

Consolidated Financial Statements of

TK'EMLÚPS TE SECWÉPEMC

Year ended March 31, 2016

TK'EMLÚPS TE SECWÉPEMC

Consolidated Financial Statements

Year ended March 31, 2016

Financial Statements

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Tk'emplúps 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 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.

Chief



Chief Executive Officer





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Kamloops V2C 6P5
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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, 2016, 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 risk 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, 2016, and its consolidated results of operations, its consolidated change 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 Professional Accountants

Kamloops, Canada
July 26, 2016

TK'EMLÚPS TE SECWÉPMC

Consolidated Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
Financial assets:		
Cash and cash equivalents	\$ 9,502,408	\$ 5,574,554
Restricted cash and cash equivalents (note 2)	10,036,430	6,109,270
Funded reserves (note 3)	427,274	536,599
Ottawa trust funds (note 4)	53,642	46,674
Accounts receivable (note 5)	1,374,183	2,270,527
Property taxes receivable	1,720,683	1,581,682
Loan receivable (note 6)	133,953	134,118
Long-term investments and advances (note 7)	345,467	345,443
Investment in partnerships (note 8)	1,488,859	657,522
Advances to related entities (note 9)	9,646,807	9,731,214
Investment in government business enterprises (note 10)	1,264,431	70,788
	<hr/> 35,994,137	<hr/> 27,058,391
Liabilities:		
Accounts payable and accrued liabilities	3,157,382	2,938,772
Landfill remediation liability (note 11)	80,637	80,637
Deferred revenue (note 12)	7,534,039	6,648,773
Debt (note 13)	5,942,125	6,896,977
	<hr/> 16,714,183	<hr/> 16,565,159
Net financial assets	19,279,954	10,493,232
Non-financial assets:		
Tangible capital assets (note 14)	32,976,812	34,615,728
Prepaid expenses and deposits	371,049	409,692
	<hr/> 33,347,861	<hr/> 35,025,420
Accumulated surplus (note 15)	\$ 52,627,815	\$ 45,518,652

Contingencies (note 17)

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

Approved:

Chief

Councilor

TK'EMLÚPS TE SECWÉPMC

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2016, with comparative information for 2015

	Budget (note 1(i))	2016	2015
Revenue:			
Indigenous and Northern Affairs Canada	\$ 5,192,510	\$ 5,803,402	\$ 5,382,993
Administration fees	1,856,191	121,809	168,965
Canada Mortgage and Housing Corporation	323,568	306,534	355,261
Capital recovery - sewer	-	-	75,000
Contract revenue	250,550	663,495	541,847
Government business enterprises income (note 10)	399,861	1,193,643	1,286,090
Health Canada	11,000	13,784	13,065
Interest and investment income	107,205	551,258	218,268
Kamloops Indian Band (K.I.B.) Sales Tax	1,738,000	1,786,711	1,871,495
Lease and rental income	3,465,152	3,202,805	3,012,060
Management fees	689,108	689,112	580,131
Mutual Benefits Agreement	-	3,141,671	-
Partnership income (note 8)	200,550	1,058,854	12,413
Property taxation	5,944,751	6,510,534	6,016,583
Province of British Columbia	2,370,663	2,332,131	2,035,373
User fees and other	1,968,401	2,204,955	2,397,633
Total revenue	24,517,510	29,580,698	23,967,177
Expenses:			
Administration	3,043,309	2,999,852	2,809,674
Band council	1,020,251	987,317	981,162
Chief Louis Centre	286,200	345,607	307,599
Legal	673,315	492,121	493,530
Social development	1,759,980	1,755,220	1,659,916
Sk'elep school	1,771,520	1,684,356	1,826,530
Education	3,274,199	3,098,810	3,014,977
Property tax	3,472,216	2,525,632	2,722,735
Land and leases	1,181,679	777,622	943,754
Housing	697,007	1,488,930	981,564
Maintenance	3,213,987	3,222,982	2,875,830
Natural resources	481,754	517,593	479,058
Social housing	796,981	872,737	786,220
Amortization - capital fund	1,600,000	1,639,013	1,793,323
Other	-	65,743	6,053
Total expenses	23,272,398	22,471,535	21,681,925
Annual surplus	1,245,112	7,109,163	2,285,252
Accumulated surplus, beginning of year	45,518,652	45,518,652	43,233,400
Accumulated surplus, end of year	\$ 46,763,764	\$ 52,627,815	\$ 45,518,652
Segmented information (note 19)			
Allocations of annual surplus:			
Debt repayment - sewer	\$ -	\$ -	\$ (75,000)
Unallocated annual surplus	\$ -	\$ 7,109,163	\$ 2,210,252

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, 2016, with comparative information for 2015

	Budget (note 1(i))	2016	2015
Annual surplus	\$ 1,245,112	\$ 7,109,163	\$ 2,285,252
Acquisition of tangible capital assets	-	(342,853)	(181,794)
<u>Amortization of tangible capital assets</u>	<u>1,600,000</u>	<u>1,981,769</u>	<u>2,129,322</u>
	1,600,000	1,638,916	1,947,528
Usage of prepaid expenses, net of acquisitions	-	38,643	(52,811)
Change in net financial assets	2,845,112	8,786,722	4,179,969
Net financial assets, beginning of year	10,493,232	10,493,232	6,313,263
Net financial assets, end of year	\$ 13,338,344	\$ 19,279,954	\$ 10,493,232

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, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 7,109,163	\$ 2,285,252
Items not involving cash:		
Amortization of tangible capital assets	1,981,769	2,129,322
Equity in income of business enterprises and partnerships	(2,252,497)	(1,298,503)
Change in non-cash assets and liabilities:		
Accounts receivable	896,344	571,131
Property taxes receivable	(139,001)	(54,052)
Prepaid expenses and deposits	38,643	(52,811)
Loan receivable	165	(765)
Accounts payable and accrued liabilities	(2,505)	379,644
Landfill remediation liability	-	(119,363)
Deferred revenue	885,266	1,554,857
Net change in cash from operating activities	8,517,347	5,394,711
Capital activities:		
Acquisition of tangible capital assets	(121,738)	(181,794)
Net change in cash used in capital activities	(121,738)	(181,794)
Investing activities:		
Purchase of investments	(24)	-
Advances from related entities	84,407	361,833
Contributions (to) from partnerships	227,517	(155,468)
Net change in cash from investing activities	311,900	206,365
Financing activities:		
Proceeds from debt	544,872	442,780
Repayment of debt	(1,499,724)	(2,171,221)
Net change in cash used in financing activities	(954,852)	(1,728,441)
Net change in cash and cash equivalents	7,752,657	3,690,841
Cash and cash equivalents, beginning of year	12,267,097	8,576,256
Cash and cash equivalents, end of year	\$ 20,019,754	\$ 12,267,097
Represented by:		
Cash and cash equivalents	\$ 9,502,408	\$ 5,574,554
Restricted cash and cash equivalents	10,036,430	6,109,270
Funded reserves	427,274	536,599
Ottawa trust funds	53,642	46,674
	\$ 20,019,754	\$ 12,267,097

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, 2016

Tk'emlúps 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 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. These consolidated financial statements have been 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. The reporting entity is comprised of all related entities and organizations subject to control by TteS. Organizations consolidated in these 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.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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

(a) Basis of consolidation (continued):

(ii) 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;
- Spiyu7ullucw Ranch Corporation;
- Mount Paul Centre Inc.;
- Tk'emlupsemc Forestry Development Corporation, which includes its pro-rated portion of its investment in the Tk'emlupsemc Forestry Limited Partnership; and
- 1038547 B.C. Ltd., which includes its pro-rated portion of its investment in the Tk'emlups te Secwépemc Hops Farm 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.

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.

(b) Cash and cash equivalents:

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

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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

(c) Restricted cash and cash equivalents:

Restricted cash and cash equivalents represents amounts reserved either internally, by statute or in relation to external funding requirements for specific future purposes.

(d) Investments:

Investments in entities that TteS does not control individually or jointly 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 in which 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 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 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, 2016

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, is amortized over their estimated useful lives as follows:

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 contributes 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.

(ii) 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.

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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

(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. 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 a tenant commences occupancy, the amounts to be received can be reasonably estimated and collection is reasonably assured.

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

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

(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 recoverable amount of accounts receivable, property taxes receivable, and investments, 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.

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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

(i) Budgets:

Budget information for individual programs has been included in the consolidated financial statements when the information is available and represents the 2015/2016 operating and capital budgets approved by Chief and Council on March 31, 2015.

(j) 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.

(k) Employee future benefits:

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

(l) 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.

(m) 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, 2016

2. Restricted cash and cash equivalents:

Certain funds have been internally restricted by TteS or externally restricted by federal or provincial government authorities or other entities for the following specific purposes. These funds have been invested in separate investment funds and bank accounts.

	2016	2015
Externally restricted:		
Six Mile Settlement Fund	\$ 75,301	\$ 75,034
Tessie J. Jules Bursary Fund	110,299	109,152
Little Fawn Daycare Fundraising Trust Fund	25,960	24,249
Stk'emlupsemc te Secwepemc Nation Trust Fund	1,149,813	1,034,320
First Nations Market Housing Fund	15,755	46,824
Forestry Contribution Revenue Sharing Agreement	1,098,006	1,402,437
First Nations Land Acquisitions Fund	1,983,813	1,963,908
Net Smelter Fund	785,054	501,596
Development cost charges	464,128	163,640
	5,708,129	5,321,160
Internally restricted:		
Kinder Morgan Mutual Benefits Agreement	3,014,239	-
Capital reserve (Ottawa Trust withdrawal)	358,410	355,110
Development cost charges reserve	566,000	283,000
Long-term capital plan reserve	389,652	150,000
	4,328,301	788,110
	\$ 10,036,430	\$ 6,109,270

3. Funded reserves:

(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. 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:

	2016	2015
Restricted cash - operating reserve	\$ -	\$ 32,528
Monies to be withdrawn subsequent to year-end	- (32,528)	
Total operating reserve funds	\$ -	\$ -

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

3. Funded reserves (continued):

(b) Replacement Reserve

Under the terms of the agreement with CMHC, the Replacement Reserve account was credited during the year ended March 31, 2016, in the amount of \$103,563 (2015 - \$105,006) 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:

	2016	2015
Restricted cash - replacement reserve	\$ 427,274	\$ 504,071
Monies to be deposited subsequent to year-end	101,067	85,627
Total replacement reserve funds	\$ 528,341	\$ 589,698

As at March 31, 2016, total funded reserves are \$427,274 (2015 - \$536,599).

4. Ottawa Trust Funds:

Indigenous and Northern Affairs Canada ("INAC"), formerly 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 Indigenous and Northern 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 Indigenous and Northern Affairs and such expense generally must be for projects of a capital nature. During the year ended March 31, 2016, TteS transferred \$nil (2015 - \$355,110) from externally restricted equity held by the Ottawa Trust to internally restricted equity for capital reserves.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

5. Accounts receivable:

	INAC	Social Housing	Band Members	Other	2016	2015
Accounts receivable	\$ 18,553	\$ 18,814	\$ 1,049,131	\$ 1,440,261	\$ 2,526,759	\$ 3,424,297
Allowance for doubtful accounts	-	-	(1,049,131)	(103,445)	(1,152,576)	(1,153,770)
	\$ 18,553	\$ 18,814	\$ -	\$ 1,336,816	\$ 1,374,183	\$ 2,270,527

6. Loan receivable:

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

7. Long-term investments and advances:

	2016	2015
All Nations Trust Company ("ANTCO"):		
156,270 Class A common shares	\$ 156,270	\$ 156,270
First Nations Finance Authority, pooled investments:		
18,850 units, Intermediate Money Market Fund	188,503	188,503
1038547 B.C. Ltd. (note 10)	24	-
Cuwkeltam Leasing Inc. (note 10)	1	1
Kamloops Indian Band Development Corporation (note 10)	1	1
Kamloops Indian Band Utility Corporation (note 10)	1	1
Spiyu7ullucw Ranch Corporation (note 10)	1	1
Mount Paul Centre Inc. (note 10)	1	1
Tk'emlupsemc Forestry Development Corporation (note 10)	1	1
Tk'emlupsemc Forestry Limited Partnership (note 8)	199	199
Stk'emlupsemc Enterprises Inc., 50% interest:		
Investment in shares	10	10
Advances	455	455
	\$ 345,467	\$ 345,443
Raven Biofuels Ltd.	150,000	150,000
Less allowance for impairment	(150,000)	(150,000)
	\$ 345,467	\$ 345,443

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

8. Investment in partnerships:

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

As at March 31, 2016, the assets, liabilities, equity, and net income of TFLP and SLP, are as follows:

	Tk'emlupsemc Forestry Limited Partnership	Stk'emlupsemc Limited Partnership	2016	2015
Total assets	\$ 2,723,688	\$ 1,818,217	\$ 4,541,905	\$ 2,427,188
Total liabilities and partners' equity	2,723,688	1,818,217	4,541,905	2,427,188
Net income:				
Revenue	6,722,449	2,157,528	8,879,977	7,480,808
Expenses	5,520,525	881,704	6,402,229	5,758,953
Net income	\$ 1,201,924	\$ 1,275,824	\$ 2,477,748	\$ 1,721,855

As at March 31, 2016, TteS' investment in partnerships is comprised of:

	2016	2015
Tk'emlupsemc Forestry Limited Partnership	\$ 1,277,728	\$ 309,330
Stk'emlupsemc Limited Partnership	211,131	348,192
Total investment	\$ 1,488,859	\$ 657,522

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

9. Advances to related entities:

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

	2016	2015
Kamloops Indian Band Utility Corporation	\$ 7,650	\$ 6,710
Kamloops Indian Band Development Corporation	(54,621)	74,819
Mount Paul Centre Inc.	6,456	6,456
Stk'emlupsemc te Secwepemc Nation	129,097	129,097
Spiyu7ullucw Ranch Corporation	9,036,922	9,003,447
Tk'emlupsemc Forestry Development Corporation	508,723	507,723
Tk'emlúps te Secwépemc Hops Farm Partnership	9,768	-
Other	2,812	2,962
	<hr/> \$ 9,646,807	<hr/> \$ 9,731,214

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

10. Investment in 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	1038547 B.C. Ltd.	2016 Total	2015 Total
Total assets	\$ 5,028,970	\$ 3,963,728	\$ 7,489,714	\$ 450,073	\$ 109,149	\$ 26,301	\$ 17,067,935	\$ 16,293,577
Total liabilities	2,964,500	3,019,093	9,139,789	122,020	558,073	-	15,803,475	16,222,784
Share capital	1	1	1	1	1	24	29	5
Retained earnings (deficit)	2,064,469	944,634	(1,650,076)	328,052	(448,925)	26,277	1,264,431	70,788
Total liabilities and equity	\$ 5,028,970	\$ 3,963,728	\$ 7,489,714	\$ 450,073	\$ 109,149	\$ 26,301	\$ 17,067,935	\$ 16,293,577
Net income (loss):								
Revenue	\$ 1,193,663	\$ 11,423,790	\$ 461,875	\$ 31,875	\$ 331,810	\$ 26,277	\$ 13,469,290	\$ 13,188,102
Expenses	647,772	10,739,569	515,900	68,921	303,485	-	12,275,647	11,902,012
Net income (loss)	\$ 545,891	\$ 684,221	\$ (54,025)	\$ (37,046)	\$ 28,325	\$ 26,277	\$ 1,193,643	\$ 1,286,090

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

TteS has a 100% investment in Cuwkeltam Leasing Inc., which is an inactive company. The total investment at March 31, 2016 is \$1 (2015 - \$1) (note 7).

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

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

11. Landfill remediation liability:

TteS operates one landfill located on Paul Lake Road. TteS has recognized a liability of \$80,637 related to closure and post-closure costs at March 31, 2016 (2015 - \$80,637). The estimated liability is recognized as the landfill site's capacity is used. The reported liability represents management's best estimate of the present value of the expected future cash flows as at March 31, 2016, prorated based on the ratio of currently utilized capacity to the total estimated landfill capacity (see table below). Present value of future cash flows for total landfill closure and post-closure care costs is estimated to be \$600,457 (2015 - \$577,363).

The estimated years until planned closure, remaining capacity and life of the landfill site are as follows:

	Paul Lake Road
Closure date	2092
Future costs	\$ 14,412,608
Present value of future costs	\$ 600,457
Total capacity (m ³)	180,000
Deposited to date (m ³)	27,000
Utilization of total capacity to date	15%

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 77 years, using the best information available to management. Changes in the liability could result from new technology, settling of waste or changes in fill rates, changes in the closure plan, regulatory requirements, inflation rates and interest rates. Future events may result in significant changes to the estimated timelines, 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, 2016

12. Deferred revenue:

	2015	Funding Received	Revenue Recognized	2016
INAC contributions:				
Economic development				
- West Coast Energy	\$ -	\$ 50,000	\$ -	\$ 50,000
Housing funds				
- CPMS #11633 Stream 3	-	530,000	(417,799)	112,201
Municipal services				
- Fire protection	-	178,072	(131,524)	46,548
	-	758,072	(549,323)	208,749
Other contributions:				
Forestry contribution revenue sharing agreement	1,446,804	48,872	(239,598)	1,256,078
Land acquisitions	1,965,651	19,941	-	1,985,592
First Nations environmental contamination	6,250	-	-	6,250
First Nations Health Authority	6,250	-	-	6,250
Unearned business licences	74,131	99,438	(98,867)	74,702
Unearned lease rental	880,266	2,322,875	(2,343,143)	859,998
Sk'elep school	348,281	843,919	(939,024)	253,176
Environmental security funds	187,950	1,704	-	189,654
Economic and Community Development contributions	1,001,274	448,897	(387,340)	1,062,831
Other unearned revenue	731,916	728,698	(293,983)	1,166,631
Development cost charges	-	464,128	-	464,128
	6,648,773	4,978,472	(4,301,955)	7,325,290
	\$ 6,648,773	\$ 5,736,544	\$ (4,851,278)	\$ 7,534,039

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

13. Debt:

	2016	2015
Social Housing: ANTCO, mortgages, repayable in monthly instalments ranging from \$1,196 to \$3,831, including interest at rates ranging from 1.08% to 2.11% per annum, secured by INAC guarantees for 100% of loan amounts outstanding, maturities ranging from April 2018 to July 2020	\$ 1,607,510	\$ 1,265,888
 Royal Bank of Canada ("RBC"), mortgages, repayable in monthly instalments ranging from \$1,300 to \$4,687, including interest at rates ranging from 2.59% to 3.56% per annum, secured by INAC guarantees for 100% of loan amounts outstanding, maturities ranging from July 2016 to February 2017	639,886	1,303,247
 TteS Term Loans and Other: RBC, term loans, repayable in monthly instalments ranging from \$3,910 to \$19,025, including interest on one loan at the RBC prime commercial lending rate plus 0.25% per annum (March 31, 2016 - 2.95%, in aggregate) and interest on two loans at rates ranging from 2.29% to 3.79% per annum, maturities ranging from August 2016 to August 2017	3,694,729	4,327,842
	<hr/> \$ 5,942,125	<hr/> \$ 6,896,977
 Scheduled principal repayments due in the next five years are approximately as follows:		
2017	\$ 4,522,556	
2018	272,428	
2019	190,133	
2020	765,535	
2021	191,473	
	<hr/> \$ 5,942,125	

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

13. Debt (continued):

Total interest paid on debt for the year was \$163,889 (2015 - \$239,780).

The RBC facilities include two revolving demand lines of credit to a maximum of \$300,000 (2015 - \$300,000) and \$500,000 (2015 - \$nil), respectively, which bear interest at the RBC prime rate plus 0.15% and plus 0.5% per annum, respectively (2016 - 2.85% and 3.20%).

The RBC 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 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.

As of March 31, 2016, TteS was past due on a RBC Social Housing mortgage in the amount of \$131,179. Subsequent to year end, the mortgage was paid in full through a transfer to another lender. As a result of the subsequent repayment, RBC has not imposed any penalty for the default.

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

14. Tangible capital assets:

Cost	2015	Additions	Disposals/ transfers	2016
TteS capital:				
Land	\$ 913,225	\$ -	\$ -	\$ 913,225
Automotive	2,250,132	221,115	-	2,471,247
Buildings	14,676,478	24,997	-	14,701,475
Computer equipment	1,880,793	10,584	-	1,891,377
Equipment	1,338,294	27,841	-	1,366,135
Fencing and other land improvements	3,469,464	-	-	3,469,464
Furniture and fixtures	707,930	16,341	-	724,271
Property and equipment, recorded at appraised values	3,545,768	-	-	3,545,768
Roadways, sewer and water systems	29,389,314	41,975	-	29,431,289
Total TteS capital	58,171,398	342,853	-	58,514,251
Social Housing:				
Land	477,386	-	-	477,386
Buildings and fixtures	7,804,091	-	-	7,804,091
Total Social Housing	8,281,477	-	-	8,281,477
Total	\$ 66,452,875	\$ 342,853	\$ -	\$ 66,795,728

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

14. Tangible capital assets (continued):

Accumulated amortization	2015	Amortization	Disposals	2016
TteS capital:				
Automotive	\$ 1,942,692	\$ 114,343	\$	\$ 2,057,035
Buildings	6,651,801	321,487	-	6,973,288
Computer equipment	1,784,437	50,827	-	1,835,264
Equipment	918,340	86,774	-	1,005,114
Fencing and other land improvements	2,094,415	55,002	-	2,149,417
Furniture and fixtures	533,339	37,992	-	571,331
Property and equipment, recorded at appraised values	3,127,333	16,737	-	3,144,070
Roadways, sewer and water systems	11,408,461	976,780	-	12,385,241
Total TteS capital	28,460,818	1,659,942	-	30,120,760
Social Housing:				
Buildings and fixtures	3,376,329	321,827	-	3,698,156
Total Social Housing	3,376,329	321,827	-	3,698,156
Total	\$ 31,837,147	\$ 1,981,769	\$	\$ 33,818,916

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

14. Tangible capital assets (continued):

Net book value	2015	2016
TteS capital:		
Land	\$ 913,225	\$ 913,225
Automotive	307,440	414,212
Buildings	8,024,677	7,728,187
Computer equipment	96,356	56,113
Equipment	419,954	361,021
Fencing and other land improvements	1,375,049	1,320,047
Furniture and fixtures	174,591	152,940
Property and equipment, recorded at appraised values	418,435	401,698
Roadways, sewer and water systems	17,980,853	17,046,048
Total TteS capital	29,710,580	28,393,491
Social Housing:		
Land	477,386	477,386
Buildings and fixtures	4,427,762	4,105,935
Total Social Housing	4,905,148	4,583,321
Total	\$ 34,615,728	\$ 32,976,812

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

15. Accumulated surplus:

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

	2016	2015
Restricted cash and cash equivalents (note 2)	\$ 10,036,430	\$ 6,109,270
Funded reserves (note 3)	427,274	536,599
Investment in partnerships (note 8)	1,488,859	657,522
Investment in government business enterprises (note 10)	1,264,431	70,788
Investment in tangible capital assets	27,034,687	27,718,751
Internally restricted surplus:		
Replacement reserve from Phases 4-7 and 9	99,441	99,441
Debt repayment	5,942,125	6,896,977
Externally restricted surplus (note 21)	168,204	168,204
	46,461,451	42,257,552
Accumulated operating surplus	6,166,364	3,261,100
	<hr/> \$ 52,627,815	<hr/> \$ 45,518,652

16. Economic dependence:

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

17. Contingencies:

(a) Ministerial guarantees

As at March 31, 2016, TteS is contingently liable for ministerial guarantees provided to individual TteS members for loans made by various financial institutions totaling \$1,690,116 (2015 - \$1,994,873) 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 as at March 31, 2016.

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

17. Contingencies (continued):

(b) Douglas reserve litigation

TteS has identified ongoing future legal costs for a lawsuit brought against the 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 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 \$201,246 (2015 - \$200,350) 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.

(e) Residential Day School Scholars Class Action Lawsuit

TteS is a plaintiff in a proposed Day School Scholars Class Action Lawsuit on behalf of the Residential School Day Scholars. The class action was certified in June 2015. 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) 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 the November 12, 1996 Sanitary Sewer Effluent agreement.

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

18. Employee future benefits:

TteS matches employee contributions to a defined contribution plan, which is administered by Manulife. The total pension expense, representing employer contributions to the plan, for the year ended March 31, 2016 was \$378,451 (2015 - \$359,045).

19. 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) Band council

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

(c) Chief Louis Centre

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

(d) Legal

Legal provides the function to protect and advance the rights of TteS, provide justice programs and services, and promote respect for TteS rights and title.

(e) Social development

Social development offers a broad range of services and social programs 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.

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

19. Segmented information (continued):

(f) 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.

(g) 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 INAC pertaining to students from pre-school to post-secondary.

(h) 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'emlúps land through a business opportunity analysis, leasing application and/or development approval process.

(i) Housing

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

(j) 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.

(k) Natural resources

Natural resources operates natural and cultural resource related projects.

(l) Social housing

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

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

19. Segmented information (continued):

2016	Administration	Band council	Chief Louis Centre	Legal	Social development	Sk'elep school	Education	Property tax	Sub-total
Revenues:									
Indigenous and Northern Affairs Canada	\$ 824,371	\$ 40,284	\$ 58,776	\$ -	\$ 805,633	\$ 783,616	\$ 1,857,310	\$ 8,155	\$ 4,167,890
Administration fees	6,719	-	-	-	-	-	-	-	14,874
Canada Mortgage and Housing Corporation	-	-	-	-	8,727	-	-	-	8,727
Contract revenue	-	-	-	-	-	-	-	-	-
Government business enterprises income (note 10)	1,193,643	-	-	-	-	-	-	-	1,193,643
Health Canada	-	-	-	-	-	-	-	-	-
Interest and investment income	48,440	-	-	-	-	-	-	8,802	57,042
Kamloops Indian Band (K.I.B.) Sales Tax	1,786,711	-	-	-	-	-	-	-	1,786,711
Lease and rental income	-	-	65,563	-	-	-	-	-	65,563
Management fees	689,112	-	-	-	-	-	-	-	689,112
Mutual Benefits Agreement	-	-	-	-	-	-	-	-	-
Partnership income (note 8)	1,058,854	-	-	-	-	-	-	-	1,058,854
Property taxation	-	-	-	-	-	-	-	6,510,534	6,510,534
Province of British Columbia	-	-	-	-	-	-	-	-	-
User fees and other	171,096	22,573	4,806	3,183	248,205	946,067	227,545	189,719	1,421,817
Total revenues	5,780,946	62,857	127,145	3,183	1,403,054	1,849,493	2,392,200	6,715,010	18,333,888
Expenses:									
Salaries, wages and employee benefits	1,530,484	688,365	-	-	648,500	1,242,312	1,141,618	98,814	5,348,094
Operating expenses	1,469,368	300,952	345,607	492,121	1,106,720	421,115	1,955,191	2,428,818	8,517,892
Amortization	-	-	-	-	-	20,928	-	-	20,928
Total expenses	2,999,852	987,317	345,607	492,121	1,755,220	1,884,358	3,088,810	2,525,632	13,888,915
Annual surplus (deficit)	\$ 2,781,094	\$ (924,460)	\$ (218,462)	\$ (488,938)	\$ (352,166)	\$ 165,137	\$ (704,610)	\$ 4,189,378	\$ 4,446,973

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

19. Segmented Information (continued):

2016 (continued)	Sub-total (previous page)	Land and leases	Housing	Maintenance	Natural resources	Social housing	Amortization - capital fund	Other	Total
Revenues:									
Indigenous and Northern Affairs Canada	\$ 4,167,990	\$ 626,351	\$ 427,362	\$ 581,699	\$ -	\$ -	\$ -	\$ -	\$ 5,803,402
Administration fees	14,874	106,935							121,809
Canada Mortgage and Housing Corporation			77,326				229,208		306,534
Contract revenue	8,727	35,681		619,087					663,495
Government business enterprises income (note 10)	1,193,843								1,193,843
Health Canada				13,784					13,784
Interest and investment income	57,042			64,983				429,233	551,258
Kamloops Indian Band (K.I.B.) Sales Tax	1,788,711								1,788,711
Lease and rental income	85,563	2,597,074			59,940	480,228			3,202,805
Management fees	689,112								689,112
Mutual Benefits Agreement								3,141,671	3,141,671
Partnership income (note 8)	1,058,854								1,058,854
Property taxation	6,510,534								6,510,534
Province of British Columbia	1,421,817				283,376			626,938	2,332,131
User fees and other	1,359,021	89,946	5,050	714,688	36,250				2,204,955
Total revenues	18,333,888	3,455,987	509,738	1,994,241	379,568	709,436	-	4,197,842	29,580,698
Expenses:									
Salaries, wages and employee benefits	5,348,094	384,719	249,664	1,925,151	219,934				8,127,582
Operating expenses	8,517,892	392,903	1,239,268	1,297,831	297,659	550,910		65,743	12,362,204
Amortization	20,929					321,827	1,639,013		1,981,760
Total expenses	13,886,915	777,622	1,488,930	3,222,982	517,593	872,737	1,639,013	65,743	22,471,536
Annual surplus (deficit)	\$ 4,446,973	\$ 2,678,365	\$ (979,192)	\$ (1,228,741)	\$ (138,027)	\$ (163,301)	\$ (1,639,013)	\$ 4,132,099	\$ 7,109,183

TK'EMLÚPS TE SECWÉPMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

19. Segmented information (continued):

2015	Administration	Band council	Chief Louis Centre	Legal	Social development	Sk'elep school	Education	Property tax	Sub-total
Revenues:									
Indigenous and Northern Affairs Canada	\$ 818,295	\$ 40,285	\$ 53,147	\$ 39,000	\$ 787,847	\$ 766,966	\$ 1,598,943	\$ 7,005	\$ 4,084,483
Administration fees	50,877	-	-	-	-	-	-	-	57,882
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	-	-
Capital recovery - sewer	-	-	-	-	-	-	-	-	-
Contract revenue	-	-	-	650	-	-	-	-	650
Government business enterprises income (note 10)	1,288,090	-	-	-	-	-	-	-	1,288,090
Health Canada	-	-	-	-	-	-	-	-	-
Interest and investment income	42,739	-	-	-	-	-	-	51,683	94,402
Kamloops Indian Band (K.I.B.) Sales Tax	1,871,495	-	-	-	-	-	-	-	1,871,495
Lease and rental income	-	-	90,170	-	-	-	-	-	90,170
Management fees	580,131	-	-	-	-	-	-	-	580,131
Partnership income (note 8)	12,413	-	-	-	-	-	-	-	12,413
Property taxation	-	-	-	-	-	-	-	6,016,583	6,016,583
Province of British Columbia	-	-	-	-	247,561	809,248	228,141	-	1,285,950
User fees and other	130,089	24,816	400	1,059	374,676	92,620	512,911	179,878	1,316,429
Total revenues	4,792,109	65,101	143,717	40,708	1,390,084	1,668,834	2,340,995	6,255,129	16,696,678
Expenses:									
Salaries, wages and employee benefits	1,543,349	674,052	-	4,981	597,417	1,365,255	1,097,609	97,098	5,379,761
Operating expenses	1,266,325	307,110	307,599	488,549	1,082,498	443,557	1,917,368	2,625,637	8,418,644
Amortization	-	-	-	-	-	17,718	-	-	17,718
Total expenses	2,809,674	981,162	307,599	493,530	1,859,918	1,826,530	3,014,977	2,722,735	13,818,123
Annual surplus (deficit)	\$ 1,982,435	\$ (918,061)	\$ (163,882)	\$ (452,821)	\$ (269,832)	\$ (157,698)	\$ (673,982)	\$ 3,532,394	\$ 2,880,555

TK'EMLÚPS TE SECWÉPMÉC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

19. Segmented information (continued):

2015 (continued)	Sub-total (previous page)	Land and leases	Housing	Maintenance	Natural resources	Social housing	Amortization - capital fund	Other	Total
Revenues:									
Indigenous and Northern Affairs Canada	\$ 4,084,483	\$ 581,843	\$ 97,308	\$ 619,359	\$ -	\$ -	\$ -	\$ -	\$ 5,382,993
Administration fees	57,882	111,083	-	-	-	-	-	-	168,965
Canada Mortgage and Housing Corporation	-	-	123,253	-	-	232,008	-	-	355,261
Capital recovery - sewer	-	-	-	75,000	-	-	-	-	75,000
Contract revenue	650	89,006	-	452,191	-	-	-	-	541,847
Government business enterprises income (note 10)	1,288,090	-	-	-	-	-	-	-	1,288,090
Health Canada	-	-	-	13,085	-	-	-	-	13,085
Interest and investment income	94,402	-	12	104,300	-	-	-	19,554	218,268
Kamloops Indian Band (K.I.B.) Sales Tax	1,871,495	-	-	-	-	-	-	-	1,871,495
Lease and rental income	90,170	2,459,378	-	-	32,313	430,199	-	-	3,012,060
Management fees	580,131	-	-	-	-	-	-	-	580,131
Partnership Income (note 8)	12,413	-	-	-	-	-	-	-	12,413
Property taxation	6,016,583	-	-	-	-	-	-	-	6,016,583
Province of British Columbia	1,285,950	-	-	-	389,296	-	-	360,127	2,035,373
User fees and other	1,316,429	118,281	29,870	918,189	14,884	-	-	-	2,397,633
Total revenues	16,698,678	3,359,591	250,443	2,182,104	438,473	682,207	-	379,681	23,967,177
Expenses:									
Salaries, wages and employee benefits	5,379,761	520,417	270,278	1,767,157	250,043	-	-	-	8,187,656
Operating expenses	8,418,644	423,337	711,286	1,108,673	229,015	467,939	-	8,053	11,364,947
Amortization	17,718	-	-	-	-	318,281	1,793,323	-	2,129,322
Total expenses	13,818,123	943,754	981,584	2,875,830	479,058	786,220	1,793,323	8,053	21,681,925
Annual surplus (deficit)	\$ 2,880,555	\$ 2,415,837	\$ (731,121)	\$ (693,728)	\$ (42,585)	\$ (124,013)	\$ (1,793,323)	\$ 373,628	\$ 2,285,252

TK'EMLÚPS TE SECWÉPEMC

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

20. Related party transactions:

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

	2016	2015
Management fees received from:		
Kamloops Indian Band Development Corporation	\$ 450,000	\$ 341,019
Tk'emlupsemc Forestry Limited Partnership	105,000	105,000
Spiyu7ullucw Ranch Corporation	23,004	23,004
Kamloops Indian Band Utility Corporation	111,108	111,108
Fuel purchased from:		
Kamloops Indian Band Utility Corporation	149,667	134,855
Office equipment rentals, including photocopier revenues, received from:		
Kamloops Indian Band Utility Corporation	1,640	1,656
Kamloops Indian Band Development Corporation	1,800	1,800
Office rent revenue received from:		
Kamloops Indian Band Development Corporation	10,931	9,581
Tk'emlupsemc Forestry Development Corporation	2,401	2,430
Tk'emlupsemc Forestry Limited Partnership	9,880	22,786

At March 31, 2016, accounts payable and accrued liabilities includes amounts owed to Kamloops Indian Band Utility Corporation of \$7,356 (2015 - \$10,886).

At March 31, 2016, accounts receivable includes amounts due from Kamloops Indian Band Utility Corporation of \$6,621 (2015 - \$16,563).

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.

21. Restricted surplus:

Under the terms of the contribution agreement between TteS and INAC, 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 INAC's approval. At March 31, 2016, the Capital Fund had a restricted capital surplus (CPMS project number 7747) of \$168,204 (2015 - \$168,204).

22. Comparative information:

Certain 2015 comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.