Automotive equipment	30%
Furniture and equipment	20%
Computer equipment	55%
Computer software	100%
Buildings	4%
Sewer infrastructure	4%
Water infrastructure	4%
Road	8%

Property and equipment relating to the Osoyoos Indian Band Housing Program are recorded using the fund accounting principles applied by Indian Band Housing Programs in Canada and guidelines prescribed by the Canada Mortgage and Housing Corporation. Indian Reserve Land is recorded at its appraised value on the date of contribution to the Program on the pre-1997 projects and is not recorded for the post-1996 projects in accordance with Canada Mortgage and Housing Corporation guidelines. Buildings and appliances are recorded at cost. Amortization on buildings is provided for annually in an amount equal to the principal reduction of the mortgage on each associated project. No amortization is provided on appliances, however, provision for future replacement of appliances is provided for through the Replacement Reserve.

When management determines that a tangible capital asset no longer contributes to OIB's ability to provide goods and services or that the value of future benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down to its net recoverable amount.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

All intangible assets and items inherited by the right of OIB, such as land, forested, water, natural resources and cultural and historic assets are not recognized in OIB's consolidated financial statements. Purchased artwork and cultural assets are recorded at cost and are not amortized.

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# OSOYOOS INDIAN BAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2020

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## 2. Summary of significant accounting policies (*continued*)

### Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of tangible capital assets;
- the estimated useful lives of assets;
- the allowance for doubtful accounts;
- the recoverability of tangible assets;
- the recoverability of long term investments.

### Financial instruments

The Band's financial instruments consists of cash and term deposits, trust funds held in trust by federal government, portfolio investments, loans receivable from band members, accounts receivable, accounts payable and accrued liabilities, and long term debt. The fair values of these financial instruments approximate their carrying value, unless otherwise noted.

Financial assets measured at amortized cost on a straight-line basis include the cash, restricted cash and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include the accounts payable, deferred income and the long-term debt.

### Budget data

The budget data presented in these consolidated financial statements have been derived from the budgets approved by OIB's Chief and Council.

	Initial budget
Revenue	\$ 22,230,953
Expenses	(20,573,818)
Surplus	\$ 1,657,135

Adjustments to the initial budget consists of significant adjustments to revenue related to capital funding postponement, other adjustments in revenue and expenses, and the refinement of allocation between accounts.

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# OSOYOOS INDIAN BAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2020

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## 2. Summary of significant accounting policies (*continued*)

### Government transfers

Government transfers received relate to education, infrastructure maintenance, social development, child care, housing and health programs. Government transfers paid relates to education, social services programs, child care, and infrastructure maintenance. Transfers are recognized in the financial statements as revenues or expenditures in the period in which events giving rise to the transfer occur, provided the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

### Replacement reserve

The replacement reserve account is funded by an annual charge against operations in an amount determined by Canada Mortgage and Housing Corporation.

### Operating reserve

The operating reserve account is funded by surplus revenue from housing projects committed to under the 1997 On-Reserve Program.

### Segmented disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. OIB has determined the most appropriate basis for classifying segments is by program. Segmented disclosures are provided in Schedule 3 to the consolidated financial statements.



# OSOYOOS INDIAN BAND

## Notes to Consolidated Financial Statements

Year Ended March 31, 2020

### 3. Restricted cash and cash equivalents

The Band maintains its cash balances in several financial institutions in British Columbia. The Canada Deposit Insurance Corporation ("CDIC") insures each of these accounts. The aggregate funds held in each institution may exceed the CDIC insured limit from time to time and specific funds held by each institution may not be covered by CDIC Insurance. Management does not anticipate any material effect on the consolidated financial position of the Band as a result of these concentrations.

Certain cash and cash equivalents has been internally restricted by the Band or externally restricted by federal or provincial government authorities for the following specific purposes. These funds have been invested in separate money-market funds and cash accounts with interest rates ranging from 0.2% to 1.9%.

	2020	2019
<u>Internally restricted</u>		
Taxation contingency reserve	\$ 301,008	\$ 259,571
Taxation capital development reserve	186,433	182,826
Taxation funds committed to projects	1,009,865	-
Taxation uncommitted fund balance	1,183,739	2,723,589
	2,681,045	3,165,986
<u>Externally restricted (note 13)</u>		
Trust funds on deposit with Department of Indigenous Services Canada ("DISC") - Revenue	3,535,940	2,716,640
Social Housing replacement reserve	699,300	713,398
Social Housing operating reserve	596,744	586,849
Trust funds on deposit with Department of Indigenous Services Canada ("DISC") - Capital	135,598	-
	4,967,582	4,016,887
	\$ 7,648,627	\$ 7,182,873

# OSOYOOS INDIAN BAND

## Notes to Consolidated Financial Statements

Year Ended March 31, 2020

### 4. Accounts receivable

	2020	2019
Property taxes	\$ 823,377	\$ 725,169
Government of Canada	412,603	386,226
Province of British Columbia	265,188	317,447
Department of Indigenous Services Canada	54,672	-
All Nations Trust Company	44,611	-
Okanagan Nation Alliance	39,577	12,125
Canadian Mortgage and Housing Corporation	21,934	23,704
Okanagan Training and Development	14,429	55,531
Preschool and daycare	1,830	9,846
Other	70,825	106,842
	1,749,046	1,636,890
Band members	513,665	470,630
	\$ 2,262,711	\$ 2,107,520

### 5. Investments

	2020	2019
First Nations Finance Authority, debt reserve fund	\$ 858,435	\$ 824,190
CDR GP Inc., shares, at cost	250	250
CDR Limited Partnership, limited partnership interest, at cost	380,250	380,250
BMO mutual fund	166,948	179,292
Edward Jones mutual fund	111,922	52,382
All Nations Trust, common shares, at cost	10,010	8,825
	\$ 1,527,815	\$ 1,445,189

OIB's First Nations Finance Authority ("FNFA") debt reserve fund balance consists of amounts withheld by FNFA in consideration of future principal and interest payments on OIB's term debt with FNFA (note 8). The debt reserve fund is repaid to OIB on extinguishment of its outstanding term debt.

OIB's investment in CDR GP Inc. consists of 25% beneficial interest in 250 common shares. CDR GP Inc.'s primary asset is a general partnership interest in CDR Limited Partnership. As OIB, through its investment, does not control or jointly control CDR GP Inc., the investment has been recorded using the cost method.

OIB's investment in CDR Limited Partnership consists of 25% beneficial interest in a limited partnership interest. CDR Limited Partnership's primary asset is leasing and developing a leasehold interest known as Canyon Desert Resort ("CDR"). As OIB, through its investment, does not control or jointly control CDR Limited Partnership, the investment has been recorded using the cost method.

At March 31, 2020, the fair value of OIB's investments in a mutual fund and shares in All Nations Trust were not significantly different than their cost amount. Accordingly, a statement of remeasurement gains and losses has not been presented.

# OSOYOOS INDIAN BAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2020

## 6. Investments in business enterprises

	2020	2019
Government business enterprises	\$ 7,906,809	\$ 7,258,136
Government business partnerships	35,301,123	35,126,391
	<b>\$ 43,207,932</b>	<b>\$ 42,384,527</b>

The change in OIB's investment in business enterprises consists of the following:

Equity in earnings of business enterprises	\$ 498,988	\$ 908,304
Equity in earnings of business partnerships	4,107,895	5,400,586
	4,606,883	6,308,890
Net advances from business enterprises	149,685	253,838
Net distributions from business partnerships	(3,933,163)	(3,618,154)
	<b>\$ 823,405</b>	<b>\$ 2,944,574</b>

(a) Government business enterprises (GBE):

OIB has the following investments in wholly-owned incorporated entities:

	2020	2019
Osoyoos Indian Band Development Corporation		
Investment in shares, at cost	\$ 5	\$ 5
Advances (net)	2,771,257	2,771,157
Accumulated earnings	4,254,069	3,675,602
	7,025,331	6,446,764
Senkulmen Utilities Ltd.		
Investment in shares, at cost	1	1
Advances (net)	(677)	(12,158)
Accumulated earnings	882,156	823,532
	881,480	811,375
Nk'Mip Heritage Centre Ltd.		
Investment in shares, at cost	4	4
Advances (net)	479,326	479,326
Accumulated deficit	(479,332)	(479,333)
	(2)	(3)
	<b>\$ 7,906,809</b>	<b>\$ 7,258,136</b>

(continues)

# OSOYOOS INDIAN BAND

## Notes to Consolidated Financial Statements

Year Ended March 31, 2020

### 6. Investments in business enterprises (continued)

(a) Government business enterprises ("GBE") (continued):

The fiscal year end of the GBE's is December 31 and the financial information provided below is as at and for the periods ended December 31, 2019, with comparative information for the periods ended December 31, 2018. There were no material changes in the GBE balances and operations from their fiscal year end date to March 31, 2020. Additional financial information for OIB's GBE's is included in Schedule 2.

(b) Government business partnerships ("GBP"):

OIB's investment in GBP's consists of the following:

	2020	2019
Limited partnership interests, representing 99.99% interests:		
Osoyoos Indian Band Holdings LLP	\$ 17,693,718	\$ 18,715,876
Investment - Nk'Mip Campground & RV Park LLP	6,858,863	6,603,725
Oliver Read-Mix LLP	2,648,806	2,516,195
Nk'Mip Canyon Desert Golf Course LLP	767,838	1,014,313
Nk'Mip Convenience Store LLP	1,180,349	1,060,577
Nk'Mip Vineyards LLP	2,341,298	1,732,517
Nk'Mip Forestry LLP	1,495,871	1,500,938
Osoyoos Indian Band Development LLP	1,447,327	1,170,461
Nk'Mip Desert Heritage Centre LLP	681,045	673,710
Nk'Mip Management Services	222,494	173,303
Senkulmen Projects LLP	(36,486)	(35,224)
	<u>\$ 35,301,123</u>	<u>\$ 35,126,391</u>

The fiscal year end of the GBP's is December 31 and the financial information provided below is as at and for the periods ended December 31, 2019, with comparative information for the periods ended December 31, 2018. There were no material changes in the GBE balances and operations from their fiscal year end date to March 31, 2020. Additional financial information for OIB's GBE's is included in Schedule 2.

### 7. Accounts payable

	2020	2019
Accrued salaries and employee benefits payable	\$ 563,733	\$ 521,519
Trade payables	450,461	682,472
Accrued liabilities	289,007	111,133
	<u>\$ 1,303,201</u>	<u>\$ 1,315,124</u>

# OSOYOOS INDIAN BAND

## Notes to Consolidated Financial Statements

Year Ended March 31, 2020

### 8. Deferred revenue

Deferred revenue represents monies received of which the funds are restricted for specific projects or programs and of which the expenses have not yet been incurred.

	Balance - beginning of year	Funds received	Recognized as revenue	Balance - end of year
DISC	\$ 396,628	\$ 5,280,533	\$ (5,119,537)	\$ 557,624
Province of British Columbia	468,591	2,942,422	(3,180,573)	230,440
Government of Canada	135,665	223,758	(359,423)	-
Property taxation	16,701	2,786,748	(2,779,099)	24,350
Other	133,864	4,878,453	(4,393,599)	618,718
	<u>\$ 1,151,449</u>	<u>\$ 16,111,914</u>	<u>\$ (15,832,231)</u>	<u>\$ 1,431,132</u>

### 9. Long term debt

	2020	2019
FNFA Promissory note repayable in annual instalments of \$526,344 plus interest paid semiannually at a rate between 2.9% and 3.79%, maturing June 2024 and secured by contracts and loans of OIB and Osoyoos Indian Band Holdings LLP.	\$ 12,136,847	\$ 12,750,537
Social Housing Program Mortgages secured by a guarantee from DISC, repayable in monthly instalments totaling \$31,659 including interest between 0.96% and 2.39%, maturing between January 2021 and August 2044.	3,993,447	3,893,848
DISC Native Claims loan agreement, repayable on the earlier of March 31, 2022 or the date on which the claim is settled without interest, secured by a promissory note.	118,558	118,558
	<u>\$ 16,248,852</u>	<u>\$ 16,762,943</u>

Interest on long term debt for the year totaled \$501,645 (2019 - \$544,365) and is included in interest and bank charges expense (Schedule 1 ).

Principal repayment terms are approximately:

2021	\$ 966,110
2022	823,000
2023	813,544
2024	778,702
2025	759,230
Thereafter	<u>12,108,266</u>
	<u>\$ 16,248,852</u>

# OSOYOOS INDIAN BAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2020

## 10. Tangible capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Artwork	\$ 51,144	\$ -	\$ 51,144	\$ 51,144
Buildings	16,618,986	6,121,888	10,497,098	8,094,209
Computer equipment	93,925	88,293	5,632	8,573
Computer software	65,981	65,981	-	4,825
Construction in progress	-	-	-	1,605,076
Equipment	485,399	32,236	453,163	461,523
Furniture and equipment	620,142	516,592	103,550	137,889
Land	411,900	-	411,900	411,900
Leasehold improvements	143,492	85,656	57,836	68,365
Automotive equipment	558,682	550,749	7,933	64,153
Road	1,169,749	522,325	647,424	703,721
Sewer infrastructure	135,154	93,036	42,118	43,873
Water infrastructure	6,039,115	899,582	5,139,533	4,659,821
	\$ 26,393,669	\$ 8,976,338	\$ 17,417,331	\$ 16,315,072

Construction in progress relates to additions to OIB's water infrastructure and buildings.

## 11. Accumulated surplus

	2020	2019
Financial surplus		
Unrestricted surplus	\$ 41,596,669	\$ 36,696,689
Internally restricted surplus (note 11)	2,681,045	3,165,986
	44,277,714	39,862,675
Invested in tangible capital assets (note 12)	13,423,883	12,421,224
Externally restricted equity (note 13)	4,967,582	4,016,887
	\$ 62,669,179	\$ 56,300,786

# OSOYOOS INDIAN BAND

Notes to Consolidated Financial Statements

Year Ended March 31, 2020

## 12. Internally restricted surplus

	Beginning balance	Contributions	Interest	Approved expenses	Ending balance
Taxation capital development reserve	\$ 182,826	\$ -	\$ 3,607	\$ -	\$ 186,433
Taxation contingency reserve	259,571	36,400	5,037	-	301,008
Taxation funds committed to projects	637,159	3,681,790	-	(3,309,084)	1,009,865
Taxation uncommitted fund balance	2,086,430	2,724,865	54,234	(3,681,790)	1,183,739
	\$ 3,165,986	\$ 6,443,055	\$ 62,878	\$ (6,990,874)	\$ 2,681,045

## 13. Invested in tangible capital assets:

Investment in tangible capital assets:

	2020	2019
Net assets invested in tangible capital assets is calculated as follows:		
Tangible capital assets	\$ 17,417,330	\$ 16,315,072
Long term debt	(3,993,447)	(3,893,848)
	\$ 13,423,883	\$ 12,421,224

Change in invested in tangible capital assets:

Balance, beginning of year	\$ 12,421,224	\$ 10,432,865
Amortization	(979,772)	(718,789)
Principal repayments of long term debt	351,562	348,298
Acquisition of tangible capital assets	2,324,129	2,390,010
Proceeds on disposal of tangible capital assets	(34,008)	(26,527)
Proceeds from long term financing	(451,162)	-
Net book value of tangible capital assets written down	(208,090)	(4,633)
Balance, end of year	\$ 13,423,883	\$ 12,421,224

# OSOYOOS INDIAN BAND

## Notes to Consolidated Financial Statements

Year Ended March 31, 2020

### 14. Externally restricted surplus

	Beginning balance	Contributions	Interest	Approved transfers	Ending balance
DISC Trust Funds	\$ 2,716,640	\$ 1,885,150	\$ 69,748	\$ (1,000,000)	\$ 3,671,538
Social Housing: Operating reserve	586,849	-	14,380	(4,485)	596,744
Replacement reserve	713,398	-	11,822	(25,920)	699,300
	<u>\$ 4,016,887</u>	<u>\$ 1,885,150</u>	<u>\$ 95,950</u>	<u>\$ (1,030,405)</u>	<u>\$ 4,967,582</u>

DISC 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. These funds are restricted in their use, of which OIB is generally permitted to use for a purpose that will promote the general progress and welfare of OIB and OIB members. The management of the funds is primarily governed by the sections of the Indian Act.

Under the terms of OIB's agreements with CMHC, OIB maintains an operating and a replacement reserve for its Social Housing program. The replacement reserve account is credited by an amount determined on an annual basis and the replacement reserve funds may only be expended as approved by CMHC.

### 15. Contingent liability

The Band has a contingent liability for the following contract:

- (a) Letter of credit:  
As at March 31, 2020 OIB held a stand-by letter of credit, with respect to its domestic water system, with an available balance of \$419,000. No amount has been drawn on the letter of credit to March 31, 2020.
- (b) Business enterprise loan guarantees:  
The Band has guaranteed outstanding bank loans for its business enterprises as disclosed in Schedule 2.
- (c) Housing loan guarantees:  
OIB is contingently liable as a guarantor of housing loan for 13 (2019 - 14) OIB members of approximately \$4.0 million (2019 - \$3.9 million) under the First Nation Market Housing Fund.



# OSOYOOS INDIAN BAND

## Notes to Consolidated Financial Statements

Year Ended March 31, 2020

### 16. Related parties

During the year OIB had the following transactions with related parties:

	2020	2019
Nk'Mip Desert Heritage Centre LLP		
Taxation contribution	\$ 75,000	\$ 75,000
IT upgrades	-	55,487
Nk'Mip Canyon Desert Golf Course LLP		
Loan expansion	\$ -	\$ 136,470
Sales	22,561	29,376
Interest on loan receivable	12,513	12,278
Nk'Mip Convenience Store LLP		
Wage contribution	\$ 30,498	\$ 46,311
Sales	31,456	32,402
Senkulmen Projects LLP		
Sen*Pok*Chin School expansion	\$ 489,491	\$ 394,302
Water system	126,598	741,938
Oliver Read-Mix LLP		
Sales	\$ 86,452	\$ 32,363
Royalties	31,548	35,158
Osoyoos Indian Band Holdings LLP		
Lease revenues	\$ 1,784,748	\$ 1,692,690
Taxation contribution	167,205	263,650
Rent	32,760	32,760
Insurance	28,694	29,082
Professional fees	21,495	7,620
Administration Building Costs	14,684	10,147
Bank Fees	4,343	9,612

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

### 17. Employee future benefits

OIB provides a defined contribution pension plan for certain eligible employees. The total pension expense, representing employer contributions to the plan, for the year was \$44,875 (2019 - \$44,206).

### 18. Budget Figures

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Chief and Council.

# OSOYOOS INDIAN BAND

## Notes to Consolidated Financial Statements

Year Ended March 31, 2020

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### 19. Financial instruments

The Band is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Band's risk exposure and concentration as of March 31, 2020.

#### *(a) Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Band is exposed to credit risk from customers. In order to reduce its credit risk, the Band reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Band has a significant number of customers which minimizes concentration of credit risk.

#### *(b) Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Band is exposed to this risk mainly in respect of its receipt of funds from government transfers and payment of long-term debt and accounts payable.

The Band manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

#### *(c) Interest rate risk*

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Band manages exposure through its normal operating and financing activities. The Band is exposed to interest rate risk primarily through its long-term debt.

#### *(d) Economic dependence*

The Band receives a major portion of its revenues pursuant to funding agreements with DISC. Any disruption in this funding could have a negative effect on OIB's operations.

Unless otherwise noted, it is management's opinion that the Band is not exposed to significant other price risks arising from these financial instruments.

### 20. Correction of error

The March 31, 2019 consolidated financial statements have been restated to reallocate the taxation funds committed to projects and taxation uncommitted funds from cash to restricted cash and from unrestricted surplus to internally restricted surplus. The restatement resulted in a net decrease in cash of \$2,723,589, a net increase in restricted cash of \$2,723,589, a net decrease in unrestricted surplus of \$2,723,589 and a net increase in internally restricted surplus of \$2,723,589 as of March 31, 2019.

### 21. Comparative figures

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