

Tk'emlüps te Secwépemc  
Consolidated Financial Statements  
For the year ended March 31, 2022

Tk'emlüps te Secwépemc  
Consolidated Financial Statements  
For the year ended March 31, 2022

Contents

---

Management's Responsibility for Financial Reporting	3
Independent Auditor's Report	4 - 6
Consolidated Financial Statements	
Exhibit A - Consolidated Statement of Financial Position	7
Exhibit B - Consolidated Statement of Changes in Net Financial Assets	8
Exhibit C - Consolidated Statement of Operations	9
Exhibit D - Consolidated Statement of Cash Flows	10
Summary of Significant Accounting Policies	11 - 18
Notes to Consolidated Financial Statements	19 - 39

---

## Management's Responsibility for Financial Reporting

---

The accompanying consolidated financial statements of the Tk'emlùps te Secwépemc (the "Group") are the responsibility of management and have been approved by the Chief and another Band Councilor of the Band Council.

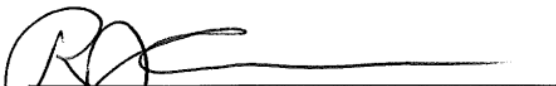
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Tk'emlùps te Secwépemc 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 Group's assets are appropriately accounted for and adequately safeguarded.

The 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. Council carries out this responsibility principally through its Finance review meetings.

The Chief and Council review the Group's consolidated financial statements and recommend their approval. The 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 auditor's report. The Chief and Council take this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full access to the Band Council.

  
\_\_\_\_\_  
Chief Councilor

  
\_\_\_\_\_  
Band Administrator

---

## Independent Auditor's Report

---

To the Chief and Council of  
Tk'emlúps te Secwépemc

### **Qualified Opinion**

We have audited the consolidated financial statements of Tk'emlúps te Secwépemc and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of changes in net financial assets, operations 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 effects of the matters 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 Group as at March 31, 2022 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Qualified Opinion**

As noted in the Summary of Significant Accounting Policies regarding tangible capital assets, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long term debt. This amortization policy is not in accordance with Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure has not been determined on the net book value of tangible capital assets as at March 31, 2022 and 2021, the related amortization expense and annual surplus for the year ended March 31, 2022 and 2021 and equity in tangible capital assets as at April 1 and March 31 for both the 2022 and 2021 years.

The financial statements for the certain Government Business Enterprises have been prepared using the Canadian accounting standards for private enterprises (ASPE) rather than international financial reporting standards (IFRS) as required by public sector accounting standards. We have not been engaged to audit the differences that may arise from using ASPE versus IFRS. Therefore, we are unable to determine the impact of this departure from public sector accounting standards on investments in government business enterprises as at March 31, 2022 and 2021, government business enterprises income and annual surplus (deficit) for the year ended March 31, 2022 and 2021, and accumulated surplus as at April 1 and March 31 for both the 2022 and 2021 years.

Our audit opinion on the consolidated financial statements for the year ended March 31, 2022 was modified for the above matters.



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 Group 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of these 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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.

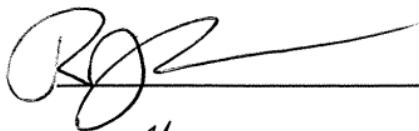
Chartered Professional Accountants

Kamloops, British Columbia  
April 21, 2023

Tk'emlűps te Secwűpemc  
Exhibit A - Consolidated Statement of Financial Position

As at March 31	2022	2021
<b>Financial Assets</b>		
Cash and cash equivalents (Note 3)	\$65,660,717	\$ 52,261,625
Funded reserves (Note 4)	419,945	502,375
Ottawa trust funds (Note 5)	76,001	71,499
Temporary investments (Note 8)	1,192,457	1,192,457
Accounts receivable (Note 6)	9,115,451	4,571,216
Property taxes receivable	3,685,178	2,423,647
Investment in partnerships (Note 9)	6,644,515	6,790,884
Advances to related entities (Note 10)	214,645	1,891,761
Investment in government business (Note 11)	10,283,168	8,185,757
	<u>97,292,077</u>	<u>77,891,221</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	5,326,628	4,459,912
Deferred revenue (Note 12)	18,562,271	12,437,611
Debt (Note 13)	3,083,731	3,411,849
	<u>26,972,630</u>	<u>20,309,372</u>
<b>Net financial assets</b>	<u>70,319,447</u>	<u>57,581,849</u>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 14)	44,751,901	38,943,923
Prepaid expenses and deposits	640,594	147,458
Inventories	91,841	91,841
	<u>45,484,336</u>	<u>39,183,222</u>
<b>Accumulated Surplus (Note 15)</b>	<u>\$ 115,803,783</u>	<u>\$ 96,765,071</u>

Approved on behalf of the Band Council:

  
\_\_\_\_\_

Chief Councilor

  
\_\_\_\_\_

Band Administrator

Tk'emlüps te Secwépemc

Exhibit B - Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31	Budget	2022	2021
Surplus - Exhibit C	\$ 5,082,613	\$ 19,038,712	\$ 13,404,528
Purchases of tangible capital assets	-	(8,396,523)	(2,003,366)
Amortization of tangible capital assets	-	1,953,767	1,806,290
Disposals of tangible capital assets	-	663,682	300,576
Change in prepaid expenses	-	(493,136)	663,496
Change in reserves	-	(28,904)	-
Increase in net financial assets	5,082,613	12,737,598	14,171,524
Net financial assets, beginning of year	57,581,849	57,581,849	43,410,325
Net financial assets, end of year	\$ 62,664,462	\$ 70,319,447	\$ 57,581,849



Tk'emlűps te Secwėpemc  
Exhibit C - Consolidated Statement of Operations

For the year ended March 31	Budget	2022	2021
<b>Revenue</b>			
Department of Indigenous Services Canada	\$ 6,802,179	\$10,990,726	\$ 9,022,119
Province of British Columbia	2,047,954	6,751,454	5,130,961
Kamloops Indian Band (K.I.B.) Sales Tax	1,850,000	1,926,937	2,382,357
Canada Mortgage and Housing Corporation	-	212,313	133,049
Contract revenue	559,750	665,248	593,673
Government business enterprises income (Note 11)	-	2,253,770	1,636,526
Health Canada	-	813,877	15,744
Interest and investment income	216,200	661,516	2,094,517
Lease and rental income	3,145,317	3,621,835	3,428,211
Management fees	489,238	2,763,810	489,965
Partnership income (Note 9)	-	1,305,016	3,559,448
Property taxation	9,375,359	9,343,808	7,738,453
User fees and other	12,438,828	17,962,644	7,212,804
	<u>36,924,825</u>	<u>59,272,954</u>	<u>43,437,827</u>
<b>Expenses</b>			
Administration	3,642,010	6,023,060	4,017,062
Land and Leases	973,399	1,099,554	550,159
Planning & Engineering	7,029,467	5,575,653	4,658,250
Education	3,187,139	3,934,813	2,800,808
Property Tax	5,509,341	3,382,404	3,402,396
Housing	2,251,261	2,550,603	1,657,313
Social Housing	-	263,039	182,922
Natural Resources	1,800,495	2,201,816	2,259,447
Band Council	1,006,817	1,046,609	756,525
Sk'elep School	41,006	1,780,795	1,606,241
Community Services	3,627,304	3,274,681	2,235,929
Amortization	-	1,953,767	1,858,682
Other	2,773,973	7,147,448	4,047,565
	<u>31,842,212</u>	<u>40,234,242</u>	<u>30,033,299</u>
<b>Surplus for the year</b>	<b>\$ 5,082,613</b>	<b>\$19,038,712</b>	<b>\$ 13,404,528</b>
Accumulated surplus, opening	\$ -	\$96,765,071	\$ 83,360,543
Accumulated surplus, ending	\$ -	\$ 115,803,783	\$ 96,765,071

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

Tk'emlüps te Secwépemc  
Exhibit D - Consolidated Statement of Cash Flows

For the year ended March 31	2022	2021
Operating activities		
Cash receipts from various sources	\$ 28,395,351	\$ 21,244,041
Cash receipts from Department of Indigenous Services Canada	10,990,726	9,022,119
Cash receipts from Province of British Columbia	6,751,454	5,130,961
Cash receipts from property taxation	9,343,808	7,738,453
Cash paid to employees and suppliers	(35,567,582)	(25,793,466)
Interest earned	664,758	2,094,517
Cash flows from operating activities	<u>20,578,515</u>	<u>19,436,625</u>
Capital activity		
Purchase of capital assets	<u>(8,347,324)</u>	<u>(2,091,709)</u>
Investing activities		
Disbursements from partnerships	1,451,386	1,401,260
Advances to related entities	<u>(33,295)</u>	<u>(38,474)</u>
Cash flows from capital & investing activities	<u>(6,929,233)</u>	<u>(728,923)</u>
Financing activity		
Repayment of long term debt	<u>(328,118)</u>	<u>(337,947)</u>
Net increase in cash and cash equivalents	13,321,164	18,369,755
Cash and cash equivalents, beginning of year	<u>52,835,500</u>	<u>34,465,745</u>
Cash and cash equivalents, end of year	<u>\$ 66,156,664</u>	<u>\$ 52,835,500</u>
Represented by:		
Cash and cash equivalents	\$ 65,660,717	\$ 52,261,625
Funded reserves and Ottawa trust funds	<u>495,947</u>	<u>573,875</u>
	<u>\$ 66,156,664</u>	<u>\$ 52,835,500</u>

---

## Tk'emlups te Secwépemc Summary of Significant Accounting Policies

**March 31, 2022**

---

### 1. Basis of presentation and significant accounting policies

#### Description of Entity

Tk'emlups te Secwépemc ("TteS") is a First Nations government operating out of Kamloops, British Columbia. TteS is a progressive community committed to attaining self-sufficiency and independence through education and economic development. TteS was established in 1862 and is responsible for the well-being of its community and the enactment of legal policies and programs in areas of capital, education, membership, health, and social and economic development.

#### Basis of Accounting

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards for government entities, as defined in the CPA Public Sector Accounting and Auditing Handbook, which encompass the following.

#### Reporting Entity

The reporting entity includes TteS and all entities that are controlled by the organization. All controlled entities in are consolidated in the TteS' financial statements according to the TteS' percentage ownership except for entities that meet the definition of a government business enterprise or a business partnership, which are included in the financial statements on a modified equity basis. Accounting policies of consolidated and proportionately consolidated entities are conformed to those of the TteS and inter-organizational balances and transactions are eliminated upon consolidation.

The financial statements consolidate the assets, liabilities, and results of operations for the following entities:

- Tk'emlups te Secwépemc
- Tk'emlups te Secwépemc Social Housing Section 95 Phases 1-13
- Tk'emlups te Secwépemc Social Housing Section 95 Phases 14-20
- Spiyu7ullucw Ranch Corporation

#### Non-Coterminous Fiscal Periods

Spiyu7ullucw Ranch Corporation is included in the consolidated financial statements using financial information prepared as of January 31, 2022, covering the period April 1, 2021 to January 31, 2022.

---

## Tk'emlűps te Secwėpemc Summary of Significant Accounting Policies

**March 31, 2022**

---

### 1. Basis of presentation and significant accounting policies (continued)

#### Investment in Government Business Enterprises

TteS' investment in the following government business enterprises are accounted for on a modified equity basis. Under the modified equity basis, these entities' accounting policies are not adjusted to conform with those of TteS and inter-organizational transactions and balances are not eliminated. TteS recognizes its equity interest in the annual income or loss of the entities in its consolidated statement of operations and accumulated surplus with a corresponding increase or decrease in its investment asset account. Any dividends that TteS may receive from these entities will be reflected as reductions in the investment asset account.

Organizations accounted for on a modified equity basis include:

- Kamloops Indian Band Development Corporation;
- Kamloops Indian Band Utility Corporation;
- Kukpi7 Clexlixqen te Eyksem Holdings;
- Secwepemcetekwe Enterprises Ltd., which includes its pro-rated portion of its investment in the Secwepemcetekwe Limited Partnership; and
- Tk'emlűpsemc Forestry Development Corporation, which includes its pro-rated portion of its investment in the Tk'emlűpsemc Forestry Limited Partnership.

#### Investment in Partnerships

TteS' investment in the Tk'emlűpsemc Forestry Limited Partnership, the Secwepemcetekwe Limited Partnership, and the Stk'emlűpsemc Limited Partnership (the "partnerships") are accounted for on a modified equity basis.

Under the modified equity basis, the partnerships' accounting policies are not adjusted to conform with those of TteS and inter-organizational transactions and balances are not eliminated. TteS recognizes equity interest in the annual income or loss of the partnerships in its consolidated statement of operations and accumulated surplus, less cash advances or cash disbursements, with a corresponding increase or decrease in its investment asset account.

---

## Tk'emlűps te Secwűpemc Summary of Significant Accounting Policies

**March 31, 2022**

---

### 1. Basis of presentation and significant accounting policies (continued)

#### Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term, highly liquid investments that are readily convertible to cash.

#### Designated Cash

Internally designated cash represents internally restricted amounts reserved by TTeS for a specific future purpose.

#### Externally restricted cash

Externally restricted cash represents amounts externally restricted in relation to external funding requirements or by statute.

#### Temporary Investments

Temporary investments are recorded at cost, unless the market value of temporary investments has declined below cost, in which case they are written down to market value.

#### Deferred Revenue

Deferred revenue represents grants and other fees which have been collected, but for which the related expenses or services have yet to be incurred or performed. These amounts will be recognized as revenues in the fiscal year in which the services are performed or related expenses are incurred.

Development cost charge levies are restricted by law in their use for providing funds to assist TteS in paying the capital cost of providing, constructing, altering or expanding sewer, water, stormwater, parks, and recreation land and transportation facilities and the revenue is deferred until the expenses are incurred. When development cost charge expenses are made, a corresponding amount is recorded in revenue.

#### Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

---

## Tk'emlűps te Secwėpemc Summary of Significant Accounting Policies

**March 31, 2022**

---

### 1. Basis of presentation and significant accounting policies (continued)

#### Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Group 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 includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Expenses for repairs and maintenance that do not materially add to the useful life or service potential of the asset are not capitalized, but expensed as incurred.

Tangible capital assets acquired on April 1, 1975 or later are recorded at cost. Tangible capital assets acquired prior to April 1, 1975 are recorded at net replacement values as appraised by Harker Appraisals Ltd. at August 15, 1977 and July 13, 1978, except land, which is recorded at a nominal value of \$1.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized over their estimated useful lives as follows:

## Tk'emlüps te Secwépemc Summary of Significant Accounting Policies

**March 31, 2022**

### 1. Basis of presentation and significant accounting policies (continued)

#### Tangible Capital Assets (continued)

Asset	Basis	Rate
Automotive	Declining balance	30%
Buildings	Declining balance	4%
Social housing buildings	Straight-line	40 years
Computer equipment	Declining balance	50%
Equipment	Declining balance	20%
Fencing and other land improvements	Declining balance	4%
Furniture and fixtures	Declining balance	20%
Social housing fixtures	Straight-line	10 years
Property and equipment, recorded at appraised values	Declining balance	2.5 - 10%
Roadways, sewer and water systems	Declining balance	4-8%

Assets under construction are not amortized until the asset is available for productive use. When a tangible capital asset no longer contributed to TteS' ability to provide services, its carrying amount is written down to its recoverable amount.

All intangibles and items inherited by right of TteS, such as land, forests, water, and mineral resources, that have not been purchased, are not recognized in these consolidated financial statements.

Contributed tangible capital assets are recognized at fair market value at the date of contribution. Where an estimate of fair value cannot be made, the tangible capital asset is recognized at a nominal value.

#### Works of Art and Cultural and Historic Assets

Works of art and cultural and historic assets, including artifacts, paintings and sculptures, are not recorded as assets in these consolidated financial statements.

#### Inventories

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

#### Inventories held for resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

---

## Tk'emlüps te Secwépemc Summary of Significant Accounting Policies

**March 31, 2022**

---

### 1. Basis of presentation and significant accounting policies (continued)

#### Revenue Recognition

Revenue is recognized on the accrual basis as it is earned, or as services are provided, and is measurable and becomes receivable under the terms of the applicable funding agreements.

Government transfers are recognized as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria is met, and reasonable estimates of the amounts can be made. If the transfer contains stipulations that create a liability, the transfer is recognized as revenue in the period in which the liability is extinguished.

Contract revenues are recorded on an accrual basis and are recognized when the service has been provided.

Grants and donations are recognized as revenue when received or receivable if amounts can be reasonably estimated and collection is reasonably assured.

Interest and investment income is recorded as revenue in the period earned.

Lease and rental income is recorded on a straight-line basis over the term of the lease or agreement and is recognized when the tenant commences occupancy, the amounts to be received can be reasonably estimated and collection is reasonably assured.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts.

Sales tax, user fees, and other income are recognized when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured.



---

## Tk'emlűps te Secwėpemc Summary of Significant Accounting Policies

**March 31, 2022**

---

### 1. Basis of presentation and significant accounting policies (continued)

#### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period. The recoverable amounts of accounts receivable and property taxes receivable, and the recoverable amount and estimated useful lives of tangible capital assets are significant items subject to such estimates and assumptions. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are adjusted prospectively.

#### Budgets

Budget information for individual programs has been included in the consolidated financial statements when the information is available and represents the 2021/2022 operating and capital budgets approved by Chief and Council.

#### Funded Reserves

In order to provide for replacement of major tangible capital assets, the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC") provide that a Replacement Reserve Fund be established by annual charges to operations in an amount prescribed by the agreement. Interest is to accrue on the cumulative reserve balance. In addition, under the terms of the agreement for the 2% Subsidy Program, TteS may retain, in a Subsidy Surplus Reserve, excess federal assistance payments up to a maximum of \$500 per unit plus interest, and under the terms of the agreement for the Full Subsidy Program, TteS may retain in an Operating Reserve all excess federal assistance, plus interest.

#### Employee Future Benefits

TteS contributes to a private defined contribution pension plan. Contributions are expensed as incurred.

#### 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 TteS. TteS identifies its segments based on specific projects and funding arrangements. Revenue and expenses are allocated to these segments according to methods of identification.

---

## Tk'emlüps te Secwépemc Summary of Significant Accounting Policies

**March 31, 2022**

---

### 1. Basis of presentation and significant accounting policies (continued)

#### Ottawa Trust Funds

TteS uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized as revenue upon authorized withdrawal from the Ottawa Trust Fund.

#### Leased Assets

A lease that transfers substantially all of the benefits and risks of ownership to the lessee is recorded as a tangible capital asset and the incurrence of a lease obligation. At inception, a tangible capital asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments, excluding executory costs, and the leased property's fair value at the beginning of the lease. The discount rate used to determine the present value of the lease payments is the lower of the Group's rate for incremental borrowing or the interest rate implicit in the lease. Leased tangible capital assets are amortized in a manner consistent with the tangible capital assets owned by the Group, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

---

# Tk'emlüps te Secwépemc

## Notes to Consolidated Financial Statements

**March 31, 2022**

---

### 2. Economic Uncertainty

The impact of COVID-19 in Canada and on the global economy is ongoing. The global pandemic has disrupted economic activities and supply chains. As of the financial statement date the performance of the Band has been relatively unaffected by COVID-19.

# Tk'emlűps te Secwėpemc

## Notes to Consolidated Financial Statements

**March 31, 2022**

### 3. Designated and restricted cash and cash equivalents

Certain funds have been internally designated by TteS for the following specific purposes determined by Chief and Council or externally designated by federal or provincial government authorities. These funds have been invested in separate investment funds and bank accounts.

	2022	2021
Internally restricted		
Tessie J. Jules Bursary Fund	\$ 119,271	\$ 118,438
First Nations Market Housing Fund	29,679	29,472
Stk'emlűpsemc te Secwėpemc Nation		
Economic and Community Development Agreement	2,298,251	2,282,225
Net Smelter Fund	4,004,950	3,360,060
Forestry Contribution Revenue Sharing Agreement	2,787,591	3,110,218
First Nations Land Acquisitions	1,736,708	1,724,637
Kinder Morgan Mutual Benefits Agreement	3,563,255	3,559,229
Development cost charges	2,750,302	2,731,123
Payment security	2,470,000	-
Heritage Park	2,438,332	-
	22,198,339	16,915,402
Internally designated		
Capital reserve	509,975	282,889
Long-term capital plan reserve	819,452	813,738
	1,329,427	1,096,627
Operating cash and cash equivalents	42,132,951	34,249,596
Total cash and cash equivalents	\$65,660,717	\$ 52,261,625

Included in the Kinder Morgan Mutual Benefits Agreement internally designated balance is \$2,450,000 (2021 - \$2,450,000) in Royal Bank of Canada ("RBC") money market funds with an annual rate of return of approximately 0.43%. Designated cash and cash equivalents reported on the consolidated statement of financial position have a cost that approximates market value.

---

# Tk'emlüps te Secwépemc

## Notes to Consolidated Financial Statements

**March 31, 2022**

---

#### 4. Funded Reserves

##### Replacement Reserve:

Under the terms of the agreement with CMHC, the Replacement Reserve account was credited during the year ended March 31, 2022, in the amount of \$49,961 (2021 - \$71,970) including interest. The funds in the account may only be used as approved by CMHC. The Replacement Reserve, as reported in the consolidated statement of financial position, consists of:

	2022	2021
Restricted cash - replacement reserve	\$ 419,945	\$ 502,375
Monies to be deposited (withdrawn) subsequent to year-end	(86,403)	(145,774)
Equity in replacement reserve	<u>\$ 333,542</u>	<u>\$ 356,601</u>

---

#### 5. Ottawa Trust Funds

Indigenous Services Canada ("ISC") holds certain funds in trust for TteS. These funds are designated as revenue or capital funds as outlined in Section 62 of the Indian Act. As at March 31, 2022 there were no capital funds. 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. Subject to approval by the Minister of Indigenous Services Canada, TteS is permitted to expend its revenue funds for any purpose that will promote the general progress and welfare of TteS and TteS members. The expense of capital funds requires the consent of the Minister of Indigenous Services and such expense generally must be for projects of a capital nature. At March 31, 2022, the balance in revenue funds was \$76,001 (2021 - \$71,499).

---

## Tk'emlŭps te Secwépemc

### Notes to Consolidated Financial Statements

**March 31, 2022**

---

#### 6. Accounts Receivable

	2022	2021
ISC	\$ 2,919,095	\$ 102,077
Social Housing	9,900	10,725
Band Members	663,223	678,601
Mt. Paul lease, sk'elep school, permits & miscellaneous	6,323,531	4,689,904
	9,915,749	5,481,307
Allowance for doubtful accounts	(800,298)	(910,091)
	\$ 9,115,451	\$ 4,571,216

---

#### 7. Comparative Figures

Certain comparative amounts presented in the consolidated financial statements have been reclassified to conform to current year's presentation.

---

#### 8. Temporary Investments

	2022	2021
First Nations Finance Authority	\$ 1,036,187	\$ 1,036,187
All Nations Trust Company ("ANTCO")	156,270	156,270
	\$ 1,192,457	\$ 1,192,457

Temporary investments include a money market fund through First Nations Finance Authority with maturity of 366 days or less. The annualized interest rate is 1.9% per annum. Temporary investments in ANTCO consist of 156,720 Class A common shares.

# Tk'emlűps te Secwėpemc

## Notes to Consolidated Financial Statements

**March 31, 2022**

### 9. Investment in Partnerships

Tk'emlűpsemc Forestry Development Corporation ("TFDC") and TteS have an investment in Tk'emlűpsemc Forestry Limited Partnership ("TFLP"). TFLP operates forest licenses. TFDC, the general partner, owns 0.5% (1/200) of the units of TFLP and TteS, the limited partner, owns 99.5% (199/200) of the units of TFLP.

Stk'emlűpsemc Enterprises Inc. ("SEI"), the Skeetchestn Indian Band ("SIB") and TteS have an investment in Stk'emlűpsemc Limited Partnership ("SLP"). SLP shares in mining royalties. SEI is the general partner and owns 0.01% of SLP, while the limited partners, SIB and TteS, each own 49.995% of SLP.

Secwepemcetkwe Enterprises Ltd. and TteS have an investment in Secwepemcetkwe Limited Partnership. Secwepemcetkwe Limited Partnership is an employment contract service. Secwepemcetkwe Enterprises Ltd., the general partner, owns 0.5% (1/200) of the units of Secwepemcetkwe Limited Partnership and TteS, the limited partner, owns 99.5% (199/200) of the units of Secwepemcetkwe Limited Partnership.

As at March 31, 2022, the assets, liabilities, equity, and net income of TFLP, SLP and Secwepemcetkwe Limited Partnership are as follows:

	Tk'emlűpsemc Forestry Limited Partnership	Stk'emlűpsem c Limited Partnership	Secwepemcetkw e Limited Partnership	2022	2021
Current assets	\$ 4,654,135	\$ 5,187,192	\$ 464,128	\$ 10,305,455	\$ 12,802,671
Non-current assets	918,332	377,714	598,700	1,894,746	1,356,840
<b>Total assets</b>	<b>5,572,467</b>	<b>5,564,906</b>	<b>1,062,828</b>	<b>12,200,201</b>	<b>14,159,511</b>
Current liabilities	215,958	5,396,524	554	5,613,036	6,168,110
Non-current liabilities	172,125	-	-	172,125	144,613
<b>Total liabilities</b>	<b>388,083</b>	<b>5,396,524</b>	<b>554</b>	<b>5,785,161</b>	<b>6,312,723</b>
Partners' equity	5,184,384	168,382	1,062,274	6,415,040	7,846,888
<b>Total liabilities and partners' equity</b>	<b>5,572,467</b>	<b>5,564,906</b>	<b>1,062,828</b>	<b>12,200,201</b>	<b>14,159,611</b>
Net income:					
Revenue	10,928,281	3,912,421	130,306	14,971,008	14,847,963
Expenses	10,473,084	2,946,183	80,818	13,500,085	9,729,790
<b>Net income</b>	<b>\$ 455,197</b>	<b>\$ 966,238</b>	<b>\$ 49,488</b>	<b>\$ 1,470,923</b>	<b>\$ 5,118,173</b>

# Tk'emlūps te Secwépemc

## Notes to Consolidated Financial Statements

**March 31, 2022**

9. Investment in Partnerships (continued)

As at March 31, 2021, TteS' investment in partnerships is comprised of:

	2022	2021
Tk'emlupsemc Forestry Limited Partnership	\$ 5,499,108	\$ 4,726,645
Stk'emlupsemc Limited Partnership	83,240	1,051,555
Secwepemcetekwe Limited Partnership	1,062,167	1,012,684
Total investment	\$ 6,644,515	\$ 6,790,884

10. Advances to (from) Related Entities

The amounts advanced to (from) related entities are non-interest bearing, unsecured and have no specified terms of repayment.

The advances eliminated upon consolidation are with respect to the entities that ceased to be government business enterprises in the year.

	2022	2021
1038547 BC Ltd.	\$ (80,349)	\$ 80,349
Kamloops Indian Band Utility Corporation	248,325	254,548
Kamloops Indian Band Development Corporation	1,585,747	1,456,311
Mount Paul Centre Inc.	-	-
Spiyu7ullucw Ranch Corporation	9,184,928	9,181,488
Tk'emlupsemc Forestry Development Corporation	(152,143)	731,924
Big Horn Hops Inc.	(851,926)	852,482
Other	(529,256)	(551,304)
	9,405,326	12,005,798
Less: allowance for uncollectible inter-entity advances	-	-
	9,405,326	12,005,798
Advances eliminated upon consolidation of related entities:		
1038547 BC Ltd.	-	(80,349)
Spiyu7ullucw Ranch Corporation	(9,190,681)	(9,181,206)
Big Horn Hops Inc.	-	(852,482)
	\$ 214,645	\$ 1,891,761



# Tk'emlűps te Secwėpemc

## Notes to Consolidated Financial Statements

**March 31, 2022**

### 11. Investment in Government Business Enterprises

	Kamloops Indian Band Development Corporation	Kamloops Indian Band Utility Corporation	Tk'emlűps Forestry Development Corporation	Secwepemc tekw Enterprises Ltd.	Kukpi7 Claxlaxqen te Eyksem Holdings	2022 Total	2021 Total
Current assets	\$8,088,547	\$6,552,955	\$1,400,505	\$-	\$-	\$16,042,007	\$11,984,789
Non-current assets	143,756	1,986,171	315,471	101	-	2,445,499	2,633,025
<b>Total assets</b>	<b>8,232,303</b>	<b>8,539,126</b>	<b>1,715,976</b>	<b>101</b>	<b>-</b>	<b>18,487,506</b>	<b>14,617,814</b>
Current liabilities	1,036,175	1,769,784	1,494,331	2,510	-	4,302,800	5,037,338
Non-current liabilities	1,760,738	900,000	1,233,230	9,997	1,548	3,905,513	1,398,684
<b>Total liabilities</b>	<b>2,796,913</b>	<b>2,669,784</b>	<b>2,727,561</b>	<b>12,507</b>	<b>1,548</b>	<b>8,208,313</b>	<b>6,436,022</b>
Share capital	8	8	8	-	-	24	32
Retained earnings (deficit)	5,435,382	5,869,334	(1,011,593)	(12,406)	(1,548)	10,279,169	8,181,760
<b>Total liabilities and equity</b>	<b>8,232,303</b>	<b>8,539,126</b>	<b>1,715,976</b>	<b>101</b>	<b>-</b>	<b>18,487,506</b>	<b>14,617,814</b>
Net income (loss):							
Revenue	1,761,098	19,250,348	886,068	-	-	21,897,514	17,408,999
Expenses	631,217	18,124,340	884,813	2,500	874	19,643,744	15,772,473
<b>Net income (loss)</b>	<b>\$1,129,881</b>	<b>\$1,126,008</b>	<b>\$1,255</b>	<b>\$(2,500)</b>	<b>\$(874)</b>	<b>\$2,253,770</b>	<b>\$1,636,526</b>

TteS holds 100% ownership or otherwise exerts control over the above entities.

TteS has a 100% investment in Cuwkeltam Leasing Inc., which is an inactive company. The total investment at March 31, 2021 is \$1 (2020 - \$1).

TteS also has a 100% investment in Kamloopa Property Management Association, which is an inactive association.

# Tk'emlüps te Secwépemc

## Notes to Consolidated Financial Statements

**March 31, 2022**

12. Deferred Revenue

	2021	Recognized Revenue	Funding Received	2022
ISC contributions:				
Housing Renovations	579,261	(561,026)	719,058	737,293
Planning & Engineering	13,709	(13,709)	635,796	635,796
Public Works	572,000	(572,000)	849,788	849,788
Community Services	1,322,434	(1,263,700)	1,215,915	1,274,649
Education	357,306	(357,306)	386,922	386,922
Strategic Planning	-	-	47,800	47,800
Le Estecewey/The Missing	-	(371,995)	3,488,115	3,116,120
COVID Funding	44,280	(44,280)	1,061,979	1,061,979
	2,888,990	(3,184,016)	8,405,373	8,110,347
Unearned property tax	322,222	-	99,411	421,633
Unearned business licenses	64,328	-	25,238	89,566
Unearned lease rental	1,043,326	-	25,651	1,068,977
Sk'elep school	1,177,669	(853,039)	-	324,630
Environmental security funds	135,003	-	-	135,003
Federal government	5,449,370	(5,894,522)	-	(445,152)
Other unearned revenue	1,213,897	-	7,500,564	8,714,461
Spiy7ullucw Ranch Corporation	142,806	-	-	142,806
	9,548,621	(6,747,561)	7,650,864	10,451,924
	\$12,437,611	\$(9,931,577)	\$16,056,237	\$18,562,271

# Tk'emlüps te Secwépemc

## Notes to Consolidated Financial Statements

**March 31, 2022**

13. Debt

	2022	2021
Social Housing:		
ANTCO, mortgages, repayable in combined monthly installments of \$11,828, including interest at rates ranging from 0.80% to 2.22% per annum, secured by ISC guarantees for all loan amounts outstanding, with the exception of \$121,604, maturities ranging from April 2024 to December 2033	\$ 876,248	\$ 1,025,988
TteS Term Loans and Other:		
RBC, term loan, repayable in monthly installments of \$18,559, including interest at 2.69% per annum, secured as per below, maturing September 2032	2,198,849	2,360,020
Spiyu7ullucw Ranch Corporation:		
Loan, repayable in monthly installments of \$1,441, including interest at 0.47% per annum, secured by a mower with a net book value of 44,733, maturing July 2032	8,634	25,841
	\$ 3,083,731	\$ 3,411,849

The estimated principal repayments required over the next five years are as follows:

2023	\$ 293,477	
2024	299,910	
2025	283,453	
2026	252,879	
2027	243,496	
Thereafter	1,710,516	
	\$ 3,083,731	

Total interest paid on debt for the year was \$87,621 (2021 - \$84,184).

The RBC facilities include two unused, revolving demand lines of credit to a maximum of \$300,000 (2021 - \$300,000) and \$500,000 (2021 - \$500,000), respectively, which bear interest at the RBC prime rate plus 0.15% and plus 0.5% per annum, respectively (2021 - 0.15% and 0.5% in aggregate, respectively).

The RBC lines of credit and term loans are secured by a general security agreement constituting a first ranking security interest in all personal property of TteS as well as a security agreement over accounts receivable constituting a first ranking security interest in all sales tax revenues and other income or monies payable to TteS by the Government of Canada.

# Tk'emlűps te Secwűpemc

## Notes to Consolidated Financial Statements

**March 31, 2022**

### 14. Tangible Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,023,225	\$ -	\$ 1,023,225	\$ -
Automotive	3,747,099	2,868,303	3,101,003	2,630,125
Buildings	18,249,219	9,586,645	16,816,168	9,250,582
Computer equipment	1,956,715	1,937,954	1,956,715	1,919,193
Equipment	3,143,447	2,098,933	2,990,071	1,856,977
Fencing and other land improvements	3,469,464	2,432,703	3,469,464	2,389,504
Furniture and fixtures	760,671	694,371	760,671	677,796
Property and equipment, recorded at appraised values	3,545,768	3,231,336	3,545,768	3,218,235
Roadways, sewer and water systems	34,123,776	17,411,044	33,786,664	16,554,905
Assets under construction	6,223,192	-	445,605	-
	<u>76,242,576</u>	<u>40,261,289</u>	<u>67,895,354</u>	<u>38,497,317</u>
Social Housing				
Land	-	-	66,000	-
Buildings and fixtures	3,410,547	1,693,279	3,942,047	1,955,774
	<u>3,410,547</u>	<u>1,693,279</u>	<u>4,008,047</u>	<u>1,955,774</u>
Spiyu7ullucw Ranch Corporation				
Land and timber	6,738,385	-	6,738,385	-
Buildings	384,027	222,359	384,027	215,622
Computer equipment	4,105	4,101	4,105	4,099
Equipment	699,567	552,458	650,267	521,844
Furniture and fixtures	227,158	220,978	227,158	218,330
	<u>8,053,242</u>	<u>999,896</u>	<u>8,003,942</u>	<u>959,895</u>
Big Horn Hops Inc.				
Buildings	-	-	43,033	6,569
Equipment	-	-	402,736	244,893
Farm development	-	-	16,802	5,778
Leasehold improvements	-	-	140,693	22,052
Rhizomes	-	-	153,799	28,205
	<u>-</u>	<u>-</u>	<u>757,063</u>	<u>307,497</u>
	<u>87,706,365</u>	<u>42,954,464</u>	<u>80,664,406</u>	<u>41,720,483</u>
Net book value		<u>\$ 44,751,901</u>		<u>\$ 38,943,923</u>

**Tk'emlüps te Secwépemc**  
Notes to Consolidated Financial Statements

**March 31, 2022**

14. Tangible Capital Assets (continued)

	2022										
	Land	Automotive	Furniture and Equipment	Buildings	Fencing and Other Land Improvements	Roadways, Sewer and Water Systems	Computer Equipment	Property and Equipment	Rhizomes	Assets Under Construction	Total
Cost, beginning of year	\$ 7,827,610	\$ 3,101,003	\$ 3,954,412	\$ 21,185,272	\$ 3,626,959	\$ 33,786,664	\$ 1,960,820	\$ 4,598,771	\$ 153,799	\$ 445,606	\$ 80,640,916
Additions	-	646,095	202,677	1,433,054	-	337,111	-	-	-	5,777,586	8,396,523
Disposals	(66,000)	-	(402,735)	(574,533)	(157,495)	-	-	-	(153,799)	-	(1,354,562)
Cost, end of year	7,761,610	3,747,098	3,754,354	22,043,793	3,469,464	34,123,775	1,960,820	4,598,771	-	6,223,192	87,682,877
Accumulated amortization, beginning of year	-	2,630,124	2,749,317	11,420,002	2,411,163	16,554,906	1,923,289	3,956,316	22,972	-	41,668,089
Amortization	-	238,178	291,795	492,592	43,198	856,140	18,763	13,101	-	-	1,953,767
Disposals	-	-	(244,893)	(395,186)	(27,829)	-	-	-	(22,972)	-	(690,880)
Accumulated amortization, end of year	-	2,868,302	2,796,219	11,517,408	2,426,532	17,411,046	1,942,052	3,969,417	-	-	42,930,976
Net carrying amount, end of year	\$ 7,761,610	\$ 878,796	\$ 958,135	\$ 10,526,385	\$ 1,042,932	\$ 16,712,729	\$ 18,768	\$ 629,354	\$ -	\$ 6,223,192	\$ 44,751,901

**Tk'emlüps te Secwépemc**  
Notes to Consolidated Financial Statements

**March 31, 2022**

14. Tangible Capital Assets (continued)

	2021										
	Land	Automotive	Furniture and Equipment	Buildings	Fencing and Other Land Improvements	Roadways, Sewer and Water Systems	Computer Equipment	Property and Equipment	Rhizomes	Assets Under Construction	Total
Cost, beginning of year	\$ 7,937,610	\$ 2,931,396	\$ 3,408,882	\$ 22,029,701	\$ 3,626,959	\$ 29,493,990	\$ 1,914,411	\$ 4,598,771	\$ 153,799	\$ 3,497,090	\$ 79,592,609
Additions		169,607	516,626	29,534	-	1,065,730	46,409	-	-	175,460	2,003,366
Reallocation		-	-	-	-	3,226,944	-	-	-	(3,226,944)	-
Disposals	(110,000)	-	-	(873,963)	-	-	-	-	-	-	(983,963)
Cost, end of year	7,827,610	3,101,003	3,925,508	21,185,272	3,626,959	33,786,664	1,960,820	4,598,771	153,799	445,606	80,612,012
Accumulated amortization, beginning of year	-	2,464,519	2,509,904	11,624,499	2,366,165	15,748,397	1,908,971	3,899,759	22,972	-	40,545,186
Amortization		165,605	239,413	478,890	44,998	806,509	14,318	56,557	-	-	1,806,290
Disposals		-	-	(683,387)	-	-	-	-	-	-	(683,387)
Accumulated amortization, end of year	-	2,630,124	2,749,317	11,420,002	2,411,163	16,554,906	1,923,289	3,956,316	22,972	-	41,668,089
Net carrying amount, end of year	\$ 7,827,610	\$ 470,879	\$ 1,176,191	\$ 9,765,270	\$ 1,215,796	\$ 17,231,758	\$ 37,531	\$ 642,455	\$ 130,827	\$ 445,606	\$ 38,943,923

# Tk'emlűps te Secwėpemc

## Notes to Consolidated Financial Statements

**March 31, 2022**

15. Accumulated Surplus

	2022	2021
Unrestricted operating surplus	\$19,869,182	\$ 14,356,458
Equity in replacement reserve (Note 4)	333,542	356,601
Contributed surplus	-	-
Equity in capital assets	42,124,027	35,479,486
Equity in Ottawa trust	71,945	67,441
Internally designated surplus	29,303,529	25,141,797
Internally restricted surplus	24,101,559	21,363,288
	<b>\$ 115,803,783</b>	<b>\$ 96,765,071</b>

Internally Designated Surplus consists of:

	2022	2021
Capital Equipment Reserve Fund	\$ 602,540	\$ 596,826
KIBST Transfer to KIBST Reserve	7,233,549	5,719,335
QS G2G	28,485	28,485
Long-term Capital Plan Reserve	1,809,503	1,403,809
Development Cost Charges Reserve	8,215,552	5,891,689
Ottawa Trust Withdrawal	286,882	286,883
Stk'emlűpsemc te Secwėpemc Nation	133,724	133,724
Replacement Reserve from Phases 4 to 12	31,555	57,218
Day Scholar	81,560	81,560
General Reserve	1,837,911	1,900,000
Economic Development	200,000	200,000
Capacity Development	223,690	223,690
Property Taxation	-	-
Investments Reserve	7,618,578	7,618,578
Advances to 588531	1,000,000	1,000,000
	<b>\$ 29,303,529</b>	<b>\$ 25,141,797</b>

Internally Restricted Surplus consists of:

	2022	2021
Tessie J. Jules Bursary	110,273	110,273
Six Mile Settlement	75,302	75,302
Little Fawn Daycare Fund	25,962	25,962
First Nation Housing Market Fund	30,000	30,000
Forestry Contribution Revenue Sharing Agreement	7,524,345	6,197,938
Stk'emlűpsemc te Secwėpemc Nation		
New Gold NSR Reserve	6,057,200	4,969,988
Economic and Community Development Agreement	4,517,130	4,204,589
Land Acquisitions	2,050,274	2,038,163
Kinder Morgan Mutual Benefits Agreement	3,711,073	3,711,073
	<b>\$ 24,101,559</b>	<b>\$ 21,363,288</b>

---

# Tk'emlüps te Secwépemc

## Notes to Consolidated Financial Statements

**March 31, 2022**

---

### 16. Contingencies

#### Ministerial Guarantees

As at March 31, 2022, TteS is contingently liable for ministerial guarantees provided to individual TteS members for loans made by various financial institutions totalling \$867,250 (2021 - \$896,715) for purposes of acquiring on-reserve housing. In the event the TteS member default on their obligations under these loans, TteS would be required to pay the outstanding loan balance to the lenders. TteS' guarantee is secured by the related real properties. All loans are in good standing as at March 31, 2022.

#### Hazardous Materials

TteS has identified potential obligations relating to the removal and disposal of environmentally hazardous materials in certain facilities held by TteS. Such potential obligations would be incurred only upon major renovations or demolition of the site in the future. No liability has been recognized in these consolidated financial statements as there are currently no plans for such renovations or demolition; a settlement date is therefore indeterminate, and the fair value cannot be reasonably estimated at this time.

#### Ministry of Transportation Funds Held in Trust

TteS is disputing the amount of compensation receivable for use of land by the British Columbia Ministry of Transportation for the highway. Monies in the amount of \$202,521 (2021 - \$202,521) held in trust by a law firm on behalf of TteS are not recorded as an asset in the consolidated statement of financial position pending resolution of the dispute. The final compensation amount is not determinable.

#### Letters of Guarantee

TteS is contingently liable with respect to two individual \$50,000 letters of guarantee issued by RBC in favour of Her Majesty the Queen for a timber permit, and in favour of the City of Kamloops for November 12, 1996 Sanitary Sewer Effluent agreement.



---

## Tk'emlüps te Secwépemc

### Notes to Consolidated Financial Statements

**March 31, 2022**

---

#### 17. Commitments

The Group has entered into lease agreements for office equipment. The annual payments for the next four years is estimated as follows:

2023	\$	126,010
2024		126,010
2025		60,120
2026		-
		<hr/>
	\$	<u>312,140</u>

---

#### 18. Employee Future Benefits

TteS matches employee contributions to a defined contribution multi-employer plan, which is administered by Manulife. The total pension expense, representing employer contributions to the plan, for the year ended March 31, 2022 is \$524,155 (2021 - \$451,642).

---

#### 19. Economic Dependence

TteS receives a major portion of its revenue pursuant to a funding arrangement with ISC. Any disruption in this funding could have a negative effect on TteS' operations.

---

# Tk'emlүps te Secwēpemc

## Notes to Consolidated Financial Statements

**March 31, 2022**

### 20. Related Party Transactions

During the year, TteS entered into the following transactions with related entities:

	2022	2021
Management fees received from:		
Kamloops Indian Band Development Corporation	\$ 525,000	\$ 375,000
Kamloops Indian Band Utility Corporation	22,000	102,882
Spiyu7ullucw Ranch Corporation	7,500	6,250
Tk'emlүpsemc Forestry Limited Partnership	-	-
Secwepemcetekwe Limited Partnership	6,341	15,000
Fuel purchased from:		
Kamloops Indian Band Utility Corporation	158,235	120,606
	719,076	619,738
Management fees eliminated upon consolidated:		
Spiyu7ullucw Ranch Corporation	(6,250)	(9,167)
	\$ 712,826	\$ 610,571

At March 31, 2022, accounts payable and accrued liabilities includes amounts owed to Kamloops Indian Band Utility Corporation of \$29,137 (2021 - \$32,267) and Tk'emlүpsemc Forestry LP \$86,357.50 (2021-\$nil).

At March 31, 2022, accounts receivable includes amounts due from d from Kamloops Indian Band Development Corporation of \$nil (2021 - \$81,786).

These related party 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 entities.

---

## Tk'emlŭps te Secwépemc

### Notes to Consolidated Financial Statements

**March 31, 2022**

---

#### 21. Expenses by Object

	2022	2021
Advertising and promotion	\$ 195,578	\$ 138,608
Amortization	1,953,767	1,858,682
Bad debt	1,851,841	1,099,779
Contract Services	7,555,229	4,682,712
Fuel	158,235	120,606
Honoraria	691,301	563,141
Insurance	696,412	645,552
Interest and bank charges	70,525	42,432
Interest on long-term debt	87,621	84,184
Licenses and dues	742,094	529,568
Materials and supplies	2,162,400	1,555,914
Office	208,240	206,120
Professional fees	2,379,503	818,482
Program expenses	3,482,225	3,163,072
Rent	187,102	93,465
Repairs and maintenance	2,774,523	2,290,930
Salaries and wages	11,945,827	9,438,041
Telephone	200,917	163,107
Training and workshops	1,221,336	1,053,323
Travel	189,175	11,059
Utilities	583,564	554,525
Other	896,826	919,997
	<u>\$40,234,241</u>	<u>\$ 30,033,299</u>

---

# Tk'emlüps te Secwépemc

## Notes to Consolidated Financial Statements

**March 31, 2022**

---

### 22. Segment Disclosure

Segment disclosure has been identified based upon lines of service provided by TteS. TteS services are provided by departments and their activities are reported by functional area in the consolidated statement of operations and accumulated surplus. Certain lines of service that have been separately disclosed are as follows:

#### Administration

Administration provides the functions of corporate administration, finance, human resources, and any other functions not categorized to a specific department.

#### Land and Leases

Land and leases administers the leasing of Tk'emlüps land through a business opportunity analysis, leasing application and/or development approval process.

#### Planning and Engineering

This service area provides services relating to the development, maintenance and service of the TteS assets, infrastructure and common property.

#### Education

This service area provides educational services through the operations of elementary, secondary and post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the TteS members.

#### Property Tax

Property tax is responsible for the levy and collection of tax and fees for designated lands and leasehold interest.

#### Housing

Housing provides construction, renovations and capital maintenance programs that service the needs of its members.

#### Social Housing

Social housing administers services to provide social housing to TteS members.

#### Natural Resources

This service area includes exploration of natural resources and development of natural resource revenues.

#### Band Council

Band council encompasses the costs and services provided by Chief and Council to TteS.

#### Sk'elep School

Sk'elep School is responsible for administering and operating an on-reserve school of elementary grades (full time kindergarten to grade seven), with a vision of combining tradition with the tactics of modern education in order to provide TteS members' children with an encompassing future.

---

# Tk'emlűps te Secwėpemc

## Notes to Consolidated Financial Statements

**March 31, 2022**

---

22. Segment Disclosure (continued)

Community Services

Own source revenues are contributed to underfunded programs that provide services to the membership.

Other

This represents non-governmental services, which includes non-core revenues and expenses relating to primary own source revenues and partnership income.

**Tk'emlüps te Secwépemc**  
**Notes to Consolidated Financial Statements**

**March 31, 2022**

22. Segment Disclosure (continued)

<u>2022</u>	Administration	Land and Leases	Planning & Engineering	Education	Property Tax	Housing	Social Housing	Natural Resources	Band Council	Sk'elep School	Community Services	Other	Total
Revenue													
ISC	\$ 1,569,182	\$ 412,350	\$ 621,291	\$ 2,187,082	\$ -	\$ 531,371	\$ -	\$ -	\$ -	\$ 1,060,108	\$ 1,175,034	\$ 3,434,308	\$ 10,990,726
Province of BC	-	-	-	85,439	-	-	-	2,897,060	-	1,634,841	200,937	1,933,177	6,751,454
Property taxation	-	-	-	-	9,343,808	-	-	-	-	-	-	-	9,343,808
Other	10,090,512	3,084,874	2,262,250	821,219	1,236,097	4,053,698	432,350	(6,044)	(27,152)	413,829	1,979,412	7,845,921	32,186,966
	<u>11,659,694</u>	<u>3,497,224</u>	<u>2,883,541</u>	<u>3,093,740</u>	<u>10,579,905</u>	<u>4,585,069</u>	<u>432,350</u>	<u>2,891,016</u>	<u>(27,152)</u>	<u>3,108,778</u>	<u>3,355,383</u>	<u>13,213,406</u>	<u>59,272,954</u>
Expenses													
Payroll	1,986,661	398,041	2,322,873	982,347	254,507	535,693	-	694,568	74,333	1,378,185	1,160,797	2,197,541	11,985,546
Other	4,036,399	701,513	3,252,780	2,952,466	3,127,897	2,014,910	263,039	1,507,248	972,276	402,610	2,113,884	4,949,907	26,294,929
Amortization	-	-	-	-	-	-	149,793	-	-	101,191	-	1,702,783	1,953,767
	<u>6,023,060</u>	<u>1,099,554</u>	<u>5,575,653</u>	<u>3,934,813</u>	<u>3,382,404</u>	<u>2,550,603</u>	<u>412,832</u>	<u>2,201,816</u>	<u>1,046,609</u>	<u>1,881,986</u>	<u>3,274,681</u>	<u>8,850,231</u>	<u>40,234,242</u>
Surplus (deficit)	\$ 5,636,634	\$ 2,397,670	\$ (2,692,112)	\$ (841,073)	\$ 7,197,501	\$ 2,034,466	\$ 19,518	\$ 689,200	\$ (1,073,761)	\$ 1,226,792	\$ 80,702	\$ 4,363,175	\$ 19,038,712

**Tk'emlŭps te Secwépemc**  
**Notes to Consolidated Financial Statements**

**March 31, 2022**

22. Segment Disclosure (continued)

<u>2021</u>	Administration	Land and Leases	Planning & Engineering	Education	Property Tax	Housing	Social Housing	Natural Resources	Band Council	Sk'elep School	Community Services	Other	Total
Revenue													
ISC	\$ 1,105,385	\$ 473,990	\$ 531,468	\$ 1,965,046	\$ -	\$ 296,167	\$ -	\$ -	\$ -	\$ 1,204,813	\$ 1,184,779	\$ 2,260,471	\$ 9,022,119
Province of BC	-	-	-	55,793	-	-	-	1,793,189	-	833,158	167,400	2,281,423	5,130,963
Property taxation	-	-	-	-	7,738,453	-	-	-	-	-	-	-	7,738,453
Other	5,863,029	2,366,860	1,872,768	591,228	527,125	67,764	402,965	620,415	39,256	234,713	305,805	8,654,364	21,546,292
	<u>6,968,414</u>	<u>2,840,850</u>	<u>2,404,236</u>	<u>2,612,067</u>	<u>8,265,578</u>	<u>363,931</u>	<u>402,965</u>	<u>2,413,604</u>	<u>39,256</u>	<u>2,272,684</u>	<u>1,657,984</u>	<u>13,196,258</u>	<u>43,437,827</u>
Expenses													
Payroll	1,886,145	316,197	1,966,234	696,610	246,480	426,924	-	619,885	65,756	1,235,241	792,449	1,221,470	9,473,391
Other	2,130,917	233,962	2,692,016	2,104,198	3,155,916	1,230,389	182,922	1,639,562	690,769	371,000	1,443,480	2,826,095	18,701,226
Amortization	-	-	-	-	-	-	164,273	-	-	48,118	-	1,646,291	1,858,682
	<u>4,017,062</u>	<u>550,159</u>	<u>4,658,250</u>	<u>2,800,808</u>	<u>3,402,396</u>	<u>1,657,313</u>	<u>347,195</u>	<u>2,259,447</u>	<u>756,525</u>	<u>1,654,359</u>	<u>2,235,929</u>	<u>5,693,856</u>	<u>30,033,299</u>
Surplus (deficit)	\$ 2,951,352	\$ 2,290,691	\$ (2,254,014)	\$ (188,741)	\$ 4,863,182	\$ (1,293,382)	\$ 55,770	\$ 154,157	\$ (717,269)	\$ 618,325	\$ (577,945)	\$ 7,502,402	\$ 13,404,528