

Tk'emlups te Secwepemc
Consolidated Financial Statements
For the year ended March 31, 2019

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Management's Responsibility for Financial Reporting

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

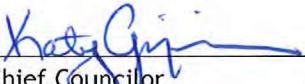
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen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

The Tk'emlups te Secwepemc maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and TteS' assets are appropriately accounted for and adequately safeguarded.

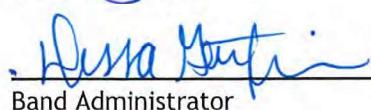
The Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility principally through its Finance review meetings.

The Chief and Council review TteS' consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. The Chief and Council take this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

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



Chief Councilor



Band Administrator



Financial Controller

Independent Auditor's Report

**To the Chief and Council of
Tk'emlups te Secwepemc**

Qualified Opinion

We have audited the consolidated financial statements of Tk'emlups te Secwepemc and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of changes in net assets, operations and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2019 and the results of its operations, change in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 19 to the consolidated financial statements, which explains that certain comparative information presented for the year ended March 31, 2018 has been restated. Our opinion is not modified in respect of this matter.

Basis for Qualified Opinion

As noted in the Summary of Significant Accounting Policies regarding tangible capital assets, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long term debt. This amortization policy is not in accordance with Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure has not been determined on the net book value of tangible capital assets as at March 31, 2019 and 2018, the related amortization expense and annual surplus for the year ended March 31, 2019 and 2018 and equity in tangible capital assets as at April 1 and March 31 for both the 2019 and 2018 years.

We are unable to satisfy ourselves regarding the appropriate treatment on the Group's Investments in Government Business Enterprises due to the inability to obtain audited financial statements of each business entity. We are unable to determine whether adjustments to the Investment in Government Business Enterprises are appropriate as at March 31, 2019 and 2018, revenue and annual surplus (deficit) for the year ended March 31, 2019 and 2018, and accumulated surplus as at April 1 and March 31 for both the 2019 and 2018 years.

Our audit opinion on the consolidated financial statements for the year ended March 31, 2019 was modified for the above matters.



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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


BDO Canada LLP
Chartered Professional Accountants

Kamloops, British Columbia
October 31, 2019

Exhibit A - Consolidated Statement of Financial Position

	2019	2018
		(Restated)
Financial Assets		
Cash and cash equivalents (Note 2)	\$ 29,055,196	\$ 27,005,846
Funded reserves (Note 3)	371,640	479,694
Ottawa trust funds (Note 4)	63,497	59,044
Temporary investments (Note 7)	1,173,683	344,773
Accounts receivable (Note 5)	3,964,994	3,138,119
Property taxes receivable	1,498,836	1,684,384
Inventories held for resale	203,413	203,413
Investment in partnerships (Note 8)	4,159,562	2,152,334
Advances to related entities (Note 9)	9,767,206	9,847,870
Investment in government business (Note 10)	1,733,745	352,043
	<hr/>	<hr/>
	51,991,772	45,267,520
Liabilities		
Accounts payable and accrued liabilities	3,443,800	3,571,163
Landfill remediation liability	-	142,961
Deferred revenue (Note 11)	2,389,139	3,410,856
Debt (Note 12)	4,075,131	4,485,623
	<hr/>	<hr/>
	9,908,070	11,610,603
Net financial assets	<hr/>	<hr/>
	42,083,702	33,656,917
Non-financial Assets		
Tangible capital assets (Note 13)	30,537,625	31,505,465
Prepaid expenses and deposits	164,889	192,636
Inventories	91,841	91,841
	<hr/>	<hr/>
	30,794,355	31,789,942
Accumulated Surplus (Note 14)	<hr/>	<hr/>
	\$ 72,878,057	\$ 65,446,859

Approved on behalf of the Band Council:

Kathy Gjini
Dessa Bentini
for

Chief Councilor

Band Administrator

Financial Controller

Tk'emlups te Secwepemc
Exhibit B - Consolidated Statement of Changes in Net Assets

<u>For the year ended March 31</u>	<u>Budget</u>	<u>2019</u>	<u>2018</u>
		(Restated)	
Surplus - Exhibit C	<u>\$ 6,683,124</u>	<u>\$ 7,431,198</u>	<u>\$ 6,649,962</u>
Purchases of tangible capital assets	-	(829,125)	(2,077,622)
Amortization of tangible capital assets	-	1,796,965	1,742,066
	<u>-</u>	<u>967,840</u>	<u>(335,556)</u>
Change in prepaid expense	-	27,747	405,524
Change in inventory	-	-	35,620
	<u>-</u>	<u>27,747</u>	<u>441,144</u>
Increase in net assets	<u>6,683,124</u>	<u>8,426,785</u>	<u>6,755,550</u>
Net assets, beginning of year	<u>33,656,917</u>	<u>33,656,917</u>	<u>26,901,367</u>
Net assets, end of year	<u>\$ 40,340,041</u>	<u>\$42,083,702</u>	<u>\$ 33,656,917</u>

TK'emlups te Secwepemc
Exhibit C - Consolidated Statement of Operations

For the year ended March 31	Budget	2019	2018
(Restated)			
Revenue			
Department of Indigenous Services Canada	\$ 6,922,803	\$ 7,077,680	\$ 5,989,148
Province of British Columbia	2,685,308	4,235,192	3,908,929
Kamloops Indian Band (K.I.B.) Sales Tax	1,635,275	1,533,493	1,679,091
Canada Mortgage and Housing Corporation	241,949	164,271	252,655
Contract revenue	469,550	649,208	939,848
Government business enterprises income (Note 10)	-	1,381,687	468,715
Health Canada	7,272	15,342	11,088
Interest and investment income	442,212	1,008,616	359,617
Lease and rental income	3,655,912	3,756,749	3,894,073
Management fees	723,000	701,316	858,404
Partnership income (Note 8)	-	1,907,238	763,762
Property taxation	7,269,757	7,291,058	7,463,801
User fees and other	10,809,696	5,390,041	5,446,485
Donations	-	2,500	-
	34,862,734	35,114,391	32,035,616
Expenses			
Administration	2,957,260	3,256,315	2,506,338
Land and Leases	1,221,723	1,103,577	1,146,365
Planning & Engineering	5,225,269	4,181,294	4,745,435
Education	3,143,523	2,891,501	3,270,077
Property Tax	3,646,301	3,375,212	3,113,560
Housing	1,048,987	1,019,178	712,206
Social Housing	766,335	777,298	464,228
Natural Resources	770,361	799,083	701,954
Band Council	1,153,842	1,031,227	991,392
Sk'elep School	1,893,368	1,829,737	1,757,308
Community Services	3,404,541	4,138,079	3,059,379
Amortization	-	1,796,965	1,742,066
Other	2,948,100	1,483,727	1,175,346
	28,179,610	27,683,193	25,385,654
Surplus for the year	\$ 6,683,124	\$ 7,431,198	\$ 6,649,962
Accumulated surplus, opening - as previously stated	\$ -	\$ 66,288,270	\$ 60,179,902
Prior period adjustments	-	(841,411)	(1,383,005)
Accumulated surplus, opening - restated	-	65,446,859	58,796,897
Surplus for the year	\$ -	\$ 7,431,198	\$ 6,649,962
Accumulated surplus, ending	\$ -	\$ 72,878,057	\$ 65,446,859

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

Tk'emlups te Secwepemc
Exhibit D - Consolidated Statement of Cash Flows

<u>For the year ended March 31</u>	<u>2019</u>	<u>2018</u>
(Restated)		
Operating activities		
Cash receipts from various sources	\$ 10,298,155	\$ 12,500,681
Cash receipts from Department of Indigenous Services Canada	7,077,680	5,989,148
Cash receipts from Province of British Columbia	4,235,192	3,908,929
Cash receipts from property taxation	7,291,058	7,463,801
Cash paid to employees and suppliers	(26,128,810)	(22,832,924)
Interest earned	<u>1,008,616</u>	<u>359,617</u>
Cash flows from operating activities	<u>3,781,891</u>	<u>7,389,252</u>
Capital activity		
Purchase of capital assets	<u>(829,125)</u>	<u>(2,077,622)</u>
Investing activities		
Purchase of temporary investments	(828,910)	-
Advances (to) from related entities	<u>232,385</u>	<u>(1,251,354)</u>
Cash flows from investing activities	<u>(596,525)</u>	<u>(1,251,354)</u>
Financing activity		
Repayment of long term debt	<u>(410,492)</u>	<u>(487,530)</u>
Net increase in cash and cash equivalents	<u>1,945,749</u>	<u>3,572,746</u>
Cash and cash equivalents, beginning of year	<u>27,544,584</u>	<u>23,971,838</u>
Cash and cash equivalents, end of year	<u>\$ 29,490,333</u>	<u>\$ 27,544,584</u>
Represented by:		
Cash and cash equivalents	\$ 29,055,196	\$ 27,005,846
Funded reserves and Ottawa trust funds	<u>435,137</u>	<u>538,738</u>
	<u>\$ 29,490,333</u>	<u>\$ 27,544,584</u>

Tk'emlups te Secwepemc **Summary of Significant Accounting Policies**

March 31, 2019

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

1. Basis of presentation and significant accounting policies

Basis of Accounting

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

Reporting Entity

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

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

- Tk'emlups te Secwepemc
- Tk'emlups te Secwepemc Social Housing Section 95 Phases 1-13
- Tk'emlups te Secwepemc Social Housing Section 95 Phases 14-20

Tk'emlups te Secwepemc Summary of Significant Accounting Policies

March 31, 2019

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.;
- Kukpi7 Clexlixqen te Eyksem Holdings;
- Big Horn Hops Inc.;
- Secwepemcetkwe Enterprises Ltd., which includes its pro-rated portion of its investment in the Secwepemcetkwe Limited Partnership;
- 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 Secwepemc Hops Farm Partnership.

Investment in Partnerships

TteS' investment in the Tk'emlupsemc Forestry Limited Partnership, the Tk'emlups te Secwepemc Hops Farm 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 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.

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'emlups te Secwepemc Summary of Significant Accounting Policies

March 31, 2019

Designated Cash and Cash Equivalents

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

Temporary Investments

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

Deferred Revenue

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

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

Non-Financial Assets

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

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the Group is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries.

Tk'emplups te Secwepemc Summary of Significant Accounting Policies

March 31, 2019

Tangible Capital Assets

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

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

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

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

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

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

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

Tk'emlups te Secwepemc Summary of Significant Accounting Policies

March 31, 2019

**Works of Art and
Cultural and Historic
Assets**

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

Inventories

Inventories held for resale consist of real estate holdings and inventories of supplies held for consumption consist of gravel and sand. All inventories are recorded at lower of cost and net realizable value. Cost includes the costs of processing. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Revenue Recognition

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

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

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

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

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

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

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 amounts to be received can be reasonably estimated and collection is reasonably assured.

Tk'emplups te Secwepemc Summary of Significant Accounting Policies

March 31, 2019

Use of Estimates

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

Budgets

Budget information for individual programs has been included in the consolidated financial statements when the information is available and represents the 2018/2019 operating and capital budgets approved by Chief and Council.

Funded Reserves

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

Employee Future Benefits

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

Segmented Disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of TteS. TteS identifies its segments based on specific projects and funding arrangements. Revenue and expenses are allocated to these segments according to methods of identification.

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'emlups te Secwepemc Summary of Significant Accounting Policies

March 31, 2019

Leased Assets

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

Tk'emlups te Secwepemc

Notes to Consolidated Financial Statements

March 31, 2019

2. Designated cash and cash equivalents

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

	2019	2018
Externally designated		
Six Mile Settlement Fund	\$ 75,302	\$ 75,302
Tessie J. Jules Bursary Fund	114,972	112,758
First Nations Market Housing Fund	28,656	28,059
Stk'emlupsemc te Secwepemc Nation		
Economic and Community Development Agreement	2,215,423	1,167,637
Net Smelter Fund	1,784,986	900,878
Forestry Contribution Revenue Sharing Agreement	3,019,182	2,225,633
First Nations Land Acquisitions	1,674,216	1,642,040
Kinder Morgan Mutual Benefits Agreement	2,857,834	3,041,945
Development cost charges	1,072,500	1,051,870
	<hr/> <u>12,843,071</u>	<hr/> <u>10,246,122</u>
Internally designated		
Capital reserve	274,609	366,403
Long-term capital plan reserve	<hr/> <u>789,939</u>	<hr/> <u>774,750</u>
	<hr/> <u>1,064,548</u>	<hr/> <u>1,141,153</u>
Operating cash and cash equivalents	<hr/> <u>15,147,577</u>	<hr/> <u>15,618,571</u>
Total cash and cash equivalents	<hr/> <u>\$29,055,196</u>	<hr/> <u>\$ 27,005,846</u>

Included in the Kinder Morgan Mutual Benefits Agreement internally designated balance is \$2,450,000 (2018 - \$2,450,000) in Royal Bank of Canada ("RBC") money market funds with an annual rate of return of approximately 0.43%. Designated cash and cash equivalents reported on the consolidated statement of financial position have a cost that approximates market value.

Tk'emlups te Secwepemc

Notes to Consolidated Financial Statements

March 31, 2019

3. Funded Reserves

Replacement Reserve:

Under the terms of the agreement with CMHC, the Replacement Reserve account was credited during the year ended March 31, 2019, in the amount of \$78,703 (2018 - \$93,309) 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:

	2019	2018
Restricted cash - replacement reserve	\$ 371,640	\$ 479,694
Monies to be deposited subsequent to year-end	125,844	58,840
	<hr/> \$ 497,484	<hr/> \$ 538,534

As at March 31, 2019, total funded reserves are \$371,640 (2018 - \$479,694).

4. Ottawa Trust Funds

Indigenous Services Canada ("ISC") holds certain funds in trust for TteS. These funds are designated as revenue or capital funds as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. Subject to approval by the Minister of Indigenous Services Canada, TteS is permitted to expend its revenue funds for any purpose that will promote the general progress and welfare of TteS and TteS members. The expense of capital funds requires the consent of the Minister of Indigenous Services and such expense generally must be for projects of a capital nature. At March 31, 2019, the balance in revenue funds was \$63,497 (2018 - \$59,044) (see Note 14).

Tk'emplups te Secwepemc

Notes to Consolidated Financial Statements

March 31, 2019

5. Accounts Receivable

	2019	2018
ISC	\$ 1,446,597	\$ 659,861
Social Housing	12,867	16,723
Band Members	1,012,678	1,077,606
Other	2,791,104	2,665,382
 Allowance for doubtful accounts	 5,263,246	4,419,572
	 (1,298,252)	(1,281,453)
 <hr/>	 <hr/> \$ 3,964,994	 <hr/> \$ 3,138,119

6. Comparative Figures

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

7. Temporary Investments

	2019	2018
First Nations Finance Authority	\$ 1,017,413	\$ 188,503
All Nations Trust Company ("ANTCO")	156,270	156,270
 <hr/>	 <hr/> \$ 1,173,683	 <hr/> \$ 344,773

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

Tk'emlups te Secwepemc

Notes to Consolidated Financial Statements

March 31, 2019

8. Investment in Partnerships

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

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

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

As at March 31, 2019, the assets, liabilities, equity, and net income of TFLP and SLP, are as follows:

	Tk'emlupsemc Forestry Limited Partnership	Stk'emlupsemc Limited Partnership	Secwepemcetkwe Limited Partnership	2019	2018
Current assets	\$ 3,325,463	\$ 4,010,172	\$ 564,327	\$ 7,899,962	\$ 5,104,726
Non-current assets	361,646	167,999	372,039	901,684	464,628
Total assets	3,687,109	4,178,171	936,366	8,801,646	5,569,354
Current liabilities	53,205	3,535,755	109,981	3,698,941	3,017,832
Non-current liabilities	606,157	-	-	606,157	292,822
Total liabilities	659,362	3,535,755	109,981	4,305,098	3,310,654
Partners' equity	3,027,747	642,416	826,385	4,496,548	2,258,700
Total liabilities and partners' equity	3,687,109	4,178,171	936,366	8,801,646	5,569,354
Net income:					
Revenue	7,193,155	5,317,834	2,772,511	15,283,500	9,063,884
Expenses	6,244,593	1,753,860	2,046,126	10,044,579	6,674,785
Net income	\$ 948,562	\$ 3,563,974	\$ 726,385	\$ 5,238,921	\$ 2,389,099

Tk'emlups te Secwepemc

Notes to Consolidated Financial Statements

March 31, 2019

8. Investment in Partnerships (continued)

As at March 31, 2019, TteS' investment in partnerships is comprised of:

	2019	2018
Tk'emlupsemc Forestry Limited Partnership	\$ 3,012,607	\$ 2,062,958
Stk'emlupsemc Limited Partnership	320,653	89,376
Secwepemcetkwe Limited Partnership	826,302	-
Total investment	\$ 4,159,562	\$ 2,152,334

9. Advances to (from) Related Entities

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

	2019	2018
1038547 BC Ltd.	\$ 80,349	\$ 80,326
Kamloops Indian Band Utility Corporation	63,081	86,881
Kamloops Indian Band Development Corporation	(949,028)	(1,067,445)
Mount Paul Centre Inc.	10	6,753
Spiyu7ullucw Ranch Corporation	9,140,795	9,095,421
Tk'emlupsemc Forestry Development Corporation	660,284	527,369
Tk'emlups te Secwepemc Hops Farm Partnership	1,557,914	1,226,458
Less allowance for uncollectible inter-entity advances	(705,388)	(378,731)
Other	(80,811)	270,838
\$ 9,767,206	\$ 9,847,870	

Tk'emlups te Secwepemc Notes to Consolidated Financial Statements

March 31, 2019

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 BC Ltd.	Big Horn Hops Inc.	Secwepemcetkwe Enterprises Ltd.	Kukpi7 Clexlixgen te Eyksem Holdings	2019 Total	2018 Total
Current assets	\$5,317,737	\$2,675,689	\$389,162	\$178,398	\$147,179	\$-	\$490,250	\$83	\$-	\$9,198,498	\$8,788,170
Non-current assets	2,229	2,181,392	7,068,087	1,842	335,144	-	20,168	-	1	9,608,863	9,125,265
Total assets	5,319,966	4,857,081	7,457,249	180,240	482,323	-	510,418	83	1	18,807,361	17,913,435
Current liabilities	2,735,572	280,200	139,873	3,116	62,198	-	9,621	9	-	3,230,589	3,196,905
Non-current liabilities	-	1,579,730	9,140,666	10	1,036,663	1,180,819	908,003	990	-	13,846,881	14,368,341
Total liabilities	2,735,572	1,859,930	9,280,539	3,126	1,098,861	1,180,819	917,624	999	-	17,077,470	17,565,246
Share capital	8	8	8	8	8	1	1	1	1	44	30
Retained earnings (deficit)	2,584,386	2,997,143	(1,823,298)	177,106	(616,546)	(1,180,820)	(407,207)	(917)	-	1,729,847	348,159
Total liabilities and equity	5,319,966	4,857,081	7,457,249	180,240	482,323	-	510,418	83	1	18,807,361	17,913,435
Net income (loss):											
Revenue	1,550,066	16,408,328	356,478	12,379	386,077	50,819	164,721	73	-	18,928,941	15,712,161
Expenses	779,563	15,712,156	383,680	75,688	475,332	-	119,845	990	-	17,547,254	15,243,446
Net income (loss)	\$770,503	\$696,172	\$27,202	\$63,309	\$89,255	\$50,819	\$44,876	\$917	\$-	\$1,381,687	\$468,715

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

TteS has a 100% investment in Cuwkeltn Leasing Inc., which is an inactive company. The total investment at March 31, 2019 is \$1 (2018 - \$1).

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

Tk'emlups te Secwepemc
Notes to Consolidated Financial Statements

March 31, 2019

11. Deferred Revenue

	2018	Funding Received	Revenue Recognized	2019
ISC contributions:				
Housing funds	\$ 125,000	\$ -	\$ (125,000)	\$ -
Red Spur Bridge	120,829	-	(120,829)	-
Private schools	28,924	-	(28,924)	-
Municipal services	-	144,834	-	144,834
Fire protection training	-	42,760	-	42,760
Flood reimbursement	-	146,508	-	146,508
Institutional care	-	73,865	-	73,865
Other ISC	73,620	264,280	(44,573)	293,327
	348,373	672,247	(319,326)	701,294
Unearned business licenses	72,593	122,809	(120,174)	75,228
Unearned lease rental	1,017,907	3,445,427	(3,578,793)	884,541
Environmental security funds	135,003	-	-	135,003
Other unearned revenue	1,836,980	199,080	(1,442,987)	593,073
	3,062,483	3,767,316	(5,141,954)	1,687,845
	\$ 3,410,856	\$ 4,439,563	\$ (5,461,280)	\$ 2,389,139

ISC contributions received are to fund programs relating to municipal services, fire and flood protection, and institutional care. The eligibility criteria and stipulations of these programs have not been met at March 31, 2019.

Tk'emlups te Secwepemc

Notes to Consolidated Financial Statements

March 31, 2019

12. Debt

Social Housing:

ANTCO, mortgages, repayable in combined monthly installments of \$21,459, including interest at rates ranging from 1.03% to 2.22% per annum, secured by ISC guarantees for all loan amounts outstanding, with the exception of \$121,604, maturities ranging from August 2019 to December 2033

	2019	2018
	\$ 1,399,478	\$ 1,648,525

TteS Term Loans and Other:

RBC, term loan, repayable in monthly installments of \$19,651, including interest at 2.69% per annum, secured as per below, maturing September 2019

2,675,653	2,837,098
<u>\$ 4,075,131</u>	<u>\$ 4,485,623</u>

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

2020	\$ 375,054
2021	334,241
2022	324,663
2023	307,744
2024	314,681
Thereafter	<u>2,418,748</u>
	<u>\$ 4,075,131</u>

Total interest paid on debt for the year was \$98,518 (2018 - \$107,944).

The RBC facilities include two unused, revolving demand lines of credit to a maximum of \$300,000 (2018 -\$300,000) and \$500,000 (2018 - \$500,000), respectively, which bear interest at the RBC prime rate plus 0.15% and plus 0.5% per annum, respectively (2018 - 3.85% and 4.20% in aggregate, respectively).

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

Tk'emlups te Secwepemc
Notes to Consolidated Financial Statements

March 31, 2019

13. Tangible Capital Assets

	2019	2018		
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,023,225	\$ -	\$ 1,023,225	\$ -
Automotive	2,629,255	2,329,174	2,471,249	2,268,284
Buildings	15,709,386	8,634,072	15,576,133	8,344,820
Computer equipment	1,910,306	1,899,445	1,910,306	1,888,584
Equipment	2,420,796	1,425,835	2,403,296	1,181,469
Fencing and other land improvements	4,650,775	2,348,823	3,469,464	2,252,908
Furniture and fixtures	724,271	645,966	724,271	626,390
Property and equipment, recorded at appraised values	3,545,768	3,190,371	3,545,768	3,175,563
Roadways, sewer and water systems	29,951,653	14,982,240	29,431,287	14,169,955
Assets under construction	-	-	1,181,311	-
	62,565,435	35,455,926	61,736,310	33,907,973
 Social Housing				
Land	367,386	-	367,386	-
Buildings and fixtures	6,908,584	3,847,854	6,908,584	3,598,842
	7,275,970	3,847,854	7,275,970	3,598,842
	 69,841,405	 39,303,780	 69,012,280	 37,506,815
Net book value	 \$ 30,537,625			 \$ 31,505,465

Tk'emlups te Secwepemc
Notes to Consolidated Financial Statements

March 31, 2019

13. Tangible Capital Assets (continued)

	2019											
	Furniture and Equipment		Buildings		Fencing and other Land Improvement		Roadways, Sewer and Water Systems		Computer Equipment		Property and Construction Assets under Construction	
	Land	Automotive	Equipment	Buildings			Water Systems		Computer Equipment	Equipment		Total
Cost, beginning of year	\$ 1,390,611	\$ 2,471,249	\$ 3,127,567	\$ 22,484,717	\$ 3,469,464	\$ 29,431,287	\$ 1,910,306	\$ 3,545,768	\$ 1,181,311	\$ 69,012,280		
Additions	-	158,006	17,500	133,253	1,181,311	520,366	-	-	-	-	2,010,436	
Disposals/Transfers	-	-	-	-	-	-	-	-	-	(1,181,311)	(1,181,311)	
Cost, end of year	1,390,611	2,629,255	3,145,067	22,617,970	4,650,775	29,951,653	1,910,306	3,545,768	-	-	69,841,405	
Accumulated amortization, beginning of year	-	2,268,284	1,807,859	11,943,662	2,252,908	14,169,955	1,888,584	3,175,563	-	-	37,506,815	
Amortization	-	60,889	263,941	538,265	95,915	812,286	10,861	14,808	-	-	1,796,965	
Accumulated amortization, end of year	-	2,329,173	2,071,800	12,481,927	2,348,823	14,982,241	1,899,445	3,190,371	-	-	39,303,780	
Net carrying amount, end of year	\$ 1,390,611	\$ 300,082	\$ 1,073,267	\$ 10,136,043	\$ 2,301,952	\$ 14,969,412	\$ 10,861	\$ 355,397	\$ -	\$ -	\$ 30,537,625	

Tk'emlups te Secwepemc
Notes to Consolidated Financial Statements

March 31, 2019

13. Tangible Capital Assets (continued)

	2018													
	Furniture and Equipment		Buildings		Fencing and other Land Improvement		Roadways, Sewer and Water Systems		Computer Equipment		Property and Construction Equipment		Assets under Construction	Total
Cost, beginning of year	\$1,390,611	\$ 2,471,249	\$ 2,231,256	\$ 22,484,717	\$ 3,469,464	\$ 29,431,287	\$ 1,910,306	\$ 3,545,768	\$ -	\$ -	\$ 66,934,658			
Additions	-	896,311	-	-	-	-	-	-	-	-	1,181,311	2,077,622		
Cost, end of year	1,390,611	2,471,249	3,127,567	22,484,717	3,469,464	29,431,287	1,910,306	3,545,768	1,181,311	2,077,622	69,012,280			
Accumulated amortization, beginning of year	-	2,181,300	1,695,410	11,352,089	2,202,218	13,305,542	1,868,052	3,160,138	-	-	35,764,749			
Amortization	86,984	112,449	591,573	50,690	864,413	20,532	15,425	-	-	-	1,742,066			
Accumulated amortization, end of year	-	2,268,284	1,807,859	11,943,662	2,252,908	14,169,955	1,888,584	3,175,563	-	-	37,506,815			
Net carrying amount, end of year	\$ 1,390,611	\$ 202,965	\$ 1,319,708	\$ 10,541,055	\$ 1,216,556	\$ 15,261,332	\$ 21,722	\$ 370,205	\$ 1,181,311	\$ 31,505,465				

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Notes to Consolidated Financial Statements

March 31, 2019

14. Accumulated Surplus

	2019	2018
Unrestricted operating surplus	\$ 17,706,668	\$ 13,392,660
Equity in capital assets	28,984,361	29,541,710
Internally restricted surplus	11,154,589	8,811,842
Externally restricted surplus	15,032,439	13,700,647
	<u>\$72,878,057</u>	<u>\$ 65,446,859</u>

Internally Restricted Surplus consists of:

	2019	2018
Capital Equipment Reserve Fund	\$ 218,327	\$ 194,327
KIBST Transfer to KIBST Reserve	2,275,000	1,444,000
Long-term Capital Plan Reserve	1,253,809	1,253,809
Development Cost Charges Reserve	4,486,764	2,998,457
Ottawa Trust Withdrawal	270,570	271,130
Stk'emlupsemc te Secwepemc Nation	133,724	133,724
Replacement Reserve from Phases 4-7, 9 and 12	334,835	334,835
Day Scholar	81,560	81,560
General Reserve	1,900,000	1,900,000
Economic Development	200,000	200,000
	<u>\$11,154,589</u>	<u>\$ 8,811,842</u>

Externally Restricted Surplus consists of:

	2019	2018
Ottawa Trust	\$ 59,441	\$ 54,988
ISC - Capital	168,204	168,204
Tessie J. Jules Bursary	110,273	110,273
Six Mile Settlement	75,302	75,302
Little Fawn Daycare Fund	25,962	25,962
First Nation Housing Market Fund	30,000	30,000
Funded Reserves (Note 3)	497,484	538,534
Forestry Contribution Revenue Sharing Agreement	3,398,235	2,972,200
Stk'emlupsemc te Secwepemc Nation		
New Gold NSR Reserve	2,190,104	1,763,500
Economic and Community Development Agreement	2,720,581	2,236,831
Land Acquisitions	2,050,182	2,018,182
Kinder Morgan Mutual Benefits Agreement	3,706,671	3,706,671
	<u>\$15,032,439</u>	<u>\$ 13,700,647</u>

Tk'emlups te Secwepemc

Notes to Consolidated Financial Statements

March 31, 2019

15. Contingencies

Ministerial Guarantees

As at March 31, 2019, TteS is contingently liable for ministerial guarantees provided to individual TteS members for loans made by various financial institutions totaling \$2,675,653 (2018 - \$3,594,011) for purposes of acquiring on-reserve housing. In the event the TteS member default on their obligations under these loans, TteS would be required to pay the outstanding loan balance to the lenders. TteS' guarantee is secured by the related real properties. All loans are in good standing as at March 31, 2019.

Hazardous Materials

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

Ministry of Transportation Funds Held in Trust

TteS is disputing the amount of compensation receivable for use of land by the British Columbia Ministry of Transportation for the highway. Monies in the amount of \$202,521 (2018 - \$202,521) held in trust by a law firm on behalf of TteS are not recorded as an asset in the consolidated statement of financial position pending resolution of the dispute. The final compensation amount is not determinable.

Letters of Guarantee

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

Tk'emlups te Secwepemc **Notes to Consolidated Financial Statements**

March 31, 2019

16. Commitments

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

2020	\$ 126,010
2021	126,010
2022	126,010
2023	126,010
Thereafter	<u>186,121</u>
	 <u>\$ 690,161</u>

17. Employee Future Benefits

TteS matches employee contributions to a defined contribution multi-employer plan, which is administered by Manulife. The total pension expense, representing employer contributions to the plan, for the year ended March 31, 2019 is \$344,010 (2018 - \$403,524).

18. Economic Dependence

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

19. Prior Period Adjustments

During the year, it was determined that Income from Government Business Enterprises for the year ended March 31, 2018 was understated, thus TteS' Investment in Government Business Enterprises as at March 31, 2018 was also understated. It was also determined that the balance as at April 1, 2017 of TteS' Investment in Government Business Enterprises was overstated. As a result, adjustments were required to restate Income from Government Business Enterprises, Investment in Government Business Enterprises, and Accumulated Surplus. The impact of these restatements are outlined as follows:

	2018
Government business enterprise income	\$ (541,594)
Investment in government business enterprises	(841,411)
Accumulated surplus	\$ 1,383,005

Tk'emplups te Secwepemc

Notes to Consolidated Financial Statements

March 31, 2019

20. Related Party Transactions

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

	2019	2018
Management fees received from:		
Kamloops Indian Band Development Corporation	\$ 450,000	\$ 450,000
Kamloops Indian Band Utility Corporation	123,312	123,312
Spiyu7ullucw Ranch Corporation	23,004	23,000
Tk'emlupsemc Forestry Limited Partnership	105,000	105,000
1038547 B.C. Ltd.	-	157,092
Fuel purchased from:		
Kamloops Indian Band Utility Corporation	247,071	65,243
Office equipment rentals received from:		
Kamloops Indian Band Utility Corporation	1,646	1,646
Kamloops Indian Band Development Corporation	1,800	1,800
Tk'emlupsemc Forestry Limited Partnership	1,167	1,167
Contract revenue received from:		
Kamloops Indian Band Utility Corporation	2,353,279	2,051,213
Office rent revenue received from:		
Kamloops Indian Band Development Corporation	10,931	10,931
Tk'emlupsemc Forestry Development Corporation	2,401	2,401
Tk'emlupsemc Forestry Limited Partnership	9,880	9,880
1038547 B.C. Ltd.	77,350	77,350
	\$ 3,406,841	\$ 3,080,035

At March 31, 2019, accounts payable and accrued liabilities includes amounts owed to Kamloops Indian Band Utility Corporation of \$32,705 (2018 - \$6,825).

At March 31, 2019, accounts receivable includes amounts due from Kamloops Indian Band Utility Corporation of \$42 (2018 - \$8,416) and includes amount due to Tk'emlupsemc Forestry Limited Partnership of \$nil (2018 - (\$10,000)).

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

Tk'emlups te Secwepemc

Notes to Consolidated Financial Statements

March 31, 2019

21. Employee and Chief & Council Remuneration

During the year, 8 (2018 - 8) employees were paid in excess of \$75,000 each, for a total of \$737,713 (2018 - \$737,713).

In addition, in accordance with the First Nations Financial Transparency Act, 13 (2018 - 8) elected officials were paid total remuneration of \$631,107 (2018 - \$671,971), plus travel benefits of \$85,842 (2018 - \$65,597), net of reimbursements received.

22. Expenses by Object

	2019	2018
Administration	\$ 1,484,134	\$ 1,298,176
Advertising and promotion	499,223	85,843
Amortization	1,796,965	1,742,066
Bad debt	382,973	661,288
Contract Services	4,119,006	3,536,382
Fuel	247,071	247,071
Honoraria	614,149	647,832
Insurance	681,931	456,098
Interest and bank charges	107,567	65,801
Interest on long-term debt	75,904	79,026
Materials and supplies	1,622,049	886,691
Office	206,075	193,670
Professional fees	786,757	333,524
Program expenses	2,831,942	2,776,912
Rent	67,605	37,514
Repairs and maintenance	1,545,681	1,683,585
Salaries and wages	8,522,175	8,453,605
Telephone	201,951	166,664
Training and workshops	242,216	241,241
Travel	256,450	193,629
Utilities	607,106	524,844
Other	784,263	1,074,192
	<hr/> \$27,683,193	<hr/> \$ 25,385,654

Tk'emlups te Secwepemc

Notes to Consolidated Financial Statements

March 31, 2019

23. Segment Disclosure

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

Administration

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

Land and Leases

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

Planning and Engineering

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

Education

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

Property Tax

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

Housing

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

Social Housing

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

Natural Resources

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

Band Council

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

Sk'elep School

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

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Community Services

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

Other

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

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Notes to Consolidated Financial Statements

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23. Segment Disclosure (continued)

2019	Administration	Land and Leases	Planning & Engineering	Education	Property Tax	Housing	Social Housing	Natural Resources	Band Council	Skelep School	Community Services	Other	Total
Revenue													
ISC	\$ 881,055	\$ 523,672	\$ 228,096	\$ 1,904,944	\$ -	\$ 1,411,665	\$ -	\$ -	\$ 1,005,958	\$ 1,108,242	\$ 14,048	\$ 7,077,680	
Province of BC	-	-	-	4,157	-	-	-	1,379,381	-	1,215,261	281,317	1,355,076	4,235,192
Property taxation	-	-	-	-	7,291,058	-	-	-	-	-	-	-	7,291,058
Other	3,799,586	3,124,791	1,730,783	676,419	271,749	370	553,907	175,676	17,627	366,350	561,803	5,231,400	16,510,461
	<u>4,680,641</u>	<u>3,648,463</u>	<u>1,958,879</u>	<u>2,585,520</u>	<u>7,562,807</u>	<u>1,412,035</u>	<u>553,907</u>	<u>1,555,057</u>	<u>17,627</u>	<u>2,587,569</u>	<u>1,951,362</u>	<u>6,600,524</u>	<u>35,114,391</u>
Expenses													
Payroll	1,521,979	613,110	2,003,031	925,192	151,044	254,698	-	311,415	79,793	1,260,578	986,596	414,739	8,522,175
Other	1,734,336	490,467	2,178,263	1,966,309	3,224,168	764,480	777,298	487,668	951,434	569,159	3,151,483	1,068,988	17,364,053
Amortization	-	-	-	-	-	249,013	-	-	-	8,141	-	1,539,811	1,796,965
	<u>3,256,315</u>	<u>1,103,577</u>	<u>4,181,294</u>	<u>2,891,501</u>	<u>3,375,212</u>	<u>1,019,178</u>	<u>1,026,311</u>	<u>799,083</u>	<u>1,031,227</u>	<u>1,837,878</u>	<u>4,138,079</u>	<u>3,023,538</u>	<u>27,683,193</u>
Transfers													
Surplus (deficit)	<u>1,224,882</u>	<u>2,222,955</u>	<u>(2,304,011)</u>	<u>(210,560)</u>	<u>2,394,944</u>	<u>(1,080,604)</u>	<u>-</u>	<u>205,621</u>	<u>(1,011,902)</u>	<u>-</u>	<u>(1,407,046)</u>	<u>(34,279)</u>	<u>-</u>
	<u>\$ 199,444</u>	<u>\$ 321,931</u>	<u>\$ 81,596</u>	<u>\$ (95,421)</u>	<u>\$ 1,792,651</u>	<u>\$ 1,473,461</u>	<u>\$ (472,404)</u>	<u>\$ 550,353</u>	<u>\$ (1,698)</u>	<u>\$ 749,691</u>	<u>\$ (779,671)</u>	<u>\$ 3,611,265</u>	<u>\$ 7,431,198</u>

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23. Segment Disclosure (continued)

2018	Administration	Land and Leases	Planning & Engineering	Education	Property Tax	Housing	Social Housing	Natural Resources	Band Council	Sk'elep School	Community Services	Other	Total
Revenue													
ISC	\$ 914,291	\$ 526,422	\$ 434,432	\$ 1,604,567	\$ -	\$ 84,201	\$ -	\$ 8,412	\$ -	\$ 795,223	\$ 1,001,778	\$ 619,822	\$ 5,989,148
Province of BC	-	-	-	177,381	-	-	-	523,659	-	973,836	259,362	1,974,691	3,908,929
Property taxation	-	-	-	7,463,801	-	-	-	-	-	-	-	-	7,463,801
Other	3,007,524	4,384,487	2,203,291	614,580	175,293	70,304	695,709	311,710	33,062	242,223	516,743	2,418,812	14,673,738
	<u>3,921,815</u>	<u>4,910,909</u>	<u>2,637,723</u>	<u>2,396,528</u>	<u>7,639,094</u>	<u>154,505</u>	<u>695,709</u>	<u>843,781</u>	<u>33,062</u>	<u>2,011,282</u>	<u>1,777,883</u>	<u>5,013,325</u>	<u>32,035,616</u>
Expenses													
Payroll	1,301,377	721,223	2,258,917	1,229,986	128,146	232,093	-	226,120	86,387	1,171,267	775,958	322,131	8,453,605
Other	1,204,961	425,142	2,486,518	2,040,091	2,985,414	480,113	464,228	475,834	905,005	586,041	2,283,421	853,215	15,189,983
Amortization	-	-	-	-	-	290,267	-	-	-	11,488	-	1,440,311	1,742,066
	<u>2,506,338</u>	<u>1,146,365</u>	<u>4,745,435</u>	<u>3,270,077</u>	<u>3,113,560</u>	<u>712,206</u>	<u>754,495</u>	<u>701,954</u>	<u>991,392</u>	<u>1,768,796</u>	<u>3,059,379</u>	<u>2,615,657</u>	<u>25,385,654</u>
Transfers	<u>760,356</u>	<u>2,460,419</u>	<u>(1,698,910)</u>	<u>(518,491)</u>	<u>2,474,628</u>	<u>(632,917)</u>	<u>(63,466)</u>	<u>225,825</u>	<u>(957,595)</u>	<u>(73,833)</u>	<u>(982,406)</u>	<u>(993,610)</u>	<u>-</u>
Surplus (deficit)	<u>\$ 655,121</u>	<u>\$ 1,304,125</u>	<u>\$ (408,802)</u>	<u>\$ (355,058)</u>	<u>\$ 2,050,906</u>	<u>\$ 75,216</u>	<u>\$ 4,680</u>	<u>\$ (83,998)</u>	<u>\$ (735)</u>	<u>\$ 316,319</u>	<u>\$ (299,090)</u>	<u>\$ 3,391,278</u>	<u>\$ 6,649,962</u>

