

Tk'emlüps te Secwépemc - Consolidated
Consolidated Financial Statements
For the year ended March 31, 2024

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Contents

Management's Responsibility for Financial Reporting	3
Independent Auditor's Report	4 - 6
Consolidated Financial Statements	
Exhibit A - Consolidated Statement of Financial Position	7
Exhibit B - Consolidated Statement of Changes in Net Financial Assets	8
Exhibit C - Consolidated Statement of Operations	9
Exhibit D - Consolidated Statement of Remeasurement Gains and Losses	10
Exhibit E - Consolidated Statement of Cash Flows	11
Summary of Significant Accounting Policies	12 - 20
Notes to Consolidated Financial Statements	21 - 43

Management's Responsibility for Financial Reporting

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

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

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

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

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

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



Chief Councilor **Kúkpi7 Rosanne Casimir**



Band Administrator **Travis Anderson, Chief Financial Officer**

Independent Auditor's Report

To the Chief and Council of
Tk'emlúps te Secwépemc

Qualified Opinion

We have audited the consolidated financial statements of Tk'emlúps te Secwépemc and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of changes in net financial assets, operations and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2024 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Effective April 1, 2022, the Group was required to adopt PS 3280 Asset Retirement Obligations which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the modified retroactive application method, the asset retirement obligation on transition is to be recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets adjusted for amortization since the time the legal obligation was incurred. The net adjustment is charged to accumulated surplus. Comparative figures are to be restated to reflect this change in accounting policy. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. As a result, it is not possible to quantify the impact of this departure from Canadian public sector accounting standards on expenses and annual surplus for the years ended March 31, 2024 and 2023, tangible capital assets and the asset retirement obligation as at March 31, 2024 and 2023, and accumulated surplus as at April 1 and March 31 for both the 2024 and 2023 years.

The financial statements for the certain Government Business Enterprises and Government Business Partnerships have been prepared using the Canadian accounting standards for private enterprises (ASPE) rather than international financial reporting standards (IFRS) as required by public sector accounting standards. We have not been engaged to audit the differences that may arise from using ASPE versus IFRS. Therefore, we are unable to determine the impact of this departure from public sector accounting standards on investments in government business enterprises as at March 31, 2024 and 2023, government business enterprises income and annual surplus (deficit) for the year ended March 31, 2024 and 2023, and accumulated surplus as at April 1 and March 31 for both the 2024 and 2023 years.

Our audit opinion on the consolidated financial statements for the year ended March 31, 2024 was modified for the above matters.

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

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

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

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

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

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

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

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

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

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

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

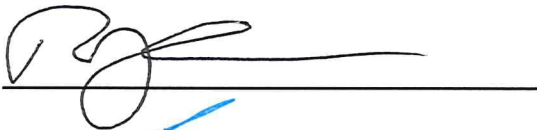
Chartered Professional Accountants

Kamloops, British Columbia
November 14, 2024

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

As at March 31	2024	2023
Financial Assets		
Cash and cash equivalents (Note 3)	\$65,080,665	\$ 68,754,430
Funded reserves (Note 4)	117,625	400,671
Ottawa trust funds (Note 5)	87,581	81,523
Accounts receivable (Note 7)	6,630,224	8,475,926
Property taxes receivable	4,390,332	3,826,030
Marketable securities (Note 6)	4,370,449	4,110,842
Long-term investments (Note 9)	156,270	156,270
Investment in partnerships (Note 10)	11,285,496	9,925,581
Advances to related entities (Note 11)	3,307,396	2,023,401
Investment in government business (Note 12)	13,946,118	13,024,151
	<u>109,372,156</u>	<u>110,778,825</u>
Liabilities		
Accounts payable and accrued liabilities (Note 22)	5,255,082	6,181,767
Landfill remediation liability (Note 2)	-	1,162,356
Deferred revenue (Note 13)	25,168,798	25,829,005
Debt (Note 14)	3,930,571	2,781,412
	<u>34,354,451</u>	<u>35,954,540</u>
Net financial assets	<u>75,017,705</u>	<u>74,824,285</u>
Non-financial Assets		
Tangible capital assets (Note 15)	79,796,965	57,291,921
Prepaid expenses and deposits	216,722	152,230
Inventories	485,754	101,881
	<u>80,499,441</u>	<u>57,546,032</u>
Accumulated Surplus (Note 16)	\$ 155,517,146	\$ 132,370,317
Accumulated Surplus is comprised of:		
Accumulated operating surplus	155,142,236	132,181,241
Accumulated remeasurement gains	374,910	189,076
	<u>\$ 155,517,146</u>	<u>\$ 132,370,317</u>

Approved on behalf of the Band Council:



Chief Councilor



Band Administrator

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

Tk'emlűps te Secwėpemc

Exhibit B - Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31	2024	2023
Surplus - Exhibit C	\$ 22,960,995	\$ 16,256,329
Purchases of tangible capital assets	(25,993,368)	(14,556,167)
Amortization of tangible capital assets	3,471,300	2,016,147
Disposals of tangible capital assets	17,024	-
Change in prepaid expenses	(64,492)	488,364
Change in inventory	(383,873)	(10,039)
Net remeasurement gains and losses	185,834	(147,468)
Increase in net financial assets	193,420	4,047,166
Net financial assets, beginning of year	74,824,285	70,777,119
Net financial assets, end of year	\$75,017,705	\$ 74,824,285

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

For the year ended March 31	Budget	2024	2023
Revenue			
Department of Indigenous Services Canada	\$ 25,402,890	\$15,458,436	\$ 17,922,027
Province of British Columbia	4,998,754	7,942,118	5,993,156
Kamloops Indian Band (K.I.B.) Sales Tax	1,800,000	2,283,306	1,581,330
Canada Mortgage and Housing Corporation	-	190,686	965,415
Contract revenue	559,750	424,660	420,069
Government business enterprises income (Note 12)	-	921,967	2,740,983
Health Canada	151,000	194,921	25,558
Interest and investment income	1,741,596	8,004,920	1,931,848
Lease and rental income	3,545,177	3,811,931	3,589,555
Management fees (Note 22)	71,731	937,476	909,386
Partnership income (Note 10)	-	1,359,915	3,600,969
Property taxation	10,178,998	11,970,940	10,304,667
User fees and other	22,727,817	20,407,721	13,382,773
	<u>71,177,713</u>	<u>73,908,997</u>	<u>63,367,736</u>
Expenses (Note 23)			
Administration	4,800,316	3,985,524	8,354,067
Land and Leases	1,085,446	1,353,709	1,034,363
Planning & Engineering	10,773,700	10,378,345	6,683,878
Education	5,048,192	5,252,480	3,584,892
Property Tax	5,578,168	4,710,936	3,966,168
Housing	2,135,709	2,059,123	3,249,074
Social Housing	-	177,615	1,010,860
Natural Resources	2,761,810	2,661,568	2,583,015
Band Council	1,215,267	1,127,216	1,071,565
Sk'elep School	2,364,720	2,085,133	1,786,414
Community Services	5,883,246	5,706,637	4,881,091
Amortization	-	3,471,300	2,016,147
Other	8,551,016	7,978,416	6,889,873
	<u>50,197,590</u>	<u>50,948,002</u>	<u>47,111,407</u>
Surplus for the year	\$ 20,980,123	\$22,960,995	\$ 16,256,329
Accumulated surplus, opening	\$ -	\$ 132,370,317	\$116,261,456
Net remeasurement gains and losses	-	185,834	(147,468)
Accumulated surplus, ending	\$ -	\$ 155,517,146	\$132,370,317

Tk'emlűps te Secwűpemc

Exhibit D - Consolidated Statement of Remeasurement Gains and Losses

For the year ended March 31	2024	2023
Accumulated remeasurement gains (losses) at beginning of year	\$ 189,076	\$ -
Adoption of PSAS 3450 Financial instruments	-	336,544
Unrealised gains (losses) attributable to:		
Foreign exchange	37,553	64
Portfolio investments	148,281	(147,532)
Amounts reclassified to the statement of operations:		
Portfolio investments	-	-
Net remeasurement gains (losses) for the year	185,834	(147,468)
Accumulated remeasurement gains at end of year	\$ 374,910	\$ 189,076

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

For the year ended March 31	2024	2023
Operating activities		
Cash receipts from various sources	\$ 28,871,895	\$ 28,639,491
Cash receipts from Department of Indigenous Services Canada	15,458,436	17,922,027
Cash receipts from Province of British Columbia	7,942,118	5,993,156
Cash receipts from property taxation	11,970,940	10,304,667
Cash paid to employees and suppliers	(48,639,106)	(44,032,151)
Interest earned	8,004,920	1,931,848
Cash flows from operating activities	<u>23,609,203</u>	<u>20,759,038</u>
Capital activity		
Purchase of capital assets	<u>(28,730,673)</u>	<u>(14,556,168)</u>
Investing activities		
Disbursements from partnerships	1,359,915	1,229,432
Advances to related entities	(1,283,995)	(1,031,176)
Purchase of portfolio investments	<u>(54,362)</u>	<u>(35,841)</u>
Cash flows from capital & investing activities	<u>(28,709,115)</u>	<u>(14,393,753)</u>
Financing activity		
Proceeds from issuance (repayment) of long term debt	<u>1,149,159</u>	<u>(302,319)</u>
Net increase (decrease) in cash and cash equivalents	(3,950,753)	6,062,966
Cash and cash equivalents, beginning of year	<u>69,236,624</u>	<u>63,173,658</u>
Cash and cash equivalents, end of year	<u>\$ 65,285,871</u>	<u>\$ 69,236,624</u>
Represented by:		
Cash and cash equivalents	\$ 65,080,665	\$ 68,754,430
Funded reserves and Ottawa trust funds	<u>205,206</u>	<u>482,194</u>
	<u>\$ 65,285,871</u>	<u>\$ 69,236,624</u>

Tk'emlups te Secwépemc Summary of Significant Accounting Policies

March 31, 2024

1. Basis of presentation and significant accounting policies

Description of Entity

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.

Basis of Accounting

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

Reporting Entity

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

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

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

Non-Coterminous Fiscal Periods

Spiyu7ullucw Ranch Corporation is included in the consolidated financial statements using financial information prepared as of January 31, 2024, covering the period February 1, 2023 to January 31, 2024.

Tk'emlűps te Secwėpemc Summary of Significant Accounting Policies

March 31, 2024

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

Investment in Government Business Enterprises

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

Organizations accounted for on a modified equity basis include:

- Kamloops Indian Band Development Corporation;
- Kamloops Indian Band Utility Corporation;
- Kukpi7 Clexlixqen te Eyksem Holdings;
- Secwepemcetkwe Enterprises Ltd., which includes its pro-rated portion of its investment in the Secwepemcetkwe Limited Partnership;
- Tk'emlűpsemc Forestry Development Corporation, which includes its pro-rated portion of its investment in the Tk'emlűpsemc Forestry Limited Partnership;
- Swelaps Market Ltd;
- 1303129 B.C. Ltd;
- 1303110 B.C. Ltd; and
- 1385608 B.C. Ltd.

Investment in Partnerships

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

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

Tk'emlűps te Secwűpemc Summary of Significant Accounting Policies

March 31, 2024

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

Cash and Cash Equivalents

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

Designated Cash

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

Externally restricted cash

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

Financial Instruments

Mutual funds are mandatorily measured at fair value. All other financial instruments are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the consolidated statement of financial position.

Unrealised gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

Tk'emlűps te Secwėpemc Summary of Significant Accounting Policies

March 31, 2024

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

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'emlűps te Secwűpemc Summary of Significant Accounting Policies

March 31, 2024

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

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'emlűps te Secwėpemc
Summary of Significant Accounting Policies

March 31, 2024

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

Works of Art and
Cultural and Historic
Assets

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

Inventories

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

Inventories held for
resale

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

Tk'emlŭps te Secwépemc **Summary of Significant Accounting Policies**

March 31, 2024

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

Revenue Recognition

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

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

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

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

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

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

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

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

Tk'emlűps te Secwűpemc Summary of Significant Accounting Policies

March 31, 2024

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

Use of Estimates

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

Budgets

Budget information for individual programs has been included in the consolidated financial statements when the information is available and represents the 2023/2024 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 is it appropriate to separately report financial information to achieve the objectives of TteS. TteS identifies its segments based on specific projects and funding arrangements. Revenue and expenses are allocated to these segments according to methods of identification.

Tk'emlűps te Secwűpemc Summary of Significant Accounting Policies

March 31, 2024

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

Ottawa Trust Funds

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

Leased Assets

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

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Tk'emlűps te Secwėpemc

Notes to Consolidated Financial Statements

March 31, 2024

2. Landfill remediation liability

In the prior year a former landfill was closed and required to be remediated. The estimated total cost to remediate the landfill was \$4,555,403 (2024 - nil) as at March 31, 2023. The cost of this remediation has been expensed.

3. Designated and restricted cash and cash equivalents

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

	2024	2023
Internally restricted		
Tessie J. Jules Bursary Fund	\$ 129,649	\$ 122,966
First Nations Market Housing Fund	32,262	30,599
Stk'emlűpsemc te Secwėpemc Nation		
Economic and Community Development Agreement	413,477	2,248,254
Net Smelter Fund	8,848,212	4,129,014
Forestry Contribution Revenue Sharing Agreement	3,851,853	2,156,096
First Nations Land Acquisitions	1,887,851	1,790,524
Kinder Morgan Mutual Benefits Agreement	630,707	598,211
Development cost charges	6,215,707	5,895,261
Payment security	2,596,712	2,470,000
Heritage Park	1,846,557	2,313,847
	<u>26,452,987</u>	<u>21,754,772</u>
Internally designated		
BC gaming	343,619	-
Capital reserve	554,358	525,778
Community recreation	1,218,808	-
Long-term capital plan reserve	1,795,512	1,702,946
	<u>3,912,297</u>	<u>2,228,724</u>
Operating cash and cash equivalents	<u>34,715,381</u>	<u>44,770,934</u>
Total cash and cash equivalents	<u>\$65,080,665</u>	<u>\$ 68,754,430</u>

Tk'emlŭps te Secwépemc

Notes to Consolidated Financial Statements

March 31, 2024

4. Funded Reserves

Replacement Reserve:

Under the terms of the agreement with CMHC, the Replacement Reserve account was credited during the year ended March 31, 2024, in the amount of \$290,730 (2023 - \$44,903) including interest. Tk'emlŭps te Secwépemc - CMHC PRE-1997 replacement reserver account closed as the entity dissolved. The funds in the account may only be used as approved by CMHC. The Replacement Reserve, as included in the accumulated surplus (Note 16), consists of:

	2024	2023
Restricted cash - replacement reserve	\$ 117,625	\$ 400,671
Monies to be deposited (withdrawn) subsequent to year-end	343,305	604,555
Equity in replacement reserve	\$ 460,930	\$ 1,005,226

5. Ottawa Trust Funds

Indigenous Services Canada ("ISC") holds certain funds in trust for TteS. These funds are designated as revenue or capital funds as outlined in Section 62 of the Indian Act. As at March 31, 2024 there were no capital funds. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. Subject to approval by the Minister of Indigenous Services Canada, TteS is permitted to expend its revenue funds for any purpose that will promote the general progress and welfare of TteS and TteS members. The expense of capital funds requires the consent of the Minister of Indigenous Services and such expense generally must be for projects of a capital nature. At March 31, 2024, the balance in revenue funds was \$87,581 (2023 - \$81,523).

6. Marketable securities

TteS holds the following marketable securities at RBC Royal Trust:

	Book Value	Fair Market Value 2024	Fair Market Value 2023
Mutual funds	\$ 3,772,309	\$ 4,137,376	\$ 2,800,778
Cash & equivalents	233,073	233,073	238,036
	\$ 4,005,382	\$ 4,370,449	\$ 3,038,814

Tk'emlűps te Secwűpemc

Notes to Consolidated Financial Statements

March 31, 2024

7. Accounts Receivable

	2024	2023
Indigenous Services Canada	\$ 1,652,951	\$ 2,590,899
Social Housing	203,051	155,781
Band Members	336,837	432,055
Mt. Paul lease, Sk'elep school, permits & miscellaneous	4,931,012	5,888,831
	7,123,851	9,067,566
Allowance for doubtful accounts	(493,627)	(591,640)
	<u>\$ 6,630,224</u>	<u>\$ 8,475,926</u>

8. Comparative Figures

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

Tk'emlűps te Secwėpemc

Notes to Consolidated Financial Statements

March 31, 2024

9. Investments

	2024	2023
All Nations Trust Company ("ANTCO")	\$ 156,270	\$ 156,270

Temporary investments in ANTCO consist of 156,270 Class A common shares.

10. Investment in Partnerships

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

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

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

Tk'emlűps te Secwėpemc

Notes to Consolidated Financial Statements

March 31, 2024

10. Investment in Partnerships (continued)

As at March 31, 2024, the assets, liabilities, equity, and net income of TFLP, SLP and Secwepemcetkwe Limited Partnership are as follows:

	Tk'emlűpsemc Forestry Limited Partnership	Stk'emlűpsemc Limited Partnership	Secwepemcetkwe Limited Partnership	2024	2023
Current assets	\$ 12,055,173	\$ 1,724,782	\$ 500,441	\$ 14,280,396	\$ 9,085,310
Non-current assets	323,850	10,424,554	621,565	11,369,969	7,784,089
Total assets	12,379,023	12,149,336	1,122,006	25,650,365	16,869,399
Current liabilities	3,131,221	9,633,714	2,647	12,767,582	5,970,667
Non-current liabilities	293,236	-	-	293,236	346,693
Total liabilities	3,424,457	9,633,714	2,647	13,060,818	6,317,360
Partners' equity	8,954,566	2,515,622	1,119,359	12,589,547	10,552,039
Total liabilities and partners' equity	12,379,023	12,149,336	1,122,006	25,650,365	16,869,399
Net income:					
Revenue	5,594,810	2,392,735	37,907	8,025,452	18,599,056
Expenses	4,895,289	1,754,909	15,339	6,665,537	14,998,087
Net income	\$ 699,521	\$ 637,826	\$ 22,568	\$ 1,359,915	\$ 3,600,969

As at March 31, 2024, TteS' investment in partnerships is comprised of:

	2024	2023
Tk'emlűpsemc Forestry Limited Partnership	\$ 8,909,793	\$ 8,210,270
Stk'emlűpsemc Limited Partnership	1,256,456	618,630
Secwepemcetkwe Limited Partnership	1,119,247	1,096,681
Total investment	\$11,285,496	\$ 9,925,581

Tk'emlűps te Secwűpemc

Notes to Consolidated Financial Statements

March 31, 2024

11. Advances to (from) Related Entities

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

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

	2024	2023
Kamloops Indian Band Utility Corporation	147	49,762
Kamloops Indian Band Development Corporation	(174,265)	1,987,777
Mount Paul Centre Inc.	1,177	-
Spiyu7ullucw Ranch Corporation	11,236,011	9,319,168
Tk'emlűpsemc Forestry Development Corporation	5,108,967	899,546
1303129 B.C. Ltd.	1,734	557
Lot 164 Development	(1,100,000)	-
Other	(530,364)	(914,241)
	14,543,407	11,342,569
Less: allowance for uncollectible inter-entity advances	-	-
	14,543,407	11,342,569
Advances eliminated upon consolidation of related entities:		
Spiyu7ullucw Ranch Corporation	(11,236,011)	(9,319,168)
	\$ 3,307,396	\$ 2,023,401

Tk'emlűps te Secwűpemc

Notes to Consolidated Financial Statements

March 31, 2024

12. Investment in Government Business Enterprises

	Kamloops Indian Band Development Corporation	Kamloops Indian Band Utility Corporation	Tk'emlűpsemc Forestry Development Corporation	Secwűpemcetkwe Enterprises Ltd.	Kukpi7 Clexlixqen te Eyksem Holdings	Swelaps Market Ltd.	1303129 B.C. Ltd.	1385608 B.C Ltd.	1303110 B.C. Ltd.	2024 Total	2023 Total
Current assets	\$9,943,490	\$8,052,672	\$1,436,014	\$-	\$-	631,051	\$ 75,000	\$ -	\$2,735,828	\$22,874,055	\$16,648,655
Non-current assets	99,496	1,899,697	303,543	101	-	1,420,176	802	-	5,598,176	9,321,991	2,358,385
Total assets	10,042,986	9,952,369	1,739,557	101	-	2,051,227	75,802	-	8,334,004	32,196,046	19,007,040
Current liabilities	682,738	477,689	126,168	2,370	-	196,393	800	-	2,000	1,488,158	2,161,727
Non-current liabilities	1,626,119	840,000	2,267,949	12,137	15,448	3,009,077	-	-	8,999,999	16,770,729	3,810,195
Total liabilities	2,308,857	1,317,689	2,394,117	14,507	15,448	3,205,470	800	-	9,001,999	18,258,887	5,971,922
Share capital	8	8	8	-	1	-	2	-	2	29	24
Retained earnings (deficit)	7,734,121	8,634,672	(654,568)	(14,406)	(15,449)	(1,154,243)	75,000	-	(667,997)	13,937,130	13,035,094
Total liabilities and equity	10,042,986	9,952,369	1,739,557	101	-	2,051,227	75,802	-	8,334,004	32,196,046	19,007,040
Net income (loss):						-	-	-	-		
Revenue	2,606,877	20,794,218	883,316	-		319,287	75,000	-	64,542	24,743,240	26,414,005
Expenses	1,153,046	19,820,465	641,840	1,500	1,500	1,472,030	-	-	730,892	23,821,273	23,673,022
Net income (loss)	\$1,453,831	\$973,753	\$241,476	\$(1,500)	\$(1,500)	(1,152,743)	\$ 75,000	\$ -	\$ (666,350)	\$921,967	\$2,740,983

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, 2023 is \$1 (2022 - \$1).

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

Tk'emlŭps te Secwépemc

Notes to Consolidated Financial Statements

March 31, 2024

13. Deferred Revenue

	2023	Recognized Revenue	Funding Received	2024
ISC contributions:				
Housing Renovations	60,459	(42,224)	100,830	119,065
Planning & Engineering	4,615,260	(4,615,260)	3,000,000	3,000,000
Public Works	917,589	(917,589)	1,636,187	1,636,187
Community Services	1,915,806	(1,468,758)	2,451,920	2,898,968
Education	1,077,952	(1,019,218)	425,744	484,478
Strategic Planning	47,800	(47,800)	-	-
Le Estecewey/The Missing	5,007,834	(5,705,727)	2,988,061	2,290,168
COVID Funding	516,881	(456,082)	30,090	90,889
	14,159,581	(14,272,658)	10,632,832	10,519,755
Unearned property tax	506,048	-	35,770	541,818
Unearned business licenses	96,954	-	3,136	100,090
Unearned lease rental	1,061,139	-	80,957	1,142,096
Sk'elep school	381,973	(7,088,150)	7,593,203	887,026
Environmental security funds	135,003	-	-	135,003
Federal government	(445,152)	-	445,152	-
Other unearned revenue	9,813,154	-	2,005,523	11,818,677
Spiy7ullucw Ranch Corporation	120,305	(95,972)	-	24,333
	11,669,424	(7,184,122)	10,163,741	14,649,043
	\$ 25,829,005	\$21,456,780)	\$20,796,573	25,168,798

Tk'emlűps te Secwėpemc

Notes to Consolidated Financial Statements

March 31, 2024

14. Debt

	2024	2023
Social Housing:		
ANTCO, mortgages, repayable in combined monthly installments of \$13,102 (2023 - \$11,828) including interest at rates ranging from 0.80% to 3.58% per annum, secured by ISC guarantees for all loan amounts outstanding, with the exception of \$121,604, maturities ranging from April 2024 to January 2049	\$ 2,083,395	\$ 748,305
TteS Term Loans and Other:		
RBC, term loan, repayable in monthly installments of \$18,559 (2023 - \$18,559), including interest at 2.69% per annum, secured as per below, maturing September 2032	1,847,176	2,033,107
	<u>\$ 3,930,571</u>	<u>\$ 2,781,412</u>

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

2025	\$ 340,430
2026	306,445
2027	293,571
2028	296,097
2029	298,698
Thereafter	<u>2,395,330</u>
	<u>\$ 3,930,571</u>

Total interest paid on debt for the year was \$107,359 (2023 - \$70,793).

The RBC facilities include two unused, revolving demand lines of credit to a maximum of \$300,000 (2023 - \$300,000) and \$500,000 (2023 - \$500,000), respectively, which bear interest at the RBC prime rate plus 0.15% and plus 0.5% per annum, respectively (2023 - 0.15% and 0.5% in aggregate, respectively).

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

Tk'emlűps te Secwűpemc

Notes to Consolidated Financial Statements

March 31, 2024

15. Tangible Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,023,225	\$ -	\$ 1,023,225	\$ -
Automotive	5,564,334	3,662,310	3,914,833	3,157,102
Buildings	39,930,694	10,951,618	18,397,691	9,936,117
Computer equipment	2,038,764	1,978,155	1,971,696	2,002,635
Equipment	5,396,040	2,847,872	3,851,921	2,327,129
Fencing and other land improvements	3,469,464	2,513,985	3,469,464	2,474,173
Furniture and fixtures	844,719	741,772	844,719	716,036
Property and equipment, recorded at appraised values	3,545,768	3,255,988	3,545,768	3,243,913
Roadways, sewer and water systems	46,959,215	19,361,070	34,434,691	18,235,319
Assets under construction	5,583,810	-	18,981,372	-
	14,356,033	45,312,770	90,435,380	42,092,424
Social Housing Buildings and fixtures	5,220,961	1,958,813	3,410,547	1,821,221
	5,220,961	1,958,813	3,410,547	1,821,221
Spiyu7ullucw Ranch Corporation				
Land and timber	6,738,385	-	6,738,385	-
Buildings	384,027	235,033	384,027	228,825
Computer equipment	4,105	4,102	4,105	4,101
Equipment	1,173,395	659,486	736,711	584,830
Furniture and fixtures	210,135	214,588	227,158	222,832
Automotive	144,186	49,470	109,186	16,378
Assets under construction	-	-	217,033	-
	8,654,233	1,162,679	8,416,605	1,056,966
	28,231,227	48,434,262	102,262,532	44,970,611
Net book value	\$ 79,796,965		\$ 57,291,921	

The tangible capital assets have not been assessed for asset retirement obligations as required by PS 3280 Asset Retirement Obligations. The assets listed may be understated by the amounts of any existing asset retirement obligations

Tk'emlŭps te Secwépemc
Notes to Consolidated Financial Statements

March 31, 2024

15. Tangible Capital Assets (continued)

	2024									
	Land	Automotive	Furniture and Equipment	Buildings	Fencing and Other Land Improvements	Roadways, Sewer and Water Systems	Computer Equipment	Property and Equipment	Assets Under Construction	Total
Cost, beginning of year	\$ 7,761,610	\$ 4,024,018	\$ 3,839,584	\$ 22,192,265	\$ 3,469,464	\$ 34,434,691	\$ 1,975,801	\$ 5,334,250	\$ 19,198,406	\$ 102,230,089
Additions	-	1,481,410	-	11,024,543	-	9,190,406	67,068	1,779,514	2,450,427	25,993,368
Reallocation	-	203,091	-	12,318,874	-	3,334,117	-	201,289	(16,057,371)	-
Disposals	-	-	-	-	-	-	-	(17,024)	-	(17,024)
Cost, end of year	7,761,610	5,708,519	3,839,584	45,535,682	3,469,464	46,959,214	2,042,869	7,298,029	5,591,462	128,206,433
Accumulated amortization, beginning of year	-	3,173,479	3,080,304	11,986,165	2,474,173	18,235,321	2,006,733	3,981,993	-	44,938,168
Amortization	-	538,301	39,109	1,160,065	39,812	1,125,750	27,076	541,187	-	3,471,300
Disposals	-	-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	3,711,780	3,119,413	13,146,230	2,513,985	19,361,071	2,033,809	4,523,180	-	48,409,468
Net carrying amount, end of year	\$ 7,761,610	\$ 1,996,739	\$ 720,171	\$ 32,389,452	\$ 955,479	\$ 27,598,143	\$ 9,060	\$ 2,774,849	\$ 5,591,462	\$ 79,796,965

Tk'emlűps te Secwėpemc
Notes to Consolidated Financial Statements

March 31, 2024

15. Tangible Capital Assets (continued)

	2023									
	Land	Automotive	Furniture and Equipment	Buildings	Fencing and Other Land Improvements	Roadways, Sewer and Water Systems	Computer Equipment	Property and Equipment	Assets Under Construction	Total
Cost, beginning of year	\$ 7,761,610	\$ 3,747,098	\$ 3,755,536	\$ 22,043,793	\$ 3,469,464	\$ 34,123,776	\$ 1,960,820	\$ 4,588,632	\$ 6,223,193	\$ 87,673,922
Additions		276,920	84,048	148,472	-	310,915	14,981	745,618	12,975,213	14,556,167
Reallocation		-	-	-	-	-	-	-	-	-
Disposals		-	-	-	-	-	-	-	-	-
Cost, end of year	7,761,610	4,024,018	3,839,584	22,192,265	3,469,464	34,434,691	1,975,801	5,334,250	19,198,406	102,230,089
Accumulated amortization, beginning of year	-	2,868,302	2,796,218	11,502,283	2,432,703	17,411,046	1,942,052	3,969,417	-	42,922,021
Amortization		305,177	284,086	483,882	41,470	824,275	64,681	12,576	-	2,016,147
Disposals		-	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	3,173,479	3,080,304	11,986,165	2,474,173	18,235,321	2,006,733	3,981,993	-	44,938,168
Net carrying amount, end of year	\$ 7,761,610	\$ 850,539	\$ 759,280	\$ 10,206,100	\$ 995,291	\$ 16,199,370	\$ (30,932)	\$ 1,352,257	\$ 19,198,406	\$ 57,291,921

Tk'emlűps te Secwűpemc

Notes to Consolidated Financial Statements

March 31, 2024

16. Accumulated Surplus

	2024	2023
		(Restated)
Unrestricted operating surplus	\$ 5,474,322	\$ 18,429,866
Equity in replacement reserve (Note 4)	460,930	1,005,226
Contributed surplus	134,786	-
Equity in capital assets	76,046,395	54,200,787
Equity in Ottawa trust	83,524	77,465
Internally designated surplus	39,776,795	32,016,732
Internally restricted surplus	33,165,484	26,451,165
Remeasurement gains and losses	374,910	189,076
	<u>\$ 155,517,146</u>	<u>\$ 132,370,317</u>

Internally Designated Surplus consists of:

	2024	2023
Capital Equipment Reserve Fund	\$ 602,540	\$ 602,540
KIBST Transfer to KIBST Reserve	9,394,741	8,125,834
QS G2G	145,932	28,485
Long-term Capital Plan Reserve	2,251,227	2,008,661
Development Cost Charges Reserve	10,732,275	9,791,407
Ottawa Trust Withdrawal	286,882	286,882
Stk'emlűpsemc te Secwűpemc Nation	133,724	133,724
Replacement Reserve from Phases 4 to 12	50,766	77,460
Day Scholar	81,560	81,560
General Reserve	1,837,911	1,837,911
Economic Development	200,000	200,000
Capacity Development	223,690	223,690
Landfill	5,031,755	-
Investments Reserve	7,803,792	7,618,578
Advances to 588531	1,000,000	1,000,000
	<u>\$ 39,776,795</u>	<u>\$ 32,016,732</u>

Internally Restricted Surplus consists of:

	2024	2023
Tessie J. Jules Bursary	110,273	110,273
Six Mile Settlement	75,302	75,302
Little Fawn Daycare Fund	25,962	25,962
First Nation Housing Market Fund	30,000	30,000
Forestry Contribution Revenue Sharing Agreement	10,163,145	8,265,350
Stk'emlűpsemc te Secwűpemc Nation		
New Gold NSR Reserve	11,412,442	6,693,244
Economic and Community Development Agreement	5,435,870	5,435,870
Land Acquisitions	2,201,417	2,104,091
Kinder Morgan Mutual Benefits Agreement	3,711,073	3,711,073
	<u>\$ 33,165,484</u>	<u>\$ 26,451,165</u>

Tk'emlűps te Secwėpemc

Notes to Consolidated Financial Statements

March 31, 2024

17. Contingencies

Ministerial Guarantees

As at March 31, 2024, TteS is contingently liable for ministerial guarantees provided to individual TteS members for loans made by various financial institutions totalling \$874,623 (2023 - \$1,020,705) 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, 2024.

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 (2023 - \$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'emlűps te Secwėpemc

Notes to Consolidated Financial Statements

March 31, 2024

18. Commitments

The Group has entered into lease agreements for office equipment. The annual payments for the next year is estimated \$60,122. In addition, TteS has identified potential obligations relating to post closure monitoring of the landfill that is currently being remediated. Post closure monitoring is required for at least 25 years estimated at \$71,900 a year, once the landfill remediation process is completed.

19. 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, 2024 is \$104,665 (2023 - \$94,798).

20. 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.

21. Financial Instruments

TteS is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives. The Chief and Council ensures that TteS has identified its major risks and ensures that management monitors and mitigates these risks.

Financial Instrument Classification:

Cash is recorded at fair value. Mutual funds as disclosed in Note 6 are designated at fair value. All other financial instruments are measured at cost or amortized cost.

Financial instruments that are measured at fair value are grouped into Levels 1 to 3. The levels reflect the significance of the inputs used in making the fair value measurements, as described below:

Tk'emlűps te Secwėpemc

Notes to Consolidated Financial Statements

March 31, 2024

21. Financial Instruments (continued)

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Mutual funds as disclosed in note 6 are classified at level 2. All other financial assets recorded at fair value are classified at level 1. There has been no material transfers between levels 1, 2, and 3 for the year ended March 31, 2024.

Financial Instrument Risk Management:

The organization is exposed to credit risk, market and interest rate risk, and liquidity risk from its financial instruments. This note describes the organization's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Credit Risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. TteS is exposed to credit risk from its operating activities, which are primarily accounts receivables, and its investing activities, which includes deposits and marketable securities with financial institutions. Accounts receivables includes grant receivables from the Federal and Provincial Government, trade receivables, and local area receivables.

The credit risk on accounts receivables is mitigated by the agreement approval and monitoring processes. A majority of the accounts receivable balances are compliant with signed funding agreements and signed general agreements for recovery work. TteS undergoes continuous monitoring of amounts that are not collectible or realizable and accounts for a specific bad debt provision when management considers that the expected recovery is less than the amount receivable. TteS considers all accounts receivable that are past due to be impaired, with the exception of funding from federal or provincial agreements. See Note 7 for further detail.

TteS has deposited cash and investments held with reputable financial institutions. Management believes the risk of loss is unlikely, however the balances do exceed insured amounts. See Note 3 for further detail.

There have not been any changes from the prior year in the organization's exposure to credit risk or the policies, procedures and methods it uses to manage and measure the risk.

Tk'emlüps te Secwépemc

Notes to Consolidated Financial Statements

March 31, 2024

21. Financial Instruments (continued)

Market and Interest Rate Risk:

Market risk is the risk that changes in market prices, such as interest rates, will affect the TteS's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on investments. TteS is exposed to interest rate risk through its marketable securities, long-term investments and debt, as detailed in Notes 6 and 9.

Mutual funds include over 40% of their securities in a single bond fund, and were the bond to fail the value of the marketable securities would be significantly impacted. The temporary investments are deemed to be low risk and are not subject to significant changes in market prices or interest rates. Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. It is management's opinion that the TteS is not exposed to significant interest rate risk arising from its financial instruments.

There have not been any changes from the prior year in the Band's exposure to market or interest rate risks or the policies, procedures and methods it uses to manage and measure these risks.

Liquidity Risk:

Liquidity risk is the risk that TteS will not be able to meet its financial obligations as they become due. TteS manages this risk by monitoring cash activities and expected outflows through budgeting and forecasting cash flows from operations and anticipated investing and capital activities. It is management's opinion that TteS is not exposed to significant liquidity risk arising from its financial instruments.

There have not been any changes from the prior year in TteS' exposure to liquidity risk or the policies, procedures and methods it uses to manage and measure the risk.

Tk'emlűps te Secwėpemc

Notes to Consolidated Financial Statements

March 31, 2024

22. Related Party Transactions

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

	2024	2023
Management fees received from:		
Kamloops Indian Band Development Corporation	\$ 500,000	\$ 458,333
Kamloops Indian Band Utility Corporation	123,433	123,433
Spiyu7ullucw Ranch Corporation	6,750	7,500
Secwepemcetkwe Limited Partnership	-	-
Fuel purchased from:		
Kamloops Indian Band Utility Corporation	353,262	292,832
	983,445	882,098
Management fees eliminated upon consolidated:		
Spiyu7ullucw Ranch Corporation	(7,500)	(7,500)
	<u>\$ 975,945</u>	<u>\$ 874,598</u>

At March 31, 2024, accounts payable and accrued liabilities includes amounts owed to Tk'emlűpsemc Forestry LP \$400,000 (2023- \$82,855).

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

Tk'emlűps te Secwűpemc

Notes to Consolidated Financial Statements

March 31, 2024

23. Expenses by Object

	2024	2023
Advertising and promotion	\$ 299,771	\$ 429,914
Amortization	3,471,300	2,016,147
Bad debt	(80,260)	(54,162)
Contract Services	10,527,339	12,128,137
Fuel	353,262	292,832
Honoraria	669,735	870,553
Insurance	736,565	654,252
Interest and bank charges	47,528	47,045
Interest on long-term debt	107,359	70,793
Licenses and dues	1,361,200	1,077,492
Materials and supplies	2,397,158	3,055,813
Office	107,694	24,500
Professional fees	2,274,380	2,238,955
Program expenses	4,482,121	3,216,079
Rent	340,553	193,124
Repairs and maintenance	5,024,370	4,276,733
Salaries and wages	15,436,940	13,549,462
Telephone	197,397	170,763
Training and workshops	761,709	944,285
Travel	748,958	334,467
Utilities	617,381	624,856
Other	1,065,542	949,367
	<u>\$50,948,002</u>	<u>\$ 47,111,407</u>

Tk'emlűps te Secwėpemc

Notes to Consolidated Financial Statements

March 31, 2024

24. Segment Disclosure

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

Administration

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

Land and Leases

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

Planning and Engineering

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

Education

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

Property Tax

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

Housing

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

Social Housing

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

Natural Resources

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

Band Council

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

Sk'elep School

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

Tk'emlűps te Secwėpemc

Notes to Consolidated Financial Statements

March 31, 2024

24. Segment Disclosure (continued)

Community Services

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

Other

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

Tk'emlűps te Secwėpemc

Notes to Consolidated Financial Statements

March 31, 2024

24. Segment Disclosure (continued)

<u>2024</u>	Administration	Land and Leases	Planning & Engineering	Education	Property Tax	Housing	Social Housing	Natural Resources	Band Council	Sk'elep School	Community Services	Other	Total
Revenue													
ISC	\$ 1,188,597	\$ 862,794	\$ 3,556,523	\$2,866,879	\$ -	\$ 307,026	\$ -	\$ -	\$ -	\$ 1,317,357	\$ 2,718,969	\$ 2,640,292	\$ 15,458,437
Province of BC	-	-	507,688	353,026	-	-	-	3,604,354	-	1,008,668	320,663	2,147,719	7,942,118
Property taxation	-	-	-	-	11,970,940	-	-	-	-	-	-	-	11,970,940
Other	9,440,402	3,228,362	5,258,063	595,831	1,292,505	127,173	351,015	742,080	(15,612)	318,555	1,151,025	16,048,103	38,537,502
	10,628,999	4,091,156	9,322,274	3,815,736	13,263,445	434,199	351,015	4,346,434	(15,612)	2,644,580	4,190,657	20,836,114	73,908,997
Expenses													
Payroll	2,323,817	534,003	3,336,110	1,040,314	340,777	661,003	-	807,770	83,899	1,567,704	1,805,237	2,936,306	15,436,940
Other	1,661,707	819,706	7,042,235	4,212,166	4,370,159	1,398,120	177,615	1,853,798	1,043,317	517,429	3,901,400	5,042,110	32,039,762
Amortization	-	-	-	-	-	-	137,592	-	-	107,965	-	3,225,743	3,471,300
	3,985,524	1,353,709	10,378,345	5,252,480	4,710,936	2,059,123	315,207	2,661,568	1,127,216	2,193,098	5,706,637	11,204,159	50,948,002
Surplus (deficit)	\$ 6,643,475	\$2,737,447	\$ (1,056,071)	\$1,436,744)	\$ 8,552,509	\$(1,624,924)	\$ 35,808	\$ 1,684,866	\$ (1,142,828)	\$ 451,482	\$ (1,515,980)	\$ 9,631,955	\$ 22,960,995

Tk'emlűps te Secwűpemc

Notes to Consolidated Financial Statements

March 31, 2024

22. Segment Disclosure (continued)

<u>2023</u>	Administration	Land and Leases	Planning & Engineering	Education	Property Tax	Housing	Social Housing	Natural Resources	Band Council	Sk'elep School	Community Services	Other	Total
Revenue													
ISC	\$ 970,164	\$ 427,311	\$ 6,271,247	\$1,631,243	\$ -	\$ 1,122,370	\$ -	\$ -	\$ -	\$ 1,114,066	\$ 2,348,739	\$ 4,072,429	\$ 17,957,569
Province of BC	-	-	-	81,903	-	-	-	2,694,834	-	925,324	127,273	2,163,822	5,993,156
Property taxation	-	-	-	-	10,304,667	-	-	-	-	-	-	-	10,304,667
Other	7,366,049	3,051,383	1,693,961	864,812	1,275,182	919,959	1,144,194	218,441	(31,999)	361,151	2,451,218	9,797,993	29,112,344
	<u>8,336,213</u>	<u>3,478,694</u>	<u>7,965,208</u>	<u>2,577,958</u>	<u>11,579,849</u>	<u>2,042,329</u>	<u>1,144,194</u>	<u>2,913,275</u>	<u>(31,999)</u>	<u>2,400,541</u>	<u>4,927,230</u>	<u>16,034,244</u>	<u>63,367,736</u>
Expenses													
Payroll	2,273,580	439,859	2,615,485	985,826	285,074	592,768	-	726,626	82,962	1,444,241	1,402,014	2,701,025	13,549,460
Other	6,080,487	594,504	4,068,393	2,599,066	3,681,094	2,656,306	1,010,860	1,856,389	988,603	342,173	3,479,077	4,188,848	31,545,800
Amortization	-	-	-	-	-	-	127,942	-	-	117,973	-	1,770,232	2,016,147
	<u>8,354,067</u>	<u>1,034,363</u>	<u>6,683,878</u>	<u>3,584,892</u>	<u>3,966,168</u>	<u>3,249,074</u>	<u>1,138,802</u>	<u>2,583,015</u>	<u>1,071,565</u>	<u>1,904,387</u>	<u>4,881,091</u>	<u>8,660,105</u>	<u>47,111,407</u>
Surplus (deficit)	\$ (17,854)	\$2,444,331	\$ 1,281,330	\$1,006,934)	\$ 7,613,681	\$(1,206,745)	\$ 5,392	\$ 330,260	\$(1,103,564)	\$ 496,154	\$ 46,139	\$ 7,374,139	\$ 16,256,329