

Consolidated Financial Statements of

# **TK'EMLÚPS TE SECWÉPEMC**

Year ended March 31, 2014

# TK'EMLÚPS TE SECWÉPEMC

Consolidated Financial Statements

Year ended March 31, 2014

## Financial Statements

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## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Tk'emlúps te Secwépemc ("TteS") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

TteS' management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Chief and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by TteS. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on TteS' consolidated financial statements.

ACTING   
Chief

  
Chief Financial Officer



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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Tk'emlúps te Secwépemc

We have audited the accompanying consolidated financial statements of Tk'emlúps te Secwépemc ("the Entity"), which comprise the consolidated statement of financial position as at March 31, 2014, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Entity's preparation and fair presentation of the consolidated financial statements 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 Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tk'emlúps te Secwépemc as at March 31, 2014, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Accountants

Kamloops, Canada  
July 22, 2014

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# TK'EMLÚPS TE SECWÉPEMC

## Consolidated Statement of Financial Position

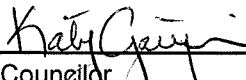
March 31, 2014, with comparative information for 2013

	2014	2013
<b>Financial assets:</b>		
Unrestricted cash and cash equivalents (note 2)	\$ 4,112,706	\$ 339,098
Restricted cash and cash equivalents (note 3)	3,549,499	276,569
Funded reserves (note 4)	519,466	992,846
Ottawa trust funds (note 5)	394,585	394,571
Accounts receivable (note 6)	2,841,658	1,366,175
Property taxes receivable (note 7)	1,527,630	1,356,218
Loan receivable (note 8)	133,353	133,709
Long-term investments and advances (note 9)	472,943	470,945
Investment in partnerships (note 10)	386,501	154,058
Advances to related entities (note 11)	10,068,687	10,022,365
	<b>24,007,028</b>	<b>15,506,554</b>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	2,559,128	2,129,993
Landfill remediation liability (note 12)	200,000	-
Deferred revenue (note 13)	5,093,916	2,278,126
Debt (note 14)	8,625,418	6,855,220
Equity in deficit of government business enterprises (note 15)	1,215,302	2,030,874
	<b>17,693,764</b>	<b>13,294,213</b>
Net financial assets	<b>6,313,264</b>	<b>2,212,341</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 16)	36,563,256	36,896,214
Prepaid expenses and deposits	356,881	1,144,803
	<b>36,920,137</b>	<b>38,041,017</b>
<b>Accumulated surplus (note 17)</b>	<b>\$ 43,233,401</b>	<b>\$ 40,253,358</b>
Economic dependence (note 18)		
Contingencies (note 19)		
Accumulated surplus is comprised of:		
Internally and externally restricted surplus	\$ 12,013,857	\$ 7,809,783
Investment in tangible capital assets	30,860,253	33,229,811
Accumulated operating surplus (deficit)	359,291	(786,236)
<b>Accumulated surplus (note 17)</b>	<b>\$ 43,233,401</b>	<b>\$ 40,253,358</b>

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

Approved:

  
Chief Financial Officer

  
Councilor

# TK'EMLÚPS TE SECWÉPEMC

## Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2014, with comparative information for 2013

	Budget (note 1(i))	2014	2013
<b>Revenue:</b>			
Aboriginal Affairs and Northern Development Canada	\$ 5,462,947	\$ 5,306,878	\$ 6,035,221
Administration fees	1,220,325	128,229	173,894
Canada Mortgage and Housing Corporation	239,539	282,664	311,066
Capital recovery - sewer	-	2,000,000	-
Contract revenue	278,919	593,882	337,587
Gain on disposal of tangible capital assets	-	-	380
Government business enterprises income (loss) (note 15)	-	675,465	(432,272)
Health Canada	11,000	12,375	12,222
Interest and investment income	7,400	258,785	149,253
Kamloops Indian Band (K.I.B.) Sales Tax	1,480,000	1,672,665	1,512,405
Lease and rental income	979,291	3,496,266	3,583,036
Management fees	548,195	548,199	669,159
Partnership income (loss) (note 10)	-	232,443	(222,516)
Property taxation	5,730,681	5,917,903	5,270,156
Province of British Columbia	1,216,790	1,433,410	1,169,305
User fees and other	2,709,835	2,665,472	2,138,243
<b>Total revenue</b>	<b>19,884,922</b>	<b>25,224,636</b>	<b>20,707,139</b>
<b>Expenses:</b>			
Administration	2,692,072	2,870,366	3,383,563
Band council	934,786	969,172	1,035,932
Chief Louis Centre	313,200	339,793	332,434
Legal	669,354	728,515	1,160,612
Social development	1,701,641	1,623,289	1,729,463
Sk'elep school	1,762,757	1,822,688	1,865,089
Education	3,553,346	3,201,244	3,665,550
Property tax	3,383,813	2,721,790	2,288,490
Land and leases	760,552	741,460	1,074,624
Housing	819,913	851,845	1,498,861
Maintenance	2,914,793	3,532,403	3,156,253
Cultural resource management	602,139	550,566	460,579
Social housing	860,181	750,510	738,200
Amortization	-	1,505,951	1,803,282
Other	-	35,001	3,660
<b>Total expenses</b>	<b>20,968,547</b>	<b>22,244,593</b>	<b>24,196,592</b>
<b>Annual surplus (deficiency)</b>	<b>(1,083,625)</b>	<b>2,980,043</b>	<b>(3,489,453)</b>
<b>Accumulated surplus, beginning of year</b>	<b>40,253,358</b>	<b>40,253,358</b>	<b>43,742,811</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 39,169,733</b>	<b>\$ 43,233,401</b>	<b>\$ 40,253,358</b>
<b>Segmented information (note 20)</b>			
<b>Allocations of annual surplus:</b>			
Debt repayment - sewer	\$ -	\$ (2,000,000)	\$ -
<b>Unallocated annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 980,043</b>	<b>\$ (3,489,453)</b>

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

# TK'EMLÚPS TE SECWÉPEMC

## Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2014, with comparative information for 2013

	Budget (note 1(i))	2014	2013
Annual surplus (deficiency)	\$ (1,083,625)	\$ 2,980,043	\$ (3,489,453)
Acquisition of tangible capital assets	-	(1,730,641)	(2,746,653)
Amortization of tangible capital assets	-	2,063,599	2,144,179
	-	332,958	(602,474)
Usage of prepaid expenses, net of acquisitions	-	787,922	37,807
	-	787,922	37,807
Change in net financial assets	(1,083,625)	4,100,923	(4,054,120)
Net financial assets, beginning of year	2,212,341	2,212,341	6,266,461
Net financial assets, end of year	\$ 1,128,716	\$ 6,313,264	\$ 2,212,341

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



# TK'EMLÚPS TE SECWÉPEMC

## Consolidated Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus (deficiency)	\$ 2,980,043	\$ (3,489,453)
Items not involving cash:		
Amortization of tangible capital assets	2,063,599	2,144,179
Gain on disposal of tangible capital assets	-	(380)
Write down of long-term investments	-	20,000
Equity in loss (income) of investments	(907,908)	654,783
Disposal of investment	(140,107)	-
Change in non-cash assets and liabilities:		
Accounts receivable	(1,475,483)	(671,397)
Property taxes receivable	(171,412)	37,796
Prepaid expenses and deposits	787,922	37,807
Loan receivable	356	1,873
Accounts payable and accrued liabilities	429,135	320,460
Landfill remediation liability	200,000	-
Deferred revenue	2,815,790	635,428
Net change in cash from (used in) operating activities	6,581,935	(308,904)
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(1,730,641)	(2,746,653)
Proceeds from disposal of tangible capital assets	-	380
Net change in cash used in capital activities	(1,730,641)	(2,746,273)
<b>Investing activities:</b>		
Purchase of investments	(1,998)	(58,709)
Advances (to) from related entities	(46,322)	1,393,660
Net change in cash from (used in) investing activities	(48,320)	1,334,951
<b>Financing activities:</b>		
Proceeds from debt	4,876,520	2,143,000
Repayment of debt	(3,106,322)	(796,225)
Net change in cash from financing activities	1,770,198	1,346,775
Net change in cash and cash equivalents	6,573,172	(373,451)
Cash and cash equivalents, beginning of year	2,003,084	2,376,535
Cash and cash equivalents, end of year	\$ 8,576,256	\$ 2,003,084
<b>Represented by:</b>		
Unrestricted cash and cash equivalents	\$ 4,112,706	\$ 339,098
Restricted cash and cash equivalents	3,549,499	276,569
Funded reserves	519,466	992,846
Ottawa trust funds	394,585	394,571
	\$ 8,576,256	\$ 2,003,084

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

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements

Year ended March 31, 2014

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## Purpose and nature of operations

Tk'emlúps te Secwépemc ("TteS") is a First Nations village 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 the areas of capital, education, membership, health, and social and economic development.

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

These consolidated financial statements reflect the assets, liabilities and results of operations of TteS and all related entities and organizations subject to control by TteS. The consolidated financial statements of TteS are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada, which encompass the following principles:

(a) Basis of consolidation:

(i) Consolidated entities:

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise or government business partnership, which are included in the consolidated financial statements on a modified equity basis. The reporting entity is comprised of all related entities and organizations subject to control by TteS. Organizations consolidated in TteS' financial statements include:

- Tk'emlúps te Secwépemc
- Tk'emlúps te Secwépemc Social Housing Section 95 Phases 1-13
- Tk'emlúps te Secwépemc Social Housing Section 95 Phases 14-20

Inter-departmental and inter-organizational transactions and balances between these entities have been eliminated.

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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

### (a) Basis of consolidation (continued):

#### (ii) Equity in deficit of government business enterprises:

TteS' investment in the following entities are accounted for on a modified equity basis, consistent with Canadian generally accepted accounting principles as recommended by PSAB for investment in government business enterprises. 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 accounts. 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;
- Spiyu7ullucw Ranch Corporation;
- Mount Paul Centre Inc.; and
- Tk'emlupsemc Forestry Development Corporation, which includes its pro-rated portion of its investment in the Tk'emlupsemc Forestry Limited Partnership.

#### (iii) Investment in partnerships:

TteS' investment in the Tk'emlupsemc Forestry Limited Partnership and the Stk'emlupsemc Limited Partnership (the "partnerships") are accounted for on a modified equity basis, consistent with Canadian generally accepted accounting principles as recommended by PSAB for investments in government business partnerships.

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 its 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'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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

### (b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. It does not include the cash and cash equivalents from investments in government business partnerships (note 10) and government business enterprises (note 15) which are accounted for in the consolidated financial statements on a modified equity basis.

### (c) Restricted cash and cash equivalents:

Restricted cash and cash equivalents represents amounts reserved either internally or by statute for specific future purposes.

### (d) Investments:

Investments in activities that TteS does not control individually or jointly, nor has significant influence, are recorded at cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to its net realizable value.

### (e) 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 the services are performed or related expenses incurred.

### (f) 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.

#### (i) Tangible capital assets:

Tangible capital assets are recorded at cost which 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 31, 1978, except land, which is recorded at a nominal value of \$1.

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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

### (f) Non-financial assets (continued):

#### (i) Tangible capital assets (continued):

The cost, less residual value, of the tangible capital assets, excluding land, are amortized over their estimated useful lives using the following methods and annual rates:

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%

In accordance with Canada Mortgage and Housing Corporation ("CMHC") requirements, a reserve for future capital replacement is appropriated annually from operations and tangible capital assets purchased from the replacement reserve are charged against the replacement reserve account, rather than being capitalized in the consolidated statement of financial position and amortized over their estimated useful lives.

In the year of acquisition, a half year of amortization is recognized. Assets under construction are not amortized until the asset is available for productive use. When a tangible capital asset no longer contributes to TteS' ability to provide services, its carrying amount is written down to its residual value.

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 TteS' consolidated financial statements.

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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

### (f) Non-financial assets (continued):

#### (ii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

#### (iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in the consolidated financial statements.

#### (iv) Interest capitalization:

TteS does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

### (g) 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, unless the transfer contains stipulations that create a liability in which case the transfers are recognized as revenue in the periods that the liability is extinguished.

Grants and donations are recorded when they are earned and receivable and amounts can be reasonably estimated and collection is reasonably assured.

Property taxes are recorded on the accrual basis and are recognized when the amounts to be received can be reasonably estimated and collection is reasonably assured.

Rental and other income is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is reported as revenue in the period earned.

Effective April 1, 2013, TteS adopted new accounting standard PS 3410 - Government Transfers. The adoption of this standard has been applied prospectively, as permitted by the transitional provisions of the standard, and therefore no changes were required in prior year comparative figures.

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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

### (h) 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 financial statements, and the reported amounts of revenues and expenses during the period. The carrying value of the landfill remediation liability, recoverable amount of investments, and useful lives of tangible capital assets are significant items subject to such estimates and assumptions. Actual results could differ from those estimates.

### (i) Budgets:

Budget information for individual programs has been included in the consolidated financial statements when the information is available and represents the 2013/2014 operating and capital budgets approved by Chief and Council on September 10, 2013.

### (j) Funded reserves:

In order to provide for replacement of major tangible capital assets, the terms of the agreement with 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.

### (k) 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 the method of identification.

### (l) Landfill liability:

The liability and annual expenditure for closure of the operational site and post-closure care has been recognized as the landfill site's capacity is used each year, based on the present value of estimated future cash flows, after being adjusted for estimated inflation.

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 2. Unrestricted cash and cash equivalents:

	2014	2013
Royal Bank of Canada - general account	\$ 2,586,549	\$ 29,364
Royal Bank of Canada - Property Tax general account	2,139,480	906,544
Royal Bank of Canada - Canada Economic Action Plan account	82	101
Royal Bank of Canada - Housing Construction general account	954	943
Royal Bank of Canada - Sk'elep School general account	8,431	1,670
Royal Bank of Canada - Social Housing 2% Subsidy Program general account	(628,426)	(597,266)
Royal Bank of Canada - Social Housing Full Subsidy Program general account	4,706	(3,188)
Petty cash	930	930
	<b>\$ 4,112,706</b>	<b>\$ 339,098</b>

## 3. Restricted cash and cash equivalents:

	2014	2013
Six Mile Settlement Fund	\$ 75,164	\$ 89,911
Tessie J. Jules Bursary Fund	107,811	106,540
Little Fawn Daycare Fundraising Trust Fund	22,937	21,673
Stk'emlupsemc te Secwepemc Nation Trust Fund	381,209	58,513
First Nations Market Housing Fund	73,666	(68)
Forestry Contribution Revenue Sharing Agreement	953,580	-
First Nations Land Acquisitions Fund	1,935,132	-
	<b>\$ 3,549,499</b>	<b>\$ 276,569</b>

(a) Six Mile Settlement Fund - These funds relate to a per capita distribution of the Six Mile Settlement to TteS members under the age of 19. These funds have been invested for future distribution to TteS members on their 19th birthday.

(b) Tessie J. Jules Bursary Fund - These funds relate to an account which was set up in 2008 to provide bursaries to TteS members.

(c) Little Fawn Daycare Fundraising Trust Fund - These funds relate to an account which has accumulated fundraising monies to be spent by the Little Fawn Daycare.

(d) Stk'emlupsemc te Secwepemc Nation Trust Fund - These funds relate to an account which has been set up to hold monies related to the New Gold Reserve and the Economic and Community Development Agreement.



# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 3. Restricted cash and cash equivalents (continued):

- (e) First Nations Market Housing Fund - These funds relate to an account which has been set up to cover guarantees for loans backed by the First Nations Market Housing Fund.
- (f) Forestry Contribution Revenue Sharing Agreement ("FCRSA") - These funds relate to an account which is to accumulate funds from the FCRSA.
- (g) First Nations Land Acquisitions Fund - These funds relate to an account which has been set up to accumulate government contributed funds designated for the repurchase of historical First Nations lands.

## 4. Funded reserves:

Funded reserves consist of the following:

- (a) Operating Surplus Reserve

Under the terms of the agreements with CMHC in the Full Subsidy Program, excess federal assistance payments received may be retained in an Operating Surplus Reserve. These funds, along with the accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation ("CDIC") or as may otherwise be approved by CMHC from time to time. The funds in this account may only be used to meet future subsidy requirements of the program over and above the maximum federal assistance and the minimum revenue contribution. Withdrawals are charged to interest first and then principal.

The funds in the Operating Surplus Reserve, as reported in the consolidated statement of financial position, consist of:

	2014	2013
Restricted cash - operating reserve	32,128 \$	60,957
Monies to be withdrawn subsequent to year-end	(10,443)	(11,498)
<b>Total operating reserve funds</b>	<b>\$ 21,685</b>	<b>\$ 49,459</b>

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 4. Funded reserves (continued):

### (b) Replacement Reserve

Under the terms of the agreement with CMHC, during 2014 the Replacement Reserve account was credited in the amount of \$110,839 (2013 - \$115,722) including interest. These funds, along with the accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the CDIC or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Withdrawals are charged to interest first and then principal.

The Replacement Reserve, as reported in the consolidated statement of financial position, consists of:

	2014	2013
Restricted cash - replacement reserve	\$ 487,338	\$ 931,889
Monies to be deposited (withdrawn) subsequent to year-end	414,950	(59,134)
<b>Total replacement reserve funds</b>	<b>\$ 902,288</b>	<b>\$ 872,755</b>

As at March 31, 2014, total funded reserves are \$519,466 (2013 - \$992,846).

### (c) Subsidy Surplus Reserve

Under the terms of the Section 95 - Social Housing 2% Subsidy Program Agreement with CMHC, excess federal assistance payments received may be retained in a Subsidy Surplus Reserve up to a maximum of \$500 per unit plus interest. These funds must be held in a separate bank account and/or invested in accounts or instruments insured by the CDIC or as otherwise approved by CMHC from time to time. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. Withdrawals are credited to interest first and then principal. When the fund has attained the maximum of \$500 per unit, up to 10% of the excess assistance during a year may be transferred to other projects owned by the borrower requiring additional assistance, if the projects are within the same municipality or area and are assisted under the same program.

As at March 31, 2014, there were \$nil (2013 - \$nil) funds in the Subsidy Surplus Reserve.

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 5. Ottawa Trust Funds:

Aboriginal Affairs and Northern Development Canada ("AANDC") 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 Indian Affairs, 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 Indian Affairs and such expense generally must be for projects of a capital nature.

## 6. Accounts receivable:

		AANDC	Social Housing	Band Members	Other	2014	2013
Accounts receivable	\$	6,489	\$ 20,623	\$ 1,089,338	\$ 2,890,469	\$ 4,006,919	\$ 2,520,059
Allowance for doubtful accounts		-	-	(1,062,515)	(102,746)	(1,165,261)	(1,153,884)
	\$	6,489	\$ 20,623	\$ 26,823	\$ 2,787,723	\$ 2,841,658	\$ 1,366,175

## 7. Property taxes receivable:

		2014	2013
Property taxes receivable	\$	1,531,226	\$ 1,359,814
Allowance for doubtful accounts		(3,596)	(3,596)
	\$	1,527,630	\$ 1,356,218

## 8. Loan receivable:

The amounts due from the Kamloopa Pow Wow Society are unsecured, non-interest bearing, and have no specified terms of repayment.

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 9. Long-term investments and advances:

	2014	2013
All Nations Trust Company:		
156,270 (2013 - 156,270) Class A common shares	\$ 156,270	\$ 156,270
First Nations Finance Authority:		
18,850 units, Intermediate Money Market Fund (2013 - 18,651)	188,503	186,505
Cuwkeltam Leasing Inc. (note 15)	1	1
Kamloops Indian Band Development Corporation (note 15)	1	1
Kamloops Indian Band Utility Corporation (note 15)	1	1
Spiyu7ullucw Ranch Corporation (note 15)	1	1
Mount Paul Centre Inc. (note 15)	1	1
Tk'emlupsemc Forestry Development Corporation (note 15)	1	1
Tk'emlupsemc Forestry Limited Partnership (note 10)	199	199
Stk'emlupsemc Enterprises Inc.:		
Investment	10	10
Advances	455	455
Stk'emlupsemc te Secwepemc Nation:		
Advances	127,500	127,500
	472,943	470,945
Raven Biofuels Ltd.	150,000	150,000
Less allowance	(150,000)	(150,000)
	\$ 472,943	\$ 470,945

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 10. Investment in partnerships:

Tk'emlupsemc Forestry Development Corporation ("TFDC") and TteS have an investment in Tk'emlupsemc Forestry Limited Partnership ("TFLP"). TFDC owns 0.5% (1/200) of the units of TFLP and TteS 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"). SEI is the general partner and owns 0.01% of SLP, while the limited partners, SIB and TteS, each own 49.995% of SLP.

At March 31, 2014, TteS' share of the TFLP partners' equity is 99.5% which totals \$381,306 (2013 - \$154,058).

At March 31, 2014, TteS' share of the SLP partners' equity is 49.995% which totals \$5,195 (2013 - \$nil), including current year disbursements to TteS of \$364,671 (2013 - \$nil).

At March 31, 2014, TteS' total investment in partnerships is \$386,501 (2013 - \$154,058), and total share of partnership income (loss) is \$232,443 (2013 - (\$222,516)).

As at March 31, 2014, the assets, liabilities, equity, and net income (loss) of TFLP and SLP, are as follows:

	Tk'emlupsemc Forestry Limited Partnership	Stk'emlupsemc Limited Partnership	2014	2013
Total assets	\$ 1,261,784	\$ 457,876	\$ 1,719,660	\$ 603,550
Total liabilities and partners' equity	\$ 1,261,784	\$ 457,876	\$ 1,719,660	\$ 603,550
Net income				
Revenue	\$ 6,396,590	\$ 1,578,121	\$ 7,974,711	\$ 2,113,825
Expenses	6,168,200	838,315	7,006,515	2,337,459
Net income (loss)	\$ 228,390	\$ 739,806	\$ 968,196	\$ (223,634)

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 11. Advances to related entities:

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

	2014	2013
Kamloops Indian Band Utility Corporation	\$ 2,312,732	\$ 2,222,556
Kamloops Indian Band Development Corporation	(1,657,648)	(1,460,123)
Mount Paul Centre Inc.	(184,202)	(190,485)
Stk'emlupsemc te Secwepemc Nation, 50% interest	1,597	1,597
Spiyu7ullucw Ranch Corporation	8,982,327	8,880,841
Tk'emlupsemc Forestry Development Corporation	507,723	529,992
Tk'emlupsemc Forestry Limited Partnership	103,140	34,969
Other	3,018	3,018
	<b>\$ 10,068,687</b>	<b>\$ 10,022,365</b>

## 12. Landfill remediation liability:

TteS has recognized a liability of \$200,000 related to closure and post-closure costs at March 31, 2014. The estimated liability is recognized as the landfill site's capacity is used. The reported liability represents the present value of the pro-rata portion of the estimated future cash flows recognized as at March 31, 2014, based on the accumulated utilized capacity to that date, compared to the total estimated landfill capacity.

Once the landfill is closed, post-closure care is estimated to occur annually over 25 years. Estimated closure and post-closure costs have been adjusted for inflation using a rate of 2.0% per year, and the present value has been calculated using a 4.0% discount rate.

The reported liability is based on estimates and assumptions with respect to anticipated events over the expected remaining service life of the landfill of 123 years, using the best information available to management. Changes in the liability could result from new technology, settling of waste, regulatory requirements, inflation rates and interest rates. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the resulting estimated landfill remediation liability. Any change in the liability for cumulative capacity used, which could be material, would be recognized prospectively as a change in estimate, when applicable. Management periodically performs an assessment of the underlying assumptions related to the reported liability.

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 13. Deferred revenue:

Deferred revenue is comprised of funds for the following programs or purposes:

	2013 Deferred Revenue	Prior Year Reimbursement (Recovery)/ Transfers	Funding Received	Revenue Recognized	2014 Deferred Revenue
<b>AANDC contributions:</b>					
Social development:					
Basic needs	\$ 32,773	\$ (3,573)	\$ 566,774	\$ (595,974)	\$ -
Social assistance for employment and training	3,314	-	-	(3,314)	-
Assisted living	1,330	-	70,419	(71,749)	-
Child out of parental home allowance	7,135	(1,988)	16,496	(21,643)	-
National child benefit re-investment	817	-	101,461	(102,278)	-
Special needs	4,681	-	26,829	(31,510)	-
Due diligence support	-	-	26,000	(8,669)	17,331
Education:					
Private school	14,565	-	95,016	(109,581)	-
Tuition agreements	1,663	-	900,423	(902,086)	-
	66,278	(5,561)	1,803,418	(1,846,804)	17,331
<b>Other contributions:</b>					
Forestry contribution revenue sharing agreement	669,832	-	605,960	(40,000)	1,235,792
Land acquisitions	-	-	1,935,000	-	1,935,000
First Nations environmental contamination	-	-	6,250	-	6,250
First Nations Health Authority	-	-	6,250	-	6,250
Unearned business licences	76,978	-	102,467	(102,637)	76,808
Unearned lease rental	731,188	-	2,256,000	(2,144,306)	842,882
Sk'elep school	265,315	-	779,975	(720,300)	324,990
Environmental security funds	178,996	-	1,679	(1,607)	179,068
Economic and Community Development contributions	-	-	323,646	-	323,646
Other unearned revenue	289,539	-	243,788	(387,428)	145,899
	2,211,848	-	6,261,015	(3,396,278)	5,076,585
	\$ 2,278,126	\$ (5,561)	\$ 8,064,433	\$ (5,243,082)	\$ 5,093,916

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 14. Debt:

	2014	2013
<b>Social Housing:</b>		
All Nations Trust Company, mortgage, repayable in monthly instalments of \$2,763, including interest at 2.02% per annum; maturing August 2018	\$ 139,981	\$ -
Royal Bank of Canada, mortgage, repaid during the year	-	169,112
Royal Bank of Canada, mortgage, repayable in monthly instalments of \$4,027, including interest at 3.75% per annum; maturing August 2014; guaranteed by AANDC	236,013	274,636
Royal Bank of Canada, mortgage, repayable in monthly instalments of \$4,107, including interest at 3.85% per annum; maturing July 2015	260,537	298,922
Royal Bank of Canada, mortgage, repayable in monthly instalments of \$4,687, including interest at 3.01% per annum; maturing July 2016; guaranteed by AANDC	135,301	186,600
Royal Bank of Canada, mortgage, repayable in monthly instalments of \$2,211, including interest at 2.85% per annum; maturing February 2017; guaranteed by AANDC	189,623	210,399
All Nations Trust Company, mortgage, repayable in monthly instalments of \$2,383, including interest at 1.67% per annum; maturing April 2018; guaranteed by AANDC	112,789	139,014
Royal Bank of Canada, mortgage, repayable in monthly instalments of \$2,228, including interest at 3.33% per annum; maturing April 2014; guaranteed by AANDC	228,373	247,116
Royal Bank of Canada, mortgage, repayable in monthly instalments of \$1,389, including interest at 3.91% per annum; maturing May 2015; guaranteed by AANDC	147,936	158,553
Royal Bank of Canada, mortgage, repayable in monthly instalments of \$1,300, including interest at 3.56% per annum; maturing February 2016; guaranteed by AANDC	151,387	161,367
Carry forward	\$ 1,601,940	\$ 1,845,719



# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 14. Debt (continued):

	2014	2013
Carried forward	\$ 1,601,940	\$ 1,845,719
Royal Bank of Canada, mortgage, repayable in monthly instalments of \$2,091, including interest at 3.53% per annum; maturing March 2015; guaranteed by AANDC	220,019	236,969
Royal Bank of Canada, mortgage, repayable in monthly instalments of \$2,177, including interest at 2.59% per annum; maturing October 2016; guaranteed by AANDC	368,651	384,939
All Nations Trust Company, mortgage, repayable in monthly instalments of \$3,595, including interest at 2.11% per annum; maturing January 2019; guaranteed by AANDC	696,805	-
Royal Bank of Canada, mortgage, repaid during the year	-	721,190
<b>TteS Term Loans and Other:</b>		
Royal Bank of Canada, term loan, repayable in monthly instalments of \$8,118, including interest at 3.79% per annum; maturing August 2017	311,610	402,467
Royal Bank of Canada, term loan, repayable in monthly instalments of \$11,785, including interest at Royal Bank Prime plus 0.25% per annum (2014 - 3.25%); maturing January 2015	1,473,838	1,581,006
Royal Bank of Canada, term loan, repayable in monthly instalments of \$3,910, including interest at Royal Bank Prime plus 0.25% per annum (2014 - 3.25%); maturing August 2014	344,933	382,930
Royal Bank of Canada, term loan, repayable in monthly instalments of \$20,187, including interest at 3.00% per annum; maturing September 2014	3,572,622	-
Royal Bank of Canada, term loan, repaid during the year	-	1,300,000
Royal Bank of Canada, line of credit, no specified terms of repayment, interest at Royal Bank Prime plus 0.5% per annum (2014 - 3.50%).	35,000	-
	<b>\$ 8,625,418</b>	<b>\$ 6,855,220</b>

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 14. Debt (continued):

Principal repayments due in the next five years are approximately as follows:

2015	\$ 6,436,254
2016	770,092
2017	692,016
2018	132,302
2019	594,754
	<hr/>
	\$ 8,625,418

Total interest paid by TteS on debt for the year was \$241,286 (2013 - \$204,477).

The Royal Bank of Canada accounts include a line of credit up to \$300,000 (2013 - \$300,000), which bears interest at the financial institution's prime rate plus 0.5% per annum, as well as a series of term loans up to \$5,911,743 (2013 - \$5,000,000), which bear interest between the Bank's commercial prime lending rate and the Bank's commercial prime lending rate plus 0.25% (2014 - 3.25%) for the variable rate term loans and 3.00% to 3.79% for the fixed rate term loans.

The Royal Bank of Canada line 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 first ranking security interest in all sales tax revenues and other income or monies payable to TteS by the Government of Canada.

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 15. Equity in deficit of government business enterprises:

	Kamloops Indian Band Development Corporation	Kamloops Indian Band Utility Corporation	Spiyu7ullucw Ranch Corporation	Mount Paul Centre Inc.	Tk'emlupsemc Forestry Development Corporation	2014 Total	2013 Total
Assets:							
Cash and cash equivalents	\$ 1,447,663	\$ 848,347	\$ 238,879	\$ 268,012	\$ 16,796	\$ 2,819,697	\$ 1,791,113
Accounts receivable	2,091	44,496	14,761	5,372	30	66,750	458,536
Inventories	-	245,219	-	-	-	245,219	119,416
Advances to related entities	2,722,388	-	-	184,202	31,192	2,937,782	2,675,752
Prepaid expenses	1,314	13,273	11,110	6,544	1,065	33,306	36,270
Investment in partnership	-	-	-	-	1,916	1,916	774
Property and equipment	11,187	1,902,059	7,036,119	5,620	-	8,954,985	9,186,635
Biological assets	-	-	190,382	-	-	190,382	153,280
Total assets	\$ 4,184,643	\$ 3,053,394	\$ 7,491,251	\$ 469,750	\$ 50,999	\$ 15,250,037	\$ 14,421,776

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 15. Equity in deficit of government business enterprises (continued):

	Kamloops Indian Band Development Corporation	Kamloops Indian Band Utility Corporation	Spiyu7ullucw Ranch Corporation	Mount Paul Centre Inc.	Tk'emlupsemc Forestry Development Corporation	2014 Total	2013 Total
Liabilities and equity:							
Bank indebtedness	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	3,851
Accounts payable and accrued liabilities	23,843	235,738	14,755	13,006	34,838	322,180	316,266
Deferred revenue	3,206,036	-	6,540	500	-	3,213,076	3,285,467
Advances from related entities	-	3,285,601	9,030,427	43,771	507,723	12,867,522	12,739,338
Long-term debt	-	-	62,556	-	-	62,556	107,723
<b>Total liabilities</b>	<b>3,229,879</b>	<b>3,521,339</b>	<b>9,114,278</b>	<b>57,277</b>	<b>542,561</b>	<b>16,465,334</b>	<b>16,452,645</b>
Share capital (note 9)	1	1	1	1	1	5	5
Retained earnings (deficit)	954,763	(467,946)	(1,623,028)	412,472	(491,563)	(1,215,302)	(2,030,874)
<b>Total equity (deficit)</b>	<b>954,764</b>	<b>(467,945)</b>	<b>(1,623,027)</b>	<b>412,473</b>	<b>(491,562)</b>	<b>(1,215,297)</b>	<b>(2,030,869)</b>
<b>Total liabilities and equity</b>	<b>\$ 4,184,643</b>	<b>\$ 3,053,394</b>	<b>\$ 7,491,251</b>	<b>\$ 469,750</b>	<b>\$ 50,999</b>	<b>\$ 15,250,037</b>	<b>\$ 14,421,776</b>

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 15. Equity in deficit of government business enterprises (continued):

	Kamloops Indian Band Development Corporation	Kamloops Indian Band Utility Corporation	Spiyu7ullucw Ranch Corporation	Mount Paul Centre Inc.	Tk'emlupsemc Forestry Development Corporation	2014 Total	2013 Total
Net income (loss)							
Revenue	\$ 1,026,359	\$ 9,589,628	\$ 467,406	\$ 41,795	\$ 301,496	\$ 11,426,684	\$ 9,146,888
Expenses	539,324	9,404,383	406,932	102,938	297,642	10,751,219	9,579,160
Net income (loss)	\$ 487,035	\$ 185,245	\$ 60,474	\$ (61,143)	\$ 3,854	\$ 675,465	\$ (432,272)

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 corporation. The total investment at March 31, 2014 is \$1 (2013 - \$1) (note 9).

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

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 16. Tangible capital assets:

Cost	Balance at March 31, 2013	Additions	Disposals/ Transfers	Balance at March 31, 2014
TteS capital:				
Land	\$ 913,225	\$ -	\$ -	\$ 913,225
Automotive	2,250,132	-	-	2,250,132
Buildings	14,668,228	-	-	14,668,228
Computer equipment	1,823,663	8,587	-	1,832,250
Equipment	1,266,628	53,263	-	1,319,891
Fencing and other land improvements	3,469,464	-	-	3,469,464
Furniture and fixtures	703,452	757	-	704,209
Property and equipment, recorded at appraised values	3,545,768	-	-	3,545,768
Roadways, sewer and water systems	17,079,582	38,854	12,168,001	29,286,437
Wastewater system under construction	10,538,821	1,629,180	(12,168,001)	-
<b>Total TteS capital</b>	<b>56,258,963</b>	<b>1,730,641</b>	<b>-</b>	<b>57,989,604</b>
Social housing operations:				
Land	477,386	-	-	477,386
Buildings and fixtures	7,804,091	-	-	7,804,091
<b>Total Social housing operations</b>	<b>8,281,477</b>	<b>-</b>	<b>-</b>	<b>8,281,477</b>
<b>Total</b>	<b>\$ 64,540,440</b>	<b>\$ 1,730,641</b>	<b>\$ -</b>	<b>\$ 66,271,081</b>

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 16. Tangible capital assets (continued):

Accumulated amortization	Balance at March 31, 2013	Amortization expense	Amortization on disposals	Balance at March 31, 2014
TteS capital:				
Automotive	\$ 1,622,704	\$ 188,228	\$ -	\$ 1,810,932
Buildings	5,969,490	347,950	-	6,317,440
Computer equipment	1,577,775	125,087	-	1,702,862
Equipment	694,170	119,818	-	813,988
Fencing and other land improvements	1,977,440	59,681	-	2,037,121
Furniture and fixtures	436,158	53,534	-	489,692
Property and equipment, recorded at appraised values	3,091,737	18,161	-	3,109,898
Roadways, sewer and water systems	9,518,004	849,840	-	10,367,844
Total TteS capital	24,887,478	1,762,299	-	26,649,777
Social housing operations:				
Buildings and fixtures	2,756,748	301,300	-	3,058,048
Total Social housing operations	2,756,748	301,300	-	3,058,048
Total	\$ 27,644,226	\$ 2,063,599	\$ -	\$ 29,707,825

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 16. Tangible capital assets (continued):

	Balance at March 31, 2013	Balance at March 31, 2014
Net book value		
TteS capital:		
Land	\$ 913,225	\$ 913,225
Automotive	627,428	439,200
Buildings	8,698,738	8,350,788
Computer equipment	245,888	129,388
Equipment	572,458	505,903
Fencing and other land improvements	1,492,024	1,432,343
Furniture and fixtures	267,294	214,517
Property and equipment, recorded at appraised values	454,031	435,870
Roadways, sewer and water systems	7,561,578	18,918,593
Wastewater system under construction	10,538,821	-
Total TteS capital	31,371,485	31,339,827
Social housing operations:		
Land	477,386	477,386
Buildings and fixtures	5,047,343	4,746,043
Total Social housing operations	5,524,729	5,223,429
Total	\$ 36,896,214	\$ 36,563,256



# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 16. Tangible capital assets (continued):

Cost	Balance at March 31, 2012	Additions	Disposals/ Transfers	Balance at March 31, 2013
TteS capital:				
Land	\$ 826,004	\$ -	\$ 87,221	\$ 913,225
Automotive	2,219,662	30,470	-	2,250,132
Buildings	13,647,017	387,380	633,831	14,668,228
Computer equipment	1,807,745	15,918	-	1,823,663
Equipment	1,258,193	8,435	-	1,266,628
Fencing and other land improvements	3,466,475	2,989	-	3,469,464
Furniture and fixtures	681,951	21,501	-	703,452
Property and equipment recorded at appraised values	3,545,768	-	-	3,545,768
Roadways, sewer and water systems	15,394,125	1,685,457	-	17,079,582
Wastewater system under construction	9,944,318	594,503	-	10,538,821
<b>Total TteS capital</b>	<b>52,791,258</b>	<b>2,746,653</b>	<b>721,052</b>	<b>56,258,963</b>
Social housing operations:				
Land	564,607	-	(87,221)	477,386
Buildings and fixtures	8,437,922	-	(633,831)	7,804,091
<b>Total Social housing operations</b>	<b>9,002,529</b>	<b>-</b>	<b>(721,052)</b>	<b>8,281,477</b>
<b>Total</b>	<b>\$ 61,793,787</b>	<b>\$ 2,746,653</b>	<b>\$ -</b>	<b>\$ 64,540,440</b>

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 16. Tangible capital assets (continued):

Accumulated amortization	Balance at March 31, 2012	Amortization expense	Amortization on disposals	Balance at March 31, 2013
TteS capital:				
Automotive	\$ 1,353,806	\$ 268,898	\$ -	\$ 1,622,704
Buildings	5,099,732	362,449	507,309	5,969,490
Computer equipment	1,331,885	245,890	-	1,577,775
Equipment	551,056	143,114	-	694,170
Fencing and other land improvements	1,915,272	62,168	-	1,977,440
Furniture and fixtures	369,335	66,823	-	436,158
Property and equipment recorded at appraised values	3,072,819	18,918	-	3,091,737
Roadways, sewer and water systems	8,860,476	657,528	-	9,518,004
Wastewater system under construction	-	-	-	-
<b>Total TteS capital</b>	<b>22,554,381</b>	<b>1,825,788</b>	<b>507,309</b>	<b>24,887,478</b>
Social housing operations:				
Buildings and fixtures	2,945,666	318,391	(507,309)	2,756,748
<b>Total Social housing operations</b>	<b>2,945,666</b>	<b>318,391</b>	<b>(507,309)</b>	<b>2,756,748</b>
<b>Total</b>	<b>\$ 25,500,047</b>	<b>\$ 2,144,179</b>	<b>\$ -</b>	<b>\$ 27,644,226</b>

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 16. Tangible capital assets (continued):

Net book value	Balance at March 31, 2012	Balance at March 31, 2013
TteS capital:		
Land	\$ 826,004	\$ 913,225
Automotive	865,856	627,428
Buildings	8,547,285	8,698,738
Computer equipment	475,860	245,888
Equipment	707,137	572,458
Fencing and other land improvements	1,551,203	1,492,024
Furniture and fixtures	312,616	267,294
Property and equipment recorded at appraised values	472,949	454,031
Roadways, sewer and water systems	6,533,649	7,561,578
Wastewater system under construction	9,944,318	10,538,821
<b>Total TteS capital</b>	<b>30,236,877</b>	<b>31,371,485</b>
Social housing operations:		
Land	564,607	477,386
Buildings and fixtures	5,492,256	5,047,343
<b>Total Social housing operations</b>	<b>6,056,863</b>	<b>5,524,729</b>
<b>Total</b>	<b>\$ 36,293,740</b>	<b>\$ 36,896,214</b>

### a) Assets under construction

Assets under construction are not amortized. Amortization of these assets will commence when the asset is put into service. During the year, assets under construction in the amount of \$12,168,001 were completed and transferred to the applicable tangible capital assets category (2013 - \$nil).

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 16. Tangible capital assets (continued):

### b) Contributed tangible capital assets

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed tangible capital assets received during the year is \$nil (2013 - \$nil). Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

### c) Write-down of tangible capital assets

The write-down of tangible capital assets during the year was \$nil (2013 - \$nil).

### d) Works of art and historical treasures

TteS manages and controls various works of art and non-operational historical cultural assets including artifacts, paintings and sculptures. These assets are not recorded as tangible capital assets and are not amortized.

## 17. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2014	2013
Restricted cash and cash equivalents (note 3)	\$ 3,549,499	\$ 276,569
Funded reserves (note 4)	519,466	992,846
Ottawa Trust Fund capital account	355,110	355,110
Financial assets restricted to discharge financial liabilities:		
Equity in deficit of government business enterprises (note 15)	1,215,302	2,030,874
Deferred revenue AANDC contributions (note 13)	17,331	66,278
Investment in partnerships (note 10)	386,501	154,058
Investment in tangible capital assets	30,860,253	33,229,811
Internally restricted surplus -		
Replacement reserve from Phases 4-7 and 9	99,441	99,441
Debt repayment	5,703,003	3,666,403
Externally restricted surplus (note 23)	168,204	168,204
	42,874,110	41,039,594
Accumulated surplus (deficit) available for operations	359,291	(786,236)
	\$ 43,233,401	\$ 40,253,358

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 18. Economic dependence:

TteS receives a major portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada. Consequently, TteS' ability to continue viable operations is dependent upon maintaining this funding.

## 19. Contingencies:

### (a) Ministerial guarantees

As at March 31, 2014, TteS is contingently liable for ministerial guarantees provided to individual TteS members for loans made by various financial institutions totaling \$2,094,251 (2013 - \$2,261,953) for purposes of acquiring on-reserve housing. In the event that TteS members 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, thus payment is unlikely.

### (b) Douglas reserve litigation

TteS has identified ongoing future legal costs for a suit brought against the Provincial Government of British Columbia and the Government of Canada to recover land, originally granted to TteS by Governor James Douglas in the mid-1800's. The trial which was scheduled to commence in November 2012 has been adjourned generally to allow discussions towards a potential settlement; negotiations are still ongoing.

### (c) 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 relating to this, 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.

### (d) 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 a highway. Monies in the amount of \$197,866 (2013 - \$192,432) 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.

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 19. Contingencies (continued):

### (e) Residential Day School Scholars Class Action Lawsuit

TteS is taking part in a proposed Day School Scholars Class Action Lawsuit on behalf of the Residential School Day Scholars. As at March 31, 2014, a retainer in the amount of \$nil is held in trust by the law firm (2013 - \$89,691). The trial is scheduled for April 2015 and the outcome of the lawsuit is unknown. If the court decision is in favour of the plaintiff, all or part of the legal fees will be reimbursed to TteS.

### (f) Spiyu7ullucw Ranch Corporation guarantee

TteS has provided a guarantee and postponement of claim to Spiyu7ullucw Ranch Corporation, a related entity, for its long-term debt. As at March 31, 2014, the balance of this debt was \$62,556 (2013 - \$107,723).

### (g) Letters of guarantee

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

## 20. Segmented information:

Segmented information 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 in the segmented information, along with a description of the services, are as follows:

### (a) Administration:

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

### (b) Legal:

Legal provides the function of in-house legal counsel. Its purpose is to protect and advance the rights of TteS, provide justice programs and services, and promote respect for TteS rights and title. This department was discontinued in August 2013.

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 20. Segmented information (continued):

(c) Band council:

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

(d) Chief Louis Centre:

The Chief Louis Centre houses the TteS museum and other commercial lots.

(e) 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.

(f) Housing:

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

(g) Social development:

Social development offers a broad range of services to TteS members, including income assistance, homemaking for elders and disabled, book/video library, youth programs, counselling and/or referrals (individuals and families), parenting programs, community health representatives, and recreational programming. As well, social development funds, coordinates and delivers many community events including women's retreat, community dinners, annual picnics, and holiday themed events.

(h) Cultural resource management:

Cultural resource management operates natural and cultural resource related projects.

(i) Property tax, land and leases:

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

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

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 20. Segmented information (continued):

(j) Social housing:

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

(k) Maintenance:

Maintenance provides an array of services related to landscaping, security, landfill, custodial and other public works related to the development, maintenance and service of TteS' assets, infrastructure and common property.

(l) Education:

Education is responsible for administering and facilitating educational programs, post secondary education support, and the operations of various other community education programs. Education manages all funds received from AANDC pertaining to students from pre-school to post-secondary.



# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 20. Segmented information (continued):

2014	Administration	Band council	Chief Louis Centre	Legal	Social development	Sk'elep school	Education	Property tax	Sub-total
<b>Revenues:</b>									
Aboriginal Affairs and Northern Development Canada	\$ 821,283	\$ 40,285	\$ 28,644	\$ -	\$ 789,326	\$ 656,899	\$ 1,862,324	\$ -	\$ 4,198,761
Administration fees	13,459	-	-	-	-	-	-	4,690	18,149
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	-	-
Capital recovery - sewer	-	-	-	-	-	-	-	-	-
Contract revenue	-	-	-	9,350	-	-	-	-	9,350
Gain on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-
Government business enterprises income (loss) (note 15)	675,465	-	-	-	-	-	-	-	675,465
Health Canada	-	-	-	-	-	-	-	-	-
Interest and investment income	40,203	-	-	-	-	-	-	24,025	64,228
Kamloops Indian Band (K.I.B.) Sales Tax	1,672,665	-	-	-	-	-	-	-	1,672,665
Lease and rental income	-	-	610,391	-	-	-	-	-	610,391
Management fees	548,199	-	-	-	-	-	-	-	548,199
Partnership income (loss) (note 10)	232,443	-	-	-	-	-	-	-	232,443
Property taxation	-	-	-	-	-	-	-	5,917,903	5,917,903
Province of British Columbia	-	-	-	20,000	247,561	720,300	168,980	-	1,156,841
User fees and other	274,606	34,000	-	24,946	296,346	119,017	657,125	171,412	1,577,452
<b>Total revenues</b>	<b>4,278,323</b>	<b>74,285</b>	<b>639,035</b>	<b>54,296</b>	<b>1,333,233</b>	<b>1,496,216</b>	<b>2,688,429</b>	<b>6,118,030</b>	<b>16,681,847</b>
<b>Expenses:</b>									
Salaries, wages and employee benefits	1,627,214	679,479	-	189,259	630,449	1,291,816	1,204,472	107,937	5,730,626
Operating expenses	1,243,152	289,693	339,793	539,256	992,840	517,883	1,996,772	2,613,853	8,533,242
Amortization	-	-	-	-	-	12,989	-	-	12,989
<b>Total expenses</b>	<b>2,870,366</b>	<b>969,172</b>	<b>339,793</b>	<b>728,515</b>	<b>1,623,289</b>	<b>1,822,688</b>	<b>3,201,244</b>	<b>2,721,790</b>	<b>14,276,857</b>
<b>Annual surplus (deficit)</b>	<b>\$ 1,407,957</b>	<b>\$ (894,887)</b>	<b>\$ 299,242</b>	<b>\$ (674,219)</b>	<b>\$ (290,056)</b>	<b>\$ (326,472)</b>	<b>\$ (512,815)</b>	<b>\$ 3,396,240</b>	<b>\$ 2,404,990</b>

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 20. Segmented information (continued):

2014 (continued)	Sub-total (previous page)	Land and leases	Housing	Maintenance	Cultural resource management	Social housing	Amortization	Other	Total
<b>Revenues:</b>									
Aboriginal Affairs and Northern Development Canada	\$ 4,198,761	\$ 571,183	\$ 110,629	\$ 418,555	\$ 7,750	\$ -	\$ -	\$ -	\$ 5,306,878
Administration fees	18,149	110,080	-	-	-	-	-	-	128,229
Canada Mortgage and Housing Corporation	-	-	50,927	-	-	231,737	-	-	282,664
Capital recovery - sewer	-	-	-	2,000,000	-	-	-	-	2,000,000
Contract revenue	9,350	-	-	584,532	-	-	-	-	593,882
Gain on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-
Government business enterprises income (loss) (note 15)	675,465	-	-	-	-	-	-	-	675,465
Health Canada	-	-	-	12,375	-	-	-	-	12,375
Interest and investment income	64,228	-	-	105	-	-	-	194,452	258,785
Kamloops Indian Band (K.I.B.) Sales Tax	1,672,665	-	-	-	-	-	-	-	1,672,665
Lease and rental income	610,391	2,430,144	-	-	33,175	422,556	-	-	3,496,266
Management fees	548,199	-	-	-	-	-	-	-	548,199
Partnership income (loss) (note 10)	232,443	-	-	-	-	-	-	-	232,443
Property taxation	5,917,903	-	-	-	-	-	-	-	5,917,903
Province of British Columbia	1,156,841	-	-	-	276,569	-	-	-	1,433,410
User fees and other	1,577,452	145,344	41,023	803,483	97,165	-	-	1,005	2,665,472
<b>Total revenues</b>	<b>16,681,847</b>	<b>3,256,751</b>	<b>202,579</b>	<b>3,819,050</b>	<b>414,659</b>	<b>654,293</b>	<b>-</b>	<b>195,457</b>	<b>25,224,636</b>
<b>Expenses:</b>									
Salaries, wages and employee benefits	5,730,626	390,004	209,849	1,748,110	288,372	-	-	-	8,366,961
Operating expenses	8,533,242	351,456	641,996	1,540,933	262,194	449,211	-	35,001	11,814,033
Amortization	12,989	-	-	243,360	-	301,299	1,505,951	-	2,063,599
<b>Total expenses</b>	<b>14,276,857</b>	<b>741,460</b>	<b>851,845</b>	<b>3,532,403</b>	<b>550,566</b>	<b>750,510</b>	<b>1,505,951</b>	<b>35,001</b>	<b>22,244,593</b>
<b>Annual surplus (deficit)</b>	<b>\$ 2,404,990</b>	<b>\$ 2,515,291</b>	<b>\$ (649,266)</b>	<b>\$ 286,647</b>	<b>\$ (135,907)</b>	<b>\$ (96,217)</b>	<b>\$ (1,505,951)</b>	<b>\$ 160,456</b>	<b>2,980,043</b>

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 20. Segmented information (continued):

2013	Administration	Band council	Chief Louis Centre	Legal	Social development	Sk'elep school	Education	Property tax	Sub-total
<b>Revenues:</b>									
Aboriginal Affairs and Northern Development Canada	\$ 883,064	\$ 40,285	\$ 275,345	\$ -	\$ 899,533	\$ 796,801	\$ 1,994,268	\$ -	\$ 4,889,296
Administration fees	176	-	-	-	-	-	-	77,615	77,791
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	-	-
Contract revenue	-	-	-	-	-	-	-	-	-
Gain on disposal of tangible capital assets	380	-	-	-	-	-	-	-	380
Government business enterprises income (loss) (note 15)	(432,272)	-	-	-	-	-	-	-	(432,272)
Health Canada	-	-	-	-	-	-	-	-	-
Interest and investment income	87,417	-	-	-	-	-	-	-	87,417
Kamloops Indian Band (K.I.B.) Sales Tax	1,512,405	-	-	-	-	-	-	-	1,512,405
Lease and rental income	-	-	591,242	-	-	-	-	-	591,242
Management fees	669,159	-	-	-	-	-	-	-	669,159
Partnership income (loss) (note 10)	(222,516)	-	-	-	-	-	-	-	(222,516)
Property taxation Province of British Columbia	-	-	-	-	248,585	587,947	157,514	-	994,046
User fees and other	289,626	10,000	-	24,949	279,471	100,415	489,791	42,553	1,236,805
<b>Total revenues</b>	<b>2,787,439</b>	<b>50,285</b>	<b>866,587</b>	<b>24,949</b>	<b>1,427,589</b>	<b>1,485,163</b>	<b>2,641,573</b>	<b>5,390,324</b>	<b>14,673,909</b>
<b>Expenses:</b>									
Salaries, wages and employee benefits	2,003,926	726,658	-	348,153	405,313	1,320,723	1,494,688	111,523	6,410,984
Operating expenses	1,379,637	309,274	332,434	812,458	1,324,150	521,860	2,170,861	2,176,967	9,027,641
Amortization	-	-	-	-	-	22,506	-	-	22,506
<b>Total expenses</b>	<b>3,383,563</b>	<b>1,035,932</b>	<b>332,434</b>	<b>1,160,611</b>	<b>1,729,463</b>	<b>1,865,089</b>	<b>3,665,549</b>	<b>2,288,490</b>	<b>15,461,131</b>
<b>Annual surplus (deficit)</b>	<b>\$ (596,124)</b>	<b>\$ (985,647)</b>	<b>\$ 534,153</b>	<b>\$ (1,135,662)</b>	<b>\$ (301,874)</b>	<b>\$ (379,926)</b>	<b>\$ (1,023,976)</b>	<b>\$ 3,101,834</b>	<b>(787,222)</b>

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 20. Segmented information (continued):

2013 (continued)	Sub-total (previous page)	Land and leases	Housing	Maintenance	Cultural resource management	Social housing	Amortization	Other	Total
<b>Revenues:</b>									
Aboriginal Affairs and Northern Development Canada	\$ 4,889,296	\$ 476,904	\$ 279,283	\$ 389,738	\$ -	\$ -	\$ -	\$ -	\$ 6,035,221
Administration fees	77,791	96,104	-	-	-	-	-	-	173,895
Canada Mortgage and Housing Corporation	-	-	70,291	-	-	240,775	-	-	311,066
Contract revenue	-	-	-	337,587	-	-	-	-	337,587
Gain on disposal of tangible capital assets	380	-	-	-	-	-	-	-	380
Government business enterprises (loss) (note 15)	(432,272)	-	-	-	-	-	-	-	(432,272)
Health Canada	-	-	-	12,222	-	-	-	-	12,222
Interest and investment income	87,417	-	-	703	-	-	-	61,133	149,253
Kamloops Indian Band (K.I.B.) Sales Tax	1,512,405	-	-	-	-	-	-	-	1,512,405
Lease and rental income	591,242	2,527,970	-	-	36,193	427,630	-	-	3,583,035
Management fees	669,159	-	-	-	-	-	-	-	669,159
Partnership income (loss) (note 10)	(222,516)	-	-	-	-	-	-	-	(222,516)
Property taxation	5,270,156	-	-	-	-	-	-	-	5,270,156
Province of British Columbia	994,046	-	-	-	175,259	-	-	-	1,169,305
User fees and other	1,236,805	54,349	4,897	796,425	43,513	-	-	2,254	2,138,243
<b>Total revenues</b>	<b>14,673,909</b>	<b>3,155,327</b>	<b>354,471</b>	<b>1,536,675</b>	<b>254,965</b>	<b>668,405</b>	<b>-</b>	<b>63,387</b>	<b>20,707,139</b>
<b>Expenses:</b>									
Salaries, wages and employee benefits	6,410,984	504,841	355,806	1,952,354	215,782	-	-	-	9,439,767
Operating expenses	9,027,641	569,785	1,143,055	1,203,899	244,797	419,809	-	3,660	12,612,646
Amortization	22,506	-	-	-	-	318,391	1,803,282	-	2,144,179
<b>Total expenses</b>	<b>15,461,131</b>	<b>1,074,626</b>	<b>1,498,861</b>	<b>3,156,253</b>	<b>460,579</b>	<b>738,200</b>	<b>1,803,282</b>	<b>3,660</b>	<b>24,196,592</b>
<b>Annual surplus (deficit)</b>	<b>\$ (787,222)</b>	<b>\$ 2,080,701</b>	<b>\$ (1,144,390)</b>	<b>\$ (1,619,578)</b>	<b>\$ (205,614)</b>	<b>\$ (69,795)</b>	<b>\$ (1,803,282)</b>	<b>\$ 59,727</b>	<b>\$ (3,489,453)</b>

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

## 21. Related party transactions:

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

	2014	2013
Management fees received from:		
Kamloops Indian Band Development Corporation	\$ 304,587	\$ 395,840
Tk'emlupsemc Forestry Limited Partnership	105,000	94,743
Spiyu7ullucw Ranch Corporation	27,504	27,500
Kamloops Indian Band Utility Corporation	111,108	141,627
Fuel purchased from:		
Kamloops Indian Band Utility Corporation	190,418	161,509
Office equipment rentals, including photocopier revenues, received from:		
Kamloops Indian Band Utility Corporation	1,608	2,256
Mount Paul Centre Inc.	-	1,020
Kamloops Indian Band Development Corporation	1,800	-
Travel expense reimbursements paid to:		
Kamloops Indian Band Development Corporation	-	500
Wage, salary and benefit expenses paid to:		
Kamloops Indian Band Development Corporation	-	119,196
Kamloops Indian Band Utility Corporation	-	60
Office rent revenue received from:		
Kamloops Indian Band Development Corporation	6,001	-
Tk'emlupsemc Forestry Development Corporation	2,430	2,430

At March 31, 2014, there is \$22,862 in accounts payable and accrued liabilities for amounts owed to Kamloops Indian Band Utility Corporation (2013 - \$10,711).

At March 31, 2014, there is \$8,081 in accounts receivable for amounts due from Kamloops Indian Band Utility Corporation (2013 - \$10,062), \$nil for amounts due from Kamloops Indian Band Development Corporation (2013 - \$228), and \$nil for amounts due from Tk'emlupsemc Forestry Development Corporation (2013 - \$29).

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

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## 22. Replacement reserves:

### (a) CMHC Assistance - 2% Subsidy Programs:

An agreement with CMHC under Section 95 of the National Housing Act provides assistance equivalent to a write-down of the interest on mortgage to 2% per annum. The agreement provides for review of the level of assistance if the mortgage interest rate is increased or decreased on renewal.

In return for the above assistance from the Government of Canada toward member housing charges, TteS has agreed to make housing assessments against its tenants' incomes. TteS must refund surplus assistance to income-tested occupants; however, TteS may retain up to a maximum of \$500 per holding unit, plus interest and to provide against future assistance shortfalls.

### (b) CMHC Assistance - Full Subsidy Program:

An agreement with CMHC under Section 95 of the National Housing Act provides assistance equivalent to the breakeven point as agreed between TteS and CMHC. The agreement provides for review of the level of assistance if the mortgage interest rate is increased or decreased on renewal.

In return for the above assistance from the Government of Canada toward member housing charges, TteS has agreed to make annual housing assessments against its tenants' incomes in the minimum amount of \$196,572 (prorated for year of completion). If TteS charges annual housing assessments less than \$196,572, it has agreed to contribute the balance. TteS may retain operating surpluses in an Operating Reserve Fund to provide against future revenue shortfalls.

## 23. Restricted surplus:

Under the terms of the contribution agreement between TteS and AANDC, TteS may be liable to repay any capital funds either not expended or not expended in accordance with the agreement. However, capital funds not expended can be transferred and applied to other capital projects with AANDC's approval. At March 31, 2014 the Capital Fund had a restricted capital surplus (CPMS project number 7747) of \$168,204 (2013 - \$168,204).

# TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2014

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## **24. Comparative information:**

Certain 2013 comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.