

**Tk'emlûps te Secwépemc**  
**Consolidated Financial Statements**  
For the year ended March 31, 2021

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## Management's Responsibility for Financial Reporting

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The accompanying consolidated financial statements of the Tk'emlűps 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'emlűps 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



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## Independent Auditor's Report

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To the Chief and Council of  
Tk'emlŭps te Secwépemc

### Qualified Opinion

We have audited the consolidated financial statements of Tk'emlŭps te Secwépemc and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at March 31, 2021, 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, 2021 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, 2021 and 2020, the related amortization expense and annual surplus for the year ended March 31, 2021 and 2020 and equity in tangible capital assets as at April 1 and March 31 for both the 2021 and 2020 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, 2021 and 2020, government business enterprises income and annual surplus (deficit) for the year ended March 31, 2021 and 2020, and accumulated surplus as at April 1 and March 31 for both the 2021 and 2020 years.

Our audit opinion on the consolidated financial statements for the year ended March 31, 2021 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.

*BDO Canada LLP*

Chartered Professional Accountants

Kamloops, British Columbia

April 7, 2022

**Tk'emlûps te Secwépemc**  
**Exhibit A - Consolidated Statement of Financial Position**

As at March 31 2021 2020

(Restated)

**Financial Assets**

Cash and cash equivalents (Note 3)	\$ 52,261,625	\$ 33,822,370
Funded reserves (Note 4)	502,375	575,770
Ottawa trust funds (Note 5)	71,499	67,606
Temporary investments (Note 8)	1,192,457	1,192,457
Accounts receivable (Note 6)	4,571,216	3,553,190
Property taxes receivable	2,423,647	1,969,609
Investment in partnerships (Note 9)	6,790,884	4,458,267
Advances to related entities (Note 10)	1,891,761	1,853,287
Investment in government business (Note 11)	8,185,757	6,549,231
	77,891,221	54,041,787

**Liabilities**

Accounts payable and accrued liabilities	4,459,912	2,868,403
Deferred revenue (Note 12)	12,437,611	3,977,310
Debt (Note 13)	3,411,849	3,749,796
	20,309,372	10,595,509

**Net financial assets**

57,581,849 43,446,278


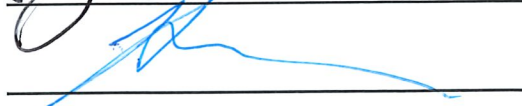
**Non-financial Assets**

Tangible capital assets (Note 14)	38,943,923	39,099,815
Prepaid expenses and deposits	147,458	810,954
Inventories	91,841	91,841
	39,183,222	40,002,610

**Accumulated Surplus (Note 15)**

\$ 96,765,071 \$ 83,448,888

Approved on behalf of the Band Council:

  
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Chief Councilor

Band Administrator

**Tk'emlŭps te Secwépemc**

**Exhibit B - Consolidated Statement of Changes in Net Financial Assets**

For the year ended March 31	Budget	2021	2020
			(Restated)
Surplus - Exhibit C	\$ 12,820,227	\$ 13,316,183	\$ 9,668,036
Purchases of tangible capital assets	-	(2,003,366)	(3,326,552)
Amortization of tangible capital assets	-	1,858,683	1,651,518
Disposals of tangible capital assets	-	300,576	701,758
Net book value of assets consolidated in from former business entities		-	(7,588,916)
Change in tangible capital assets	-	155,893	(8,562,192)
Change in prepaid expenses	-	663,495	(646,063)
Increase in net financial assets	12,820,227	14,135,571	459,781
Net financial assets, beginning of year	43,446,278	43,446,278	42,986,497
Net financial assets, end of year	\$ 56,266,505	\$ 57,581,849	\$ 43,446,278
Net financial assets, opening - as previously stated	\$ -	\$ 43,489,245	\$ 42,986,497
Prior period adjustments (Note 20)	-	(42,967)	-
Net financial assets, opening - restated	-	43,446,278	42,986,497
Increase (decrease) in net financial assets - as previously stated	-	14,135,571	502,748
Prior period adjustment	-	-	(42,967)
Increase in net financial assets - restated	-	14,135,571	459,781
Net financial assets, ending	\$ -	\$ 57,581,849	\$ 43,446,278



**Tk'emlŭps te Secwépemc**  
**Exhibit C - Consolidated Statement of Operations**

For the year ended March 31	Budget	2021	2020
<b>Revenue</b>			
Department of Indigenous Services Canada	\$ 7,234,465	\$ 9,022,119	\$ 7,024,760
Province of British Columbia	3,081,059	5,130,961	2,937,579
Kamloops Indian Band (K.I.B.) Sales Tax	1,685,000	2,382,357	1,965,643
Canada Mortgage and Housing Corporation	483,341	133,049	163,500
Contract revenue	535,876	593,673	497,202
Government business enterprises income (Note 11)	-	1,636,526	1,404,061
Health Canada	28,500	15,744	15,649
Interest and investment income	1,573,182	2,094,517	907,550
Lease and rental income	3,613,114	3,428,211	4,024,400
Management fees	442,500	489,965	623,187
Partnership income (Note 9)	-	3,559,448	1,799,629
Property taxation	7,538,958	7,738,453	7,425,000
User fees and other	13,713,019	7,124,460	5,806,196
Donations	3,000	-	1,750
	<u>39,932,014</u>	<u>43,349,483</u>	<u>34,596,106</u>
<b>Expenses</b>			
Administration	3,166,644	4,017,062	3,052,069
Land and Leases	666,352	550,159	653,849
Planning & Engineering	4,498,491	4,658,250	4,872,985
Education	2,483,593	2,800,808	3,699,065
Property Tax	4,312,994	3,402,396	3,412,532
Housing	649,834	1,657,313	940,601
Social Housing	263,145	182,922	186,695
Natural Resources	1,160,594	2,259,447	843,574
Band Council	925,192	756,525	1,016,413
SK'elep School	2,511,552	1,606,241	1,870,367
Community Services	2,896,160	2,235,929	2,771,076
Amortization	-	1,858,683	1,794,596
Other	3,577,236	4,047,565	(185,752)
	<u>27,111,787</u>	<u>30,033,300</u>	<u>24,928,070</u>
<b>Surplus for the year</b>	<u>\$ 12,820,227</u>	<u>\$ 13,316,183</u>	<u>\$ 9,668,036</u>
Accumulated surplus, opening - as previously stated	\$ -	\$ 83,435,938	\$ 73,780,852
Prior period adjustments (Note 20)	-	12,950	-
Accumulated surplus, opening - restated	-	<u>83,448,888</u>	<u>73,780,852</u>
Surplus for the year - as previously stated	-	13,316,183	9,655,086
Prior period adjustment	-	-	12,950
Surplus for the year - restated	-	<u>13,316,183</u>	<u>9,668,036</u>
Accumulated surplus, ending	<u>\$ -</u>	<u>\$ 96,765,071</u>	<u>\$ 83,448,888</u>

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



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

For the year ended March 31	2021	2020
		(Restated)
<b>Operating activities</b>		
Cash receipts from various sources	\$ 19,984,550	\$ 14,807,744
Cash receipts from Department of Indigenous Services Canada	9,022,119	7,024,760
Cash receipts from Province of British Columbia	5,130,961	2,937,579
Cash receipts from property taxation	7,738,453	7,425,000
Cash paid to employees and suppliers	(24,622,318)	(23,354,280)
Interest earned	2,094,517	907,550
<b>Cash flows from operating activities</b>	<u>19,348,282</u>	<u>9,748,353</u>
<b>Capital activity</b>		
Purchase of capital assets	<u>(2,003,365)</u>	<u>(3,208,274)</u>
<b>Investing activities</b>		
Disbursements from partnerships	1,401,259	1,299,810
Advances to related entities	(38,474)	(2,512,260)
Purchase of temporary investments	-	(18,774)
<b>Cash flows from capital &amp; investing activities</b>	<u>(640,580)</u>	<u>(4,439,498)</u>
<b>Financing activity</b>		
Repayment of long term debt	<u>(337,947)</u>	<u>(333,443)</u>
<b>Net increase in cash and cash equivalents</b>	18,369,755	4,975,412
<b>Cash and cash equivalents, beginning of year</b>	<u>34,465,745</u>	<u>29,490,333</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 52,835,500</u>	<u>\$ 34,465,745</u>
<b>Represented by:</b>		
Cash and cash equivalents	\$ 52,261,625	\$ 33,822,370
Funded reserves and Ottawa trust funds	<u>573,875</u>	<u>643,375</u>
	<u>\$ 52,835,500</u>	<u>\$ 34,465,745</u>

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

**March 31, 2021**

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### **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 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
- 1038547 B.C. Ltd.
- Big Horn Hops Inc.
- Spiyu7ullucw Ranch Corporation

#### **Non-Coterminous Fiscal Periods**

1038547 B.C. Ltd., Big Horn Hops Inc., and Spiyu7ullucw Ranch Corporation are included in the consolidated financial statements using financial information prepared as of January 31, 2021, covering the period April 1, 2020 to January 31, 2021.

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

**March 31, 2021**

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### **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;
- Mount Paul Centre Inc.;
- Kukpi7 Clexlixqen te Eyksem Holdings;
- Secwepemcetkwe Enterprises Ltd., which includes its pro-rated portion of its investment in the Secwepemcetkwe 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 Secwepemcetkwe 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.

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

**March 31, 2021**

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### **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.

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

March 31, 2021

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

March 31, 2021

### 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.

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

**March 31, 2021**

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### **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.

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

**March 31, 2021**

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### **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 2020/2021 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.

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

**March 31, 2021**

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### **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.

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## **Tk'emlûps te Secwépemc**

### **Notes to Consolidated Financial Statements**

**March 31, 2021**

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#### **2. Impacts of COVID on Tk'emlûps te Secwépemc**

As the impacts of COVID-19 continue, there could be further impact on the Group, its funders and its business entities. The Group has continued to deliver services during this pandemic through a variety of means, whether face-to-face or utilizing technology as the Group was deemed an essential service. Management is actively monitoring the effect on its financial condition, liquidity, operations and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Group is not able to fully estimate the effects of the COVID-19 outbreak on its result of operations, financial condition, or liquidity at this time.



## Tk'emlűps te Secwűpemc

### Notes to Consolidated Financial Statements

March 31, 2021

#### 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.

	2021	2020
<b>Internally restricted</b>		
Six Mile Settlement Fund	\$ -	\$ 75,301
Tessie J. Jules Bursary Fund	118,439	117,534
First Nations Market Housing Fund	29,472	29,247
Stk'emlűpsemc te Secwűpemc Nation		
Economic and Community Development Agreement	2,282,225	2,264,791
Net Smelter Fund	3,360,060	1,824,762
Forestry Contribution Revenue Sharing Agreement	3,110,218	3,086,460
First Nations Land Acquisitions	1,724,637	1,711,462
Kinder Morgan Mutual Benefits Agreement	3,559,229	3,239,323
Development cost charges	2,731,123	2,714,464
	<u>16,915,403</u>	<u>15,063,344</u>
<b>Internally designated</b>		
Capital reserve	282,889	280,728
Long-term capital plan reserve	813,738	807,522
	<u>1,096,627</u>	<u>1,088,250</u>
<b>Operating cash and cash equivalents</b>	<u>34,249,596</u>	<u>17,670,776</u>
<b>Total cash and cash equivalents</b>	<u>\$ 52,261,626</u>	<u>\$ 33,822,370</u>

Included in the Kinder Morgan Mutual Benefits Agreement internally designated balance is \$2,450,000 (2020 - \$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.

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## Tk'emlűps te Secwűpemc

### Notes to Consolidated Financial Statements

March 31, 2021

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#### 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, 2021, in the amount of \$71,970 (2020 - \$78,703) 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:

	2021	2020
Restricted cash - replacement reserve	\$ 502,375	\$ 575,770
Monies to be deposited withdrawn subsequent to year-end	(145,774)	(128,655)
Equity in replacement reserve	<u>\$ 356,601</u>	<u>\$ 447,115</u>

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#### 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. 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, 2021, the balance in revenue funds was \$71,499 (2020 - \$67,606).

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## Tk'emlűps te Secwűpemc

### Notes to Consolidated Financial Statements

March 31, 2021

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#### 6. Accounts Receivable

	2021	2020
ISC	\$ 102,077	\$ 355,024
Social Housing	10,725	12,626
Band Members	678,601	951,863
Mt. Paul lease, sk'elep school, permits & miscellaneous	4,689,904	3,173,004
	5,481,307	4,492,517
Allowance for doubtful accounts	(910,091)	(939,327)
	<u>\$ 4,571,216</u>	<u>\$ 3,553,190</u>

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#### 7. Comparative Figures

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

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#### 8. Temporary Investments

	2021	2020
First Nations Finance Authority	\$ 1,036,187	\$ 1,036,187
All Nations Trust Company ("ANTCO")	156,270	156,270
	<u>\$ 1,192,457</u>	<u>\$ 1,192,457</u>

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'emlups te Secwépemc

### Notes to Consolidated Financial Statements

March 31, 2021

#### 9. Investment in Partnerships

Tk'emlupsemc Forestry Development Corporation ("TFDC") and TteS have an investment in Tk'emlupsemc 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'emlupsemc Enterprises Inc. ("SEI"), the Skeetchestn Indian Band ("SIB") and TteS have an investment in Stk'emlupsemc 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.

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

As at March 31, 2021, the assets, liabilities, equity, and net income of TFLP, SLP and Secwepemcetekwe Limited Partnership are as follows:

	Tk'emlupsemc Forestry Limited Partnership	Stk'emlupsemc Limited Partnership	Secwepemcetekwe Limited Partnership	2021	2020
Current assets	\$ 6,482,690	\$ 5,408,393	\$ 911,588	\$ 12,802,671	\$ 8,472,110
Non-current assets	684,940	546,055	125,845	1,356,840	767,385
Total assets	7,167,630	5,954,448	1,037,433	14,159,511	9,239,495
Current liabilities	2,293,830	3,849,533	24,747	6,168,110	3,372,784
Non-current liabilities	144,613	-	-	144,613	510,249
Total liabilities	2,438,443	3,849,533	24,747	6,312,723	3,883,033
Partners' equity	4,729,187	2,104,915	1,012,786	7,846,888	5,356,462
Total liabilities and partners' equity	7,167,630	5,954,448	1,037,533	14,159,611	9,239,495
Net income:					
Revenue	9,846,471	4,628,155	373,337	14,847,963	8,920,597
Expenses	7,934,805	1,511,417	283,568	9,729,790	5,208,043
Net income	\$ 1,911,666	\$ 3,116,738	\$ 89,769	\$ 5,118,173	\$ 3,712,554

## Tk'emlŭps te Secwépemc

### Notes to Consolidated Financial Statements

**March 31, 2021**

#### 9. Investment in Partnerships (continued)

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

	2021	2020
Tk'emlupsemc Forestry Limited Partnership	\$ 4,726,645	\$ 2,815,170
Stk'emlupsemc Limited Partnership	1,051,555	894,602
Secwepemcetekwe Limited Partnership	1,012,684	748,495
Total investment	<u>\$ 6,790,884</u>	<u>\$ 4,458,267</u>

#### 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.

	2021	2020
1038547 BC Ltd.	\$ 80,349	\$ 80,349
Kamloops Indian Band Utility Corporation	254,548	185,478
Kamloops Indian Band Development Corporation	1,456,311	948,387
Mount Paul Centre Inc.	-	6,640
Spiyu7ullucw Ranch Corporation	9,181,488	9,169,131
Tk'emlupsemc Forestry Development Corporation	731,924	738,128
Big Horn Hops Inc.	852,482	852,482
Other	(551,304)	(28,545)
	<u>12,005,798</u>	<u>11,952,050</u>
Less: allowance for uncollectible inter-entity advances	-	-
	<u>12,005,798</u>	<u>11,952,050</u>
Advances eliminated upon consolidation of related entities:		
1038547 BC Ltd.	(80,349)	(80,349)
Spiyu7ullucw Ranch Corporation	(9,181,206)	(9,165,932)
Big Horn Hops Inc.	(852,482)	(852,482)
	<u>\$ 1,891,761</u>	<u>\$ 1,853,287</u>

# Tk'emlűps te Secwėpemc

## Notes to Consolidated Financial Statements

March 31, 2021

### 11. Investment in Government Business Enterprises

	Kamloops Indian Band Development Corporation	Kamloops Indian Band Utility Corporation	Mount Paul Centre Inc.	Tkemlűpsemc Forestry Development Corporation	Secwėpemcetekwe Enterprises Ltd.	Kukpi7 Clexixqen te Eykem Holdings	2021 Total	2020 Total
Current assets	\$6,679,198	\$5,013,212	\$155,989	\$136,390	\$-	\$-	\$11,984,789	\$9,841,819
Non-current assets	243,612	2,060,836	1,279	327,197	101	-	2,633,025	2,638,547
Total assets	6,922,810	7,074,048	157,268	463,587	101	-	14,617,814	12,480,366
Current liabilities	2,617,299	2,330,714	899	88,416	10	-	5,037,338	4,856,091
Non-current liabilities	-	-	-	1,388,013	9,997	674	1,398,684	1,079,007
Total liabilities	2,617,299	2,330,714	899	1,476,429	10,007	674	6,436,022	5,935,098
Share capital	8	8	8	8	-	-	32	34
Retained earnings (deficit)	4,305,503	4,743,326	156,361	(1,012,850)	(9,906)	(674)	8,181,760	6,545,234
Total liabilities and equity	6,922,810	7,074,048	157,268	463,587	101	-	14,617,814	12,480,366
Net income (loss):								
Revenue	1,700,043	15,273,179	1,750	434,018	9	-	17,408,999	17,106,455
Expenses	747,482	14,320,327	10,179	688,900	5,022	563	15,772,473	15,702,394
Net income (loss)	\$952,561	\$952,852	\$(8,429)	\$(254,882)	\$(5,013)	\$(563)	\$1,636,526	\$1,404,061

Ttes holds 100% ownership or otherwise exerts control over the above entities.  
Ttes has a 100% investment in Cuvketam 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'emlűps te Secwűpemc

## Notes to Consolidated Financial Statements

March 31, 2021

### 12. Deferred Revenue

	2020	Recognized Revenue	Funding Received	2021
ISC contributions:				
Q2kB-001 - Covid-19 ICSF-3	-	-	44,280	44,280
Q29W - Basic Needs	-	-	848,304	848,304
Q2BF-001 - In-Home Care	-	-	38,295	38,295
Q3FP-001 - Response	-	-	194,129	194,129
Q35B-001 - Water Systems	-	-	440,120	440,120
Q3BJ-001 - Municipal Services	-	-	131,880	131,880
Q421-001 - FN School Formula	-	-	266,050	266,050
Q3R5-001 - Band Offices & Buildings	-	-	13,709	13,709
Q2BJ - Institutional Care Co Pmt	58,030	(2,568)	-	55,462
Q2A1 - Child Out Par Home Allow	5,890	(3,646)	-	2,244
Q425 - Prov School Tuition	-	-	91,256	91,256
Q25D-001 - Guidance & Counselling	33,611	-	-	33,611
Q2D0-001 - Prevention Projects	7,135	(6,988)	-	147
Q2EH-001 - Ancillary Support	25,123	-	-	25,123
Q2A6 - Special Needs	16,571	-	108,548	125,119
Q38M-001 - Major Renos	788,644	(227,618)	-	561,026
Other ISC	131,800	(113,566)	-	18,234
	1,066,804	(354,386)	2,176,571	2,888,989
Unearned property tax	301,934	-	20,288	322,222
Unearned business licenses	81,174	(16,846)	-	64,328
Unearned lease rental	628,223	-	415,103	1,043,326
Sk'elep school	249,992	-	927,677	1,177,669
Environmental security funds	135,003	-	-	135,003
Federal government	15,183	-	5,434,187	5,449,370
Other unearned revenue	1,379,442	(165,543)	-	1,213,899
Spiy7ullucw Ranch Corporation	119,555	-	23,250	142,805
	2,910,506	(182,389)	6,820,505	9,548,622
	\$ 3,977,310	\$ (536,775)	\$ 8,997,076	\$12,437,611

# Tk'emlŭps te Secwépemc

## Notes to Consolidated Financial Statements

March 31, 2021

### 13. Debt

#### Social Housing:

ANTCO, mortgages, repayable in combined monthly installments of \$21,075, including interest at rates ranging from 1.03% to 2.22% per annum, secured by ISC guarantees for all loan amounts outstanding, with the exception of \$121,604, maturities ranging from February 2022 to December 2033

	2021	2020
	\$ 1,025,988	\$ 1,190,247

#### 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

2,360,020	2,516,582
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#### 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

25,841	42,967
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\$ 3,411,849	\$ 3,749,796
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The estimated principal repayments required over the next five years are as follows:

2022	\$ 329,399
2023	303,205
2024	299,872
2025	281,415
2026	252,910
Thereafter	1,945,048
	<u>\$ 3,411,849</u>

Total interest paid on debt for the year was \$84,184 (2020 - \$91,367).

The RBC facilities include two unused, revolving demand lines of credit to a maximum of \$300,000 (2020 - \$300,000) and \$500,000 (2020 - \$500,000), respectively, which bear interest at the RBC prime rate plus 0.15% and plus 0.5% per annum, respectively (2020 - 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, 2021

### 14. Tangible Capital Assets

	2021		2020	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,023,225	\$ -	\$ 1,023,225	\$ -
Automotive	3,101,003	2,630,124	2,931,396	2,464,519
Buildings	16,816,166	9,250,581	16,786,631	8,935,964
Computer equipment	1,956,715	1,919,193	1,910,306	1,904,875
Equipment	2,990,071	1,856,977	2,509,845	1,633,732
Fencing and other land improvements	3,469,464	2,389,504	3,469,464	2,344,506
Furniture and fixtures	760,671	677,796	724,271	661,627
Property and equipment, recorded at appraised values	3,545,768	3,218,235	3,545,768	3,204,587
Roadways, sewer and water systems	33,786,664	16,554,906	29,493,990	15,748,397
Assets under construction	445,605	-	3,497,090	-
	<b>67,895,352</b>	<b>38,497,316</b>	<b>65,891,986</b>	<b>36,898,207</b>
Social Housing				
Land	66,000	-	176,000	-
Buildings and fixtures	3,942,047	1,955,774	4,816,010	2,474,890
	<b>4,008,047</b>	<b>1,955,774</b>	<b>4,992,010</b>	<b>2,474,890</b>
Spiyu7ullucw Ranch Corporation				
Land and timber	6,738,385	-	6,738,385	-
Buildings	384,027	215,622	384,027	208,605
Computer equipment	4,105	4,099	4,105	4,096
Equipment	650,267	521,844	650,267	489,738
Furniture and fixtures	227,158	218,330	227,158	214,546
	<b>8,003,942</b>	<b>959,895</b>	<b>8,003,942</b>	<b>916,985</b>
Big Horn Hops Inc.				
Buildings	43,033	6,569	43,033	5,038
Equipment	402,736	244,893	402,736	205,433
Farm development	16,802	5,778	16,802	4,553
Leasehold improvements	140,693	22,052	140,693	17,108
Rhizomes	153,799	28,205	153,799	22,972
	<b>757,063</b>	<b>307,497</b>	<b>757,063</b>	<b>255,104</b>
	<b>80,664,404</b>	<b>41,720,482</b>	<b>79,645,001</b>	<b>40,545,186</b>
Net book value	<b>\$ 38,943,922</b>		<b>\$ 39,099,815</b>	

# Tk'emlŭps te Secwépemc

## Notes to Consolidated Financial Statements

March 31, 2021

### 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	\$ 3,461,274	\$ 22,029,701	\$ 3,626,959	\$ 29,493,990	\$ 1,914,411	\$ 4,598,771	\$ 153,799	\$ 3,497,090	\$ 79,645,001
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	3,977,900	21,185,272	3,626,959	33,786,664	1,960,820	4,598,771	153,799	445,606	80,664,404
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	\$ 1,228,583	\$ 9,765,270	\$ 1,215,796	\$ 17,231,758	\$ 37,531	\$ 642,455	\$ 130,827	\$ 445,606	\$ 38,996,315

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

March 31, 2021

14. Tangible Capital Assets (continued)

	2020										
	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	\$ 1,390,611	\$ 2,629,255	\$ 3,145,067	\$ 22,617,970	\$ 3,469,464	\$ 29,951,653	\$ 1,910,306	\$ 3,545,768	\$ -	\$ 1,181,310	\$ 69,841,404
Additions	-	302,141	89,049	-	-	62,703	-	-	-	2,872,659	3,326,552
Reallocation	-	-	-	1,181,311	-	-	-	-	-	(1,181,311)	-
Reallocation	-	-	-	(104,066)	-	-	-	-	-	104,066	-
Reallocation	-	-	-	-	-	(520,366)	-	-	-	520,366	-
Disposals	(191,386)	-	-	(2,092,574)	-	-	-	-	-	-	(2,283,960)
Consolidation of former business entities	6,738,385	-	227,158	427,060	157,495	-	4,105	1,053,003	153,799	-	8,761,005
Cost, end of year	7,937,610	2,931,396	3,461,274	22,029,701	3,626,959	29,493,990	1,914,411	4,598,771	153,799	3,497,090	79,645,001
Accumulated amortization, beginning of year	-	2,329,173	2,071,800	12,481,927	2,348,823	14,982,241	1,899,445	3,190,371	-	-	39,303,780
Amortization	-	135,346	223,558	511,130	(4,319)	766,156	5,430	14,217	-	-	1,651,518
Disposals	-	-	-	(1,582,202)	-	-	-	-	-	-	(1,582,202)
Consolidation of former business entities	-	-	214,546	213,644	21,661	-	4,096	695,171	22,972	-	1,172,090
Accumulated amortization, end 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
Net carrying amount, end of year	\$ 7,937,610	\$ 466,877	\$ 951,370	\$ 10,405,202	\$ 1,260,794	\$ 13,745,593	\$ 5,440	\$ 699,012	\$ 130,827	\$ 3,497,090	\$ 39,099,815

# Tk'emlűps te Secwėpemc

## Notes to Consolidated Financial Statements

**March 31, 2021**

### 15. Accumulated Surplus

	2021	2020
Unrestricted operating surplus	\$ 21,771,643	\$ 9,219,911
Equity in replacement reserve (Note 4)	356,601	447,115
Contributed surplus	-	-
Equity in capital assets	28,064,301	35,337,069
Equity in Ottawa trust	67,443	63,548
Internally designated surplus	25,141,797	22,251,901
Internally restricted surplus	21,363,288	16,129,344
	<b>\$ 96,765,073</b>	<b>\$ 83,448,888</b>

Internally Designated Surplus consists of:

	2021	2020
Capital Equipment Reserve Fund	\$ 596,826	\$ 570,610
KIBST Transfer to KIBST Reserve	5,719,335	3,725,820
QS G2G	28,485	-
Long-term Capital Plan Reserve	1,403,809	1,253,809
Development Cost Charges Reserve	5,891,689	5,224,559
Ottawa Trust Withdrawal	286,883	286,883
Stk'emlűpsemc te Secwėpemc Nation	133,724	133,724
Replacement Reserve from Phases 4 to 12	57,218	32,668
Day Scholar	81,560	81,560
General Reserve	1,900,000	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>\$ 25,141,797</b>	<b>\$ 22,251,901</b>

Internally Restricted Surplus consists of:

	2021	2020
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	6,197,938	3,995,852
Stk'emlűpsemc te Secwėpemc Nation	-	-
New Gold NSR Reserve	4,969,988	2,650,313
Economic and Community Development Agreement	4,204,589	3,509,982
Land Acquisitions	2,038,163	2,024,989
Kinder Morgan Mutual Benefits Agreement	3,711,073	3,706,671
	<b>\$ 21,363,288</b>	<b>\$ 16,129,344</b>



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## Tk'emlűps te Secwűpemc

### Notes to Consolidated Financial Statements

**March 31, 2021**

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#### 16. Contingencies

##### Ministerial Guarantees

As at March 31, 2021, TteS is contingently liable for ministerial guarantees provided to individual TteS members for loans made by various financial institutions totaling \$896,715 (2020 - \$2,516,582) 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, 2021.

##### 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 (2019 - \$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'emlŭps te Secwépemc

## Notes to Consolidated Financial Statements

**March 31, 2021**

### 17. Commitments

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

2022	\$ 126,010
2023	126,010
2024	126,010
2025	60,120
	<u>438,150</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, 2021 is \$451,642 (2020 - \$439,909).

### 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.

### 20. Prior Period Adjustments

During the year, it was determined that an asset and liability were not recognized by Spiyu7ullucw Ranch Corporation in the prior year. This had an effect of understating capital assets and long term debt, and overstating expenses; therefore, overstating the deficit. As a result, adjustments were required to restate capital assets, long-term debt and prior year deficit.

The impact of these restatements are as follows:

<u>Statement of Financial Position</u>	<u>As Previously Stated</u>	<u>Increase (Decrease)</u>	<u>Restated</u>
Tangible capital assets	39,043,898	55,917	39,099,815
Debt	<u>(3,706,829)</u>	<u>(42,967)</u>	<u>(3,749,796)</u>
	35,337,069	12,950	35,350,019
<u>Statement of Operations</u>	<u>As Previously Stated</u>	<u>Increase (Decrease)</u>	<u>Restated</u>
Amortization	1,789,513	5,083	1,794,596
Interest and bank charges	83,912	114	84,026
Repairs and maintenance	<u>1,438,606</u>	<u>(18,147)</u>	<u>1,420,459</u>
	3,312,031	(12,950)	3,299,081

# Tk'emlűps te Secwėpemc

## Notes to Consolidated Financial Statements

**March 31, 2021**

### 21. Related Party Transactions

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

	2021	2020
Management fees received from:		
Kamloops Indian Band Development Corporation	\$ 375,000	\$ 450,000
Kamloops Indian Band Utility Corporation	102,882	123,309
Spiyu7ullucw Ranch Corporation	6,250	17,500
Tk'emlűpsemc Forestry Limited Partnership	-	30,000
Secwepemcetkwe Limited Partnership	15,000	16,961
Fuel purchased from:		
Kamloops Indian Band Utility Corporation	120,606	193,419
	619,738	831,189
Management fees eliminated upon consolidated:		
Spiyu7ullucw Ranch Corporation	(9,167)	(14,583)
	\$ 610,571	\$ 816,606

At March 31, 2021, accounts payable and accrued liabilities includes amounts owed to Kamloops Indian Band Utility Corporation of \$32,267 (2020 - \$36,073) and to Tk'emlűpsemc Forestry Limited Partnership of \$nil (2020 - \$2,100).

At March 31, 2021, accounts receivable includes amounts due from Kamloops Indian Band Utility Corporation of \$nil (2020 - \$11,420), from Tk'emlűpsemc Forestry Limited Partnership of \$nil (2020 - \$1,138), from Tk'emlűpsemc Forestry Development Corporation of \$nil (2020 - \$24,601), and from Kamloops Indian Band Development Corporation of \$81,786 (2020 - \$130).

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'emlűps te Secwűpemc

### Notes to Consolidated Financial Statements

March 31, 2021

#### 22. Employee and Chief & Council Remuneration

During the year, 10 (2020 - 9) employees were paid in excess of \$75,000 each, for a total of \$947,577 (2020 - \$967,571).

In addition, in accordance with the First Nations Financial Transparency Act, 7 (2020 - 8) elected officials were paid total remuneration of \$516,200 (2020 - \$653,034), plus travel benefits of \$39,365 (2020 - \$71,360), net of reimbursements received.

#### 23. Expenses by Object

	2021	2020
Advertising and promotion	\$ 138,608	\$ 75,287
Amortization	1,858,683	1,794,596
Bad debt (recovery)	1,099,779	(1,933,288)
Contract Services	4,682,712	4,266,974
Fuel	120,606	193,419
Honoraria	563,141	674,457
Insurance	645,552	566,605
Interest and bank charges	42,432	84,026
Interest on long-term debt	84,184	91,367
Licenses and dues	529,568	1,061,377
Materials and supplies	1,555,914	780,223
Office	206,120	352,950
Professional fees	818,482	569,216
Program expenses	3,163,072	3,038,109
Rent	93,465	144,809
Repairs and maintenance	2,290,930	1,420,459
Salaries and wages	9,438,041	9,359,529
Telephone	163,107	139,196
Training and workshops	1,053,323	597,147
Travel	11,059	226,265
Utilities	554,525	613,025
Other	919,997	812,322
	<u>\$ 30,033,300</u>	<u>\$ 24,928,070</u>

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# **Tk'emlűps te Secwépemc**

## **Notes to Consolidated Financial Statements**

**March 31, 2021**

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### **24. 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'emlűps 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.

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## **Tk'emlûps te Secwépemc**

### **Notes to Consolidated Financial Statements**

**March 31, 2021**

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#### **23. 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'emlűps te Secwépemc

## Notes to Consolidated Financial Statements

March 31, 2021

### 23. Segment Disclosure (continued)

2021	Administration	Land and Leases	Planning & Engineering	Education	Property Tax	Housing	Social Housing	Natural Resources	Band Council	SK'elep School	Community Services	Other	Total
<b>Revenue</b>													
ISC	\$ 1,105,386	\$ 473,990	\$ 531,468	\$ 1,965,046	\$ -	\$ 296,167	\$ -	\$ -	\$ -	\$ 1,204,813	\$ 1,184,779	\$ 2,260,470	\$ 9,022,119
Province of BC	-	-	-	55,793	-	-	-	1,793,189	-	833,158	167,400	2,281,421	5,130,961
Property taxation	-	-	-	-	7,738,453	-	-	-	-	-	-	-	7,738,453
Other	5,863,031	2,366,860	1,872,768	502,884	527,125	67,764	402,965	620,415	39,256	234,713	305,805	8,654,364	21,457,950
	6,968,417	2,840,850	2,404,236	2,523,723	8,265,578	363,931	402,965	2,413,604	39,256	2,272,684	1,657,984	13,196,255	43,349,483
<b>Expenses</b>													
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	-	1,646,292	1,858,683
	4,017,062	550,159	4,658,250	2,800,808	3,402,396	1,657,313	347,195	2,259,447	756,525	1,654,359	2,235,929	5,693,857	30,033,300
<b>Surplus (deficit)</b>	\$ 2,951,355	\$ 2,290,691	\$ (2,254,014)	\$ (277,085)	\$ 4,863,182	\$ (1,293,382)	\$ 55,770	\$ 154,157	\$ (717,269)	\$ 618,325	\$ (577,945)	\$ 7,502,398	\$ 13,316,183

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

March 31, 2021

23. Segment Disclosure (continued)

	2020	Administration	Land and Leases	Planning & Engineering	Education	Property Tax	Housing	Social Housing	Natural Resources	Band Council	Skelep School	Community Services	Other	Total
<b>Revenue</b>														
ISC	\$	892,137	\$ 402,897	\$ 537,843	\$2,174,676	\$ -	\$ 4,524	\$ -	\$ -	\$ -	\$ 1,295,547	\$ 1,056,106	\$ 661,030	\$ 7,024,760
Province of BC		-	-	-	37,657	-	-	-	856,488	-	752,534	268,792	1,022,109	2,937,580
Property taxation		-	-	-	-	7,425,000	-	-	-	-	-	-	-	7,425,000
Other		4,887,958	3,036,590	1,460,816	944,296	405,200	(44,636)	572,645	233,207	31,883	335,269	412,584	4,932,954	17,208,766
		5,780,095	3,439,487	1,998,659	3,156,629	7,830,200	(40,112)	572,645	1,089,695	31,883	2,383,350	1,737,482	6,616,093	34,596,106
<b>Expenses</b>														
Payroll		1,715,383	436,215	2,126,454	816,498	171,144	329,167	-	498,720	76,756	1,410,248	913,966	872,043	9,366,594
Other		1,336,686	217,634	2,746,531	2,882,567	3,241,388	611,434	186,695	344,854	939,657	460,119	1,857,110	(1,057,795)	13,766,880
Amortization		-	-	-	-	-	-	209,238	-	-	5,987	-	1,579,371	1,794,596
		3,052,069	653,849	4,872,985	3,699,065	3,412,532	940,601	395,933	843,574	1,016,413	1,876,354	2,771,076	1,393,619	24,928,070
<b>Surplus (deficit)</b>	\$	2,728,026	\$2,785,638	\$ (2,874,326)	\$ (542,436)	\$ 4,417,668	\$ (980,713)	\$ 176,712	\$ 246,121	\$ (984,530)	\$ 506,996	\$ (1,033,594)	\$ 5,222,474	\$ 9,668,036