

Consolidated Financial Statements of

AQAM

Year ended March 31, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of aqam and all the information in this report are the responsibility of management and have been approved by Chief and 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, including the consolidated financial position of aqam and the results of its consolidated operations and its consolidated cash flows.

aqam 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 aqam's assets are appropriately accounted for and adequately safeguarded.

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. The elections for the positions of Chief and Council occur every two years. Individuals are elected for a term of four years, with elections staggered every two years.

Chief and Council review aqam's consolidated financial statements and recommend their approval. 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 auditors' report. Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. In addition, Chief and Council also consider the engagement of aqam's external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members. KPMG LLP have full access to Chief and Council.



Chief



Chair of Finance and Audit Committee



Director of Finance

June 3, 2021



KPMG LLP
200-3200 Richter Street
Kelowna BC V1W 5K9
Canada
Telephone (250) 979-7150
Fax (250) 763-0044

INDEPENDENT AUDITORS' REPORT

To Chief and Council and Members of aqam

Opinion

We have audited the consolidated financial statements of aqam, which comprise:

- the consolidated statement of financial position as at March 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of aqam as at March 31, 2021, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of aqam in accordance with the ethical requirements that are relevant to our audit of the 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 opinion.

Responsibilities of Management and Those Charged with Governance for the 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 financial statements, management is responsible for assessing aqam'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 or to cease operations, or has no realistic alternative to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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 aqam'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 a significant doubt on aqam's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause aqam to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the group to an express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.



Chartered Professional Accountants

Kelowna, Canada

June 3, 2021

AQAM

Consolidated Statement of Financial Position

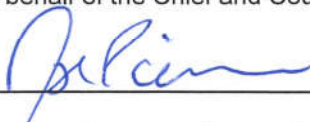


March 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash and cash equivalents (note 2)	\$ 1,657,856	\$ 1,755,395
Restricted cash and cash equivalents (note 2)	19,331,121	12,203,870
Accounts receivable (note 3)	1,153,346	570,640
Investments (note 4)	500,115	500,115
Investment in business enterprises (note 5)	3,215,296	3,212,766
	25,857,734	18,242,786
Liabilities		
Accounts payable and accrued liabilities	1,448,562	1,092,112
Deferred revenue (note 6)	1,613,581	1,567,398
Term debt	-	32,575
Replacement reserve (note 7)	-	33,523
	3,062,143	2,725,608
Net financial assets	22,795,591	15,517,178
Non-Financial Assets		
Tangible capital assets (note 8)	13,810,292	13,572,851
Prepaid expenses and deposits	137,781	240,573
	13,948,073	13,813,424
Accumulated surplus (note 9)	\$ 36,743,664	\$ 29,330,602

Commitments and contingencies (note 13)

See accompanying notes to consolidated financial statements.

On behalf of the Chief and Council:

Chief

Chair of Finance and Audit Committee

Director of Finance

AQAM

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2021, with comparative information for 2020

	2021 Budget (note 1(h))	2021	2020
Revenue:			
Transfers from other governments:			
Indigenous Services Canada	\$ 3,618,473	\$ 3,035,866	\$ 3,158,220
Province of British Columbia	1,105,000	1,181,175	1,136,915
First Nations Health Authority	740,192	712,604	3,617,420
Ktunaxa Nation Council	52,890	67,390	140,274
First Nations Goods and Service Tax	261,080	244,958	256,032
British Columbia First Nations Gaming Revenue Sharing Limited Partnership	-	351,804	342,176
Grants	2,709,670	2,381,605	1,286,053
Impact Management and Benefit Agreement (IMBA) and Economic and Community Development Agreement (ECDA)	5,944,015	5,965,671	3,444,105
Canada Mortgage and Housing Corporation	13,720	13,805	18,407
Property taxation, net of homeowners' grants	68,000	70,566	69,684
User fees	202,665	201,490	255,092
Social housing rent	34,694	34,751	47,123
Rent and lease	116,900	303,533	239,113
Interest	204,859	119,487	246,693
Other	272,286	413,809	550,352
Equity in earnings of business enterprises (note 5)	-	2,530	11,766
	15,344,444	15,101,044	14,819,425
Expenses (Schedule 1):			
Administration	1,034,994	929,794	1,013,242
Education	496,469	380,726	587,639
Elementary School	1,119,192	992,160	1,113,063
Social Development	518,814	386,865	296,315
Maintenance of Facilities	1,882,162	1,267,210	801,856
aqamnik Daycare	285,576	267,473	263,765
Community Services	627,303	561,595	465,745
St. Eugene Church	90,500	39,049	86,178
Taxation	53,000	(284)	1,882
Lands and Resource Management	2,401,709	1,822,778	1,298,210
Social Housing Program	85,485	49,313	81,028
Water System	31,836	24,862	22,785
Language, Culture and Community	255,227	302,997	182,320
Capital	513,545	630,912	552,284
Low Income Family	33,803	32,532	12,772
	9,429,615	7,687,982	6,779,084
Surplus	\$ 5,914,829	7,413,062	8,040,341
Accumulated surplus, beginning of the year		29,330,602	21,290,261
Accumulated surplus, end of year		\$ 36,743,664	\$ 29,330,602

See accompanying notes to consolidated financial statements.

AQAM

Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2021, with comparative information for 2020

	2020 Budget (note 1(h))	2021	2020
Surplus	\$ 5,914,829	\$ 7,413,062	\$ 8,040,341
Changes to non-financial assets:			
Acquisition of tangible capital assets	(1,346,477)	(864,659)	(3,775,889)
Amortization of tangible capital assets	513,545	627,218	552,154
Net book value of tangible capital assets disposed or written down	-	-	1,687
	(832,932)	(237,441)	(3,222,048)
Acquisition of prepaid expenses and deposits	-	(137,781)	(240,573)
Use of prepaid expenses and deposits	-	240,573	142,962
	-	102,792	(97,611)
Increase in net financial assets	\$ 5,081,897	7,278,413	4,720,682
Net financial assets, beginning of year		15,517,178	10,796,496
Net financial assets, end of year		\$ 22,795,591	\$ 15,517,178

See accompanying notes to consolidated financial statements.

AQAM

Consolidated Statement of Cash Flows

Year ended March 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Cash received from Indigenous Services Canada	\$ 3,665,691	\$ 3,345,246
Cash received from grants, property taxes, user fees, rent, and other revenue	11,377,988	12,229,175
Cash paid to employees and suppliers	(7,209,696)	(5,735,719)
Interest received	119,487	246,693
Interest paid	(137)	(501)
	7,953,333	10,084,894
Financing activities:		
Repayment of term debt	(32,575)	(43,055)
Replacement reserve expenses	(26,387)	(7,842)
	(58,962)	(39,682)
Capital activities:		
Acquisition of tangible capital assets	(864,659)	(3,775,889)
Investing activities:		
Increase in restricted cash and cash equivalents	(7,127,251)	(3,599,779)
Increase in investments	-	(500,110)
Net distribution to business enterprises	-	(793,000)
	(7,127,251)	(4,892,889)
Increase (decrease) in cash and cash equivalents	(97,539)	1,365,218
Cash and cash equivalents, beginning of year	1,755,395	390,177
Cash and cash equivalents, end of year	\$ 1,657,856	\$ 1,755,395
Non-cash financing, capital and investing activities:		
Equity in earnings of business enterprises	\$ 2,530	\$ 11,766
Replacement reserve appropriations	6,545	11,215
Replacement reserve - matured units adjustment	13,681	-

See accompanying notes to consolidated financial statements.

AQAM

Notes to Consolidated Financial Statements

Year ended March 31, 2021

aqam provides local government, education, and social development services to its members. aqam is organized under the Indian Act of Canada.

1. Basis of presentation and significant accounting policies:

These consolidated financial statements include the assets, liabilities, and results of operations of aqam and all related entities and organizations subject to control by aqam's Chief and Council. No inclusion has been made of assets, liabilities, revenue or expenses of aqam members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of aqam's Chief and Council.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments, as established by the Public Sector Accounting Board ("PSAB"), which encompasses the following principles:

(a) Fund accounting:

aqam uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been combined for the purpose of presentation in the consolidated financial statements.

(b) Reporting entity and basis of consolidation:

aqam's reporting entity includes aqam community government and all related entities and organizations which are accountable for the administration of their financial affairs and resources to aqam and are either owned or controlled by aqam.

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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

(b) Reporting entity and basis of consolidation (continued):

i) Investment in business enterprises:

aqam accounts for its investments in government business enterprises (GBE) and government business partnerships (GBP) on a modified equity basis. Under the modified equity basis, the GBE's and GBP's accounting policies are not adjusted to conform with those of aqam and inter-organizational transactions and balances are not eliminated. aqam recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any distributions that aqam may provide to or receive from the GBE's and GBP's will be reflected as an increase or decrease in the investment asset account.

aqam's government business enterprises investments consist of the following:

- aqam Trading Ltd. - 100% interest
- aqam Resources Ltd. - 100% interest
- aqam Community Enterprises Ltd. - 100% interest
- aqam Holdings Ltd. - 100% interest
- aqam Forestry Ltd. - 100% interest
- aqam Water Corporation - 100% interest

aqam's government business partnerships consist of aqam's 99.9% interest in the following partnerships:

- aqam Trading Limited Partnership
- aqam Resources Limited Partnership
- aqam Community Enterprises Limited Partnership
- aqam Holdings Partnership
- aqam Forestry Partnership

As at and for the years ended March 31, 2020 and 2019, aqam Forestry Ltd., aqam Holdings Ltd., aqam Water Corporation, aqam Forestry Partnership, and aqam Holdings Partnership had not commenced operations. Accordingly, these consolidated financial statements do not include any assets or transactions related to these entities.

ii) Investments:

Investments in entities in which aqam does not control individually or jointly are recorded at acquisition cost. If there has been an other than temporary decline in the value of an investment, the investment is written down to its net realizable value.

iii) Trust funds:

Trust funds and their related operations administered by aqam (note 15) are not included in these consolidated financial statements.

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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

(c) Cash and cash equivalents:

Cash and cash equivalents includes, cash and investments in highly liquid money market funds, and which are readily convertible to cash.

(d) Revenue recognition:

Government transfers, grants and subsidy revenue are recognized as aqam becomes entitled to the funding under the terms of applicable funding agreements and is recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Rent, interest, lease and user fee revenue is recognized on a monthly basis as income is earned and when collection is reasonably assured. Property and First Nation Goods and Service tax revenues are recognized at the time the taxes are levied.

Other revenue, including sales of goods, provision of services, or other contributions are recognized in the period the goods or services are provided, any contribution stipulations have been met, and the related proceeds are received or receivable.

aqam accounts for revenue received from contractual arrangements, such Impact Management and Benefit Agreement revenue, certain grants and other government transfers, in the year the proceeds are received or the proceeds are considered receivable and the amount can be reasonably estimated.

Government transfers which aqam collects as an agent on behalf of members or related entities are recorded on a net basis. During the year ended March 31, 2021, aqam received funding from Indigenous Services Canada on behalf of SEM Holdings Ltd. (note 4) totaling \$606,792 (2020 - \$nil), which aqam has recorded on net basis in the statement of operations.

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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

(e) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Tangible capital assets under construction are not amortized until the asset is available for use.

Tangible capital assets are amortized over their expected useful lives as follows:

Asset	Basis	Amount
Buildings	Straight-line	2.5 - 5%
Infrastructure	Straight-line	2 - 8%
Equipment	Straight-line and declining balance	20 to 25% 6.67 - 20%
Automotive	Declining balance	10 - 16.67%

When management determines that a tangible capital asset no longer contributes to aqam's ability to provide goods and services or that the value of future benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down to its net recoverable amount.

All intangible assets and items inherited by right of aqam, such as land, forests, water, natural resources and cultural and historic assets, are not recognized in aqam's consolidated financial statements.

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of financial and non-financial assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Areas requiring management estimates include the recoverable amount of accounts receivable and investments, and the useful lives of and net future economic benefits associated with tangible capital assets. Management reviews these estimates on a periodic basis and at least annually. Where necessary, management makes adjustments to these benefits prospectively.

(g) Financial instruments:

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. Instruments classified as fair value instruments include investments in equity instruments that are quoted in an active market, and any other items elected by aqam to be recorded at fair value. All other financial instruments are recorded at amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations. For instruments measured at fair value, unrealized gains or losses are adjusted through the statement of remeasurement gains and losses. When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations. As at March 31, 2021, aqam does not have any financial instruments that required or were elected to be recorded at fair value. Accordingly a statement of remeasurement gain (loss) has not been presented.

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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

(h) Budget data:

The budget data presented in these consolidated financial statements have been derived from the budget approved by aqam's Chief and Council on March 17, 2020 and a budget amendment approved by aqam's Chief and Council on November 5, 2020.

	Initial budget	Adjustments	Amended budget
Revenue	\$ 11,371,088	\$ 3,973,365	\$ 15,344,453
Expenses	(8,550,978)	(878,637)	(9,429,615)
Surplus	\$ 2,820,110	\$ 3,094,728	\$ 5,914,838

Adjustments to the initial budget consists of significant adjustments to revenue related to anticipated capital funding, other adjustments in revenue and expenses, and the refinement of allocation between accounts.

(i) Contaminated site liabilities:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when an environmental standard exists, contamination exceeds the environmental standard, aqam is directly responsible and accepts responsibility, future economic benefits will be given up and a reasonable estimate can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. An expected recoveries from other parties, including other governments, are recorded as a reduction of the liability. As at March 31, 2021, aqam did not have any significant contaminated site liabilities.

(j) Segmented disclosures:

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 the standard. aqam has determined the most appropriate basis for classifying segments is by program. Segmented disclosures are provided in note 18 and Schedule 2 to the consolidated financial statements.

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

2. Unrestricted and restricted cash and cash equivalents:

aqam maintains its cash balances in several financial institutions in British Columbia. The Canada Deposit Insurance Corporation (CDIC) insures each of these accounts. The aggregate funds held in each institution may exceed the CDIC insured limit from time to time and specific funds held by each institution may not be covered by CDIC Insurance. Management does not anticipate any material effect on the consolidated financial position of aqam as a result of these concentrations.

Certain cash and cash equivalents has been internally restricted by aqam or externally restricted by federal or provincial government authorities for the following specific purposes. These funds have been invested in separate money-market funds and cash accounts with interest rates ranging from 0.5% to 1.4%.

	2021	2020
Internally restricted: (note 10)		
IMBA and ECDA reserve	\$ 13,244,718	\$ 7,052,423
IMBA capital reserve	-	43,974
British Columbia First Nation (BCFN) shared gaming reserve	586,958	328,750
Church restoration reserve	6,046	6,046
Community development reserve	674,324	761,626
Community health reserve	237,031	332,564
Education reserve	977,763	703,602
Future expansion of school (Ottawa Trust withdrawal)	-	65,421
Lands reserve	3,297,698	2,593,759
Water reserve	156,481	132,343
Daycare	11,213	34,718
Housing	13,680	-
Member loan reserve	6,539	6,451
Capital	50,000	40,000
Emergency planning	2,000	2,000
	19,264,451	12,103,677
Externally restricted:		
Trust Funds on deposit with Indigenous Services Canada (note 12)	66,670	66,670
Social Housing replacement reserve	-	33,523
	66,670	100,193
	\$ 19,331,121	\$ 12,203,870

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

3. Accounts receivable:

	2021	2020
Indigenous Services Canada ("ISC")	\$ 644,360	\$ 108,912
Ktunaxa Nation Council	18,935	12,001
Columbia Basin Trust	-	43,000
First Nations Goods and Services Tax	178,253	262,679
St. Eugene Mission Resort ("SEM")	92,197	30,071
First Nations Health Authority	-	9,169
aq'am Resources Limited Partnership	105,368	68,577
Members	27,600	16,008
Other	141,363	69,335
	1,208,076	619,752
Less allowance for doubtful accounts	(54,730)	(49,112)
	\$ 1,153,346	\$ 570,640

aqam's allowance for doubtful accounts is based on an assessment of the nature of the outstanding balance, the debtor circumstances and the number days the respective account has been receivable.

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

4. Investments:

	2021	2020
Ktunaxa Enterprises Ltd. ("KEL"), shares, at cost	\$ 1	\$ 1
Ktunaxa Holdings Limited Partnership ("KHLP"), limited partnership interest	500,001	500,001
SEM Holdings Ltd. ("SHL"), shares, at cost	1	1
St. Eugene Mission Development Corporation ("SDC"), shares, at cost	1	1
St. Eugene Mission Holdings Ltd. ("SEMHL"), shares, at cost	1	1
BCFN Gaming Revenue Sharing General Partner Inc. ("BCFN GR GP"), shares, at cost	10	10
BCFN Gaming Revenue Sharing Limited Partnership ("BCFN GR LP"), limited partnership interest, at cost	100	100
	\$ 500,115	\$ 500,115

aqam's investment in KEL (formerly Ktunaxa Holdings Ltd.) consists of 20% beneficial interest in one common share. KEL's primary asset is an investment in KHLP, which holds a 99.99% interest in Nupqu Development Limited Partnership ("NDLP"). NDLP's general partner is Nupqu Development Corporation, in which KEL holds a 100% interest. As aqam, through its investment, does not control or jointly control KEL, the investment has been recorded using the cost method.

aqam holds 20% limited partnership interest in KHLP, in which KEL is the general partner. aqam's investment is recorded at cost as aqam does not control or jointly control KHLP's operations or assets. aqam records earnings from its investment in KHLP based on cash distributions of limited partnership earnings received. aqam's investment consists of its initial cost of \$39,010, an investment of \$500,000, by way of a partnership contribution, in KHLP, less an impairment provision of \$39,009. To March 31, 2021, aqam has not received any limited partnership distributions from KHLP.

aqam's investment in SHL consists of 20% beneficial interest in one common share. SHL's assets, at March 31, 2020, include a 33% share of the SEM Resort Limited Partnership. As aqam, through its investment, does not control or jointly control SHL, the investment has been recorded using the cost method.

aqam's investment in SDC consists of 20% beneficial interest in one common share. SDC's primary asset is the head lease for the SEM Resort Limited Partnership. As aqam, through its investment, does not control or jointly control SDC, the investment has been recorded using the cost method.

aqam's investment in SEMHL consists of 20% beneficial interest in one common share. SEMHL's primary assets, at March 31, 2020, include a 100% share of the SHL. As aqam, through its investment, does not control or jointly control SHL, the investment has been recorded using the cost method.

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

4. Investments (continued):

aqam's investment in BCFN GR GP consists in a share in the capital of the General Partner by way of \$10 capital contribution. As aqam, through its investment, does not control or jointly control BCFN GR GP, the investment has been recorded using the cost method.

aqam's investment in BCFN GR LP subscribes for an interest in the Partnership, by way of a \$100 capital contribution. As aqam, through its investment, does not control or jointly control BCFN GR LP, the investment has been recorded using the cost method.

5. Investments in business enterprises:

	2021	2020
Government business enterprises	\$ 775,012	\$ 775,012
Government business limited partnerships	2,440,284	2,437,754
	\$ 3,215,296	\$ 3,212,766

The change in aqam's investment in government business enterprises and partnerships consists of the following:

	2021	2020
Equity in earnings of business enterprises	\$ 2,530	\$ 11,766
Net contribution to (distributions from) business enterprises	-	793,000
	\$ 2,530	\$ 804,766

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

5. Investments in business enterprises (continued):

(a) Government business enterprises (GBE):

(i) aqam has made investments in wholly-owned incorporated entities, summarized as follows:

	2021	2020
aqam Trading Ltd.:		
Investment in shares, at cost	\$ 1	\$ 1
Accumulated loss	(8)	(7)
	(7)	(6)
aqam Resources Ltd.:		
Investment in shares, at cost	1	1
Advances	775,000	775,000
Accumulated equity	37	38
	775,038	775,039
aqam Community Enterprises Ltd.:		
Investment in shares, at cost	1	1
Accumulated loss	(20)	(22)
	(19)	(21)
	\$ 775,012	\$ 775,012

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

5. Investments in business enterprises (continued):

(a) Government business enterprises (GBE) (continued):

aqam Resources Ltd., aqam Community Enterprises Ltd., and aqam Trading Ltd. are general partners for aqam Resources Limited Partnership, aqam Community Enterprises Limited Partnership, and aqam Trading Limited Partnership, respectively. The fiscal year end of the GBE's is December 31 and the financial information provided below is as at and for the years ended December 31, 2020, with comparative information for the years ended December 31, 2019. No material changes in the GBE balances and operations from their fiscal year end date to March 31, 2020 were identified.

(ii) Financial information for wholly-owned incorporated entities is summarized as follows:

December 31, 2020	aqam Trading Ltd.	aqam Resources Ltd.	aqam Community Enterprises Ltd.
Balance sheet information:			
Assets	\$ (7)	\$ 775,038	\$ (19)
Liabilities	-	775,000	-
Shareholder's equity	(7)	38	(19)
Results of operations:			
Net earnings (loss)	(1)	(1)	2
December 31, 2019	aqam Trading Ltd.	aqam Resources Ltd.	aqam Community Enterprises Ltd.
Balance sheet information:			
Assets	\$ (6)	\$ 775,039	\$ (21)
Liabilities	-	775,000	-
Shareholder's equity	(6)	39	(21)
Results of operations:			
Net earnings (loss)	1	1	(1)

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

5. Investments in business enterprises (continued):

(b) Government business partnerships (GBP):

(i) aqam's investment in GBP's consists of the following:

	2021	2020
aqam Trading Limited Partnership:		
Partnership equity interest	\$ 1,915,161	\$ 1,922,957
aqam Resources Limited Partnership:		
Partnership equity interest	183,969	191,705
aqam Community Enterprises Limited Partnership:		
Partnership equity interest	341,154	323,092
	\$ 2,440,284	\$ 2,437,754

aqam Trading Limited Partnership (aqam Trading LP):

Pursuant to an agreement dated December 5, 2013 aqam and aqam Trading Ltd. formed a limited partnership, aqam Trading LP in which aqam is a limited partner holding 99.99% of units.

aqam Resources Limited Partnership (aqam Resources LP):

Pursuant to an agreement dated July 16, 2012 aqam and aqam Resources Ltd. formed a limited partnership, aqam Resources LP in which aqam is a limited partner holding 99.99% of units.

aqam Community Enterprises Limited Partnership (aqam Community Enterprises LP):

Pursuant to an agreement dated July 16, 2012 aqam and aqam Community Enterprises Ltd. formed a limited partnership, aqam Community Enterprises LP in which aqam is a limited partner holding 99.99% of units.

The fiscal year end of the GBP's is December 31 and the financial information provided below is as at and for the years ended December 31, 2020, with comparative information for the years ended December 31, 2019. There were no material changes in the GBP operations from their fiscal year end date to March 31, 2021.

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

5. Investments in business enterprises (continued):

(b) Government business partnerships (GBP) (continued):

(ii) Financial information relating to aqam's GBP investments is as follows:

	aqam Trading LP	aqam Resources LP	aqam Community Enterprises LP
December 31, 2020			
Balance sheet information:			
Assets	\$ 1,999,928	\$ 318,919	\$ 367,776
Liabilities	84,774	134,912	26,641
Partnership equity	1,915,154	184,007	341,135
Results of operations:			
Revenues	1,805,180	257,237	220,386
Expenses	1,812,977	264,974	202,322
Net earnings (loss)	(7,797)	(7,737)	18,064

	aqam Trading LP	aqam Resources LP	aqam Community Enterprises LP
December 31, 2019			
Balance sheet information:			
Assets	\$ 2,052,611	\$ 195,302	\$ 331,906
Liabilities	129,660	3,558	8,835
Partnership equity	1,922,951	191,744	323,071
Results of operations:			
Revenues	1,894,900	142,449	180,312
Expenses	1,882,473	135,482	187,940
Net earnings (loss)	12,427	6,967	(7,628)

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

6. Deferred revenue:

Deferred revenue represents contributions received of which the funds are restricted for specific projects or programs and of which the expenses have not yet been incurred.

	2021	2020
ISC	\$ 1,205,454	\$ 646,973
Province of British Columbia	-	113,704
Columbia Basin Trust	254,359	539,014
First Nation Health Authority	34,196	-
Other	119,572	267,707
	\$ 1,613,581	\$ 1,567,398

The net change in deferred revenue for the year was as follows:

	2021	2020
Balance beginning of year	\$ 1,567,398	\$ 1,165,847
Contributions received in the year	1,996,014	1,706,078
Amounts recorded in revenue	(1,949,831)	(1,304,527)
Balance, end of year	\$ 1,613,581	\$ 1,567,398

7. Replacement reserve:

Under the terms of aqam's agreements with CMHC, a replacement reserve account is credited by an amount determined on an annual basis. The change in the replacement reserves is calculated as follows:

	2021	2020
Balance, beginning of year	\$ 33,523	\$ 30,150
Annual appropriation and supplemental assistance	6,325	9,487
Interest	220	1,728
Approved expenses	(26,387)	(7,842)
Matured program adjustment	(13,681)	-
Balance, end of year	\$ -	\$ 33,523

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

8. Tangible capital assets:

March 31, 2021	Buildings	Infrastructure	Equipment & Automotive	Construction in Progress	Total
Cost:					
Beginning of year	\$ 12,696,282	\$ 4,270,281	\$ 1,619,495	\$ 493,053	\$ 19,079,111
Acquisitions	395,827	128,988	48,216	291,628	864,659
Balance, end of year	13,092,109	4,399,269	1,667,711	784,681	19,943,770
Accumulated amortization:					
Balance, beginning of year	3,085,343	1,279,426	1,141,491	-	5,506,260
Amortization	371,639	96,571	159,008	-	627,218
Balance, end of year	3,456,982	1,375,997	1,300,499	-	6,133,478
Net book value, end of year	\$ 9,635,127	\$ 3,023,272	\$ 367,212	\$ 784,681	\$ 13,810,292

Construction in progress includes \$104,201 in relation to point of entry water system, \$329,628 in relation to a backup well, \$89,566 for a cluster water system, \$93,509 for flood mitigation, \$82,672 in relation to a sub division and \$85,106 in relation to a sports complex..

March 31, 2020	Buildings	Infrastructure	Equipment & Automotive	Construction in Progress	Total
Cost:					
Balance, beginning of year	\$ 8,864,229	\$ 4,226,362	\$ 1,544,917	\$ 672,214	\$ 15,307,722
Acquisitions	3,832,053	43,919	79,078	237,384	4,192,434
Transfers	-	-	-	(416,545)	(416,545)
Disposals	-	-	(4,500)	-	(4,500)
Balance, end of year	12,696,282	4,270,281	1,619,495	493,053	19,079,111
Accumulated amortization:					
Balance, beginning of year	2,758,114	1,187,466	1,011,339	-	4,956,919
Amortization	327,229	91,960	132,965	-	552,154
Disposals	-	-	(2,813)	-	(2,813)
Balance, end of year	3,085,343	1,279,426	1,141,491	-	5,506,260
Net book value, end of year	\$ 9,610,939	\$ 2,990,855	\$ 478,004	\$ 493,053	\$ 13,572,851

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

9. Accumulated surplus:

	2021	2020
Financial surplus:		
Unrestricted operating surplus	\$ 3,602,251	\$ 3,619,979
Internally restricted surplus (note 10)	19,264,451	12,103,677
	22,866,702	15,723,656
Invested in tangible capital assets (note 11)	13,810,292	13,540,276
Externally restricted surplus (note 12)	66,670	66,670
	\$ 36,743,664	\$ 29,330,602

10. Internally restricted surplus:

	Beginning balance	Contributions	Interest	Approved Expenses	Ending Balance
IMBA and ECDA	\$ 7,052,423	\$ 6,089,207	\$ 103,088	\$ -	\$ 13,244,718
IMBA Capital	43,974	(43,974)	-	-	-
BCFN gaming	328,750	351,804	-	(93,596)	586,958
Church restoration	6,046	-	-	-	6,046
Community development	761,626	29,890	3,187	(120,379)	674,324
Community health	332,564	1,916	339	(97,788)	237,031
Education	703,602	316,982	1,665	(44,486)	977,763
Ottawa Trust withdrawal	65,421	(65,421)	-	-	-
Lands	2,593,759	693,470	10,469	-	3,297,698
Water	132,343	23,726	412	-	156,481
Daycare	34,718	11,105	108	(34,718)	11,213
Housing	-	13,680	-	-	13,680
Member loans	6,451	88	-	-	6,539
Capital	40,000	10,000	-	-	50,000
Emergency planning	2,000	-	-	-	2,000
	\$ 12,103,677	\$ 7,432,473	\$ 119,268	\$ (390,967)	\$ 19,264,451

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

11. Invested in tangible capital assets:

(a) Investment in tangible capital assets:

	2021	2020
Tangible capital assets	\$ 13,810,292	\$ 13,572,851
Less financed by:		
Term debt	-	(32,575)
	\$ 13,810,292	\$ 13,540,276

(b) Change in invested in tangible capital assets:

	2021	2020
Balance, beginning of year	\$ 13,540,276	\$ 10,275,173
Acquisition of tangible capital assets	864,659	3,775,889
Amortization of tangible capital assets	(627,218)	(552,154)
Net book value of tangible capital assets		
written down	-	(1,687)
Repayment of term debt	32,575	43,055
Balance, end of year	\$ 13,810,292	\$ 13,540,276

12. Externally restricted surplus:

Trust funds on deposit with ISC consist of the following:

	Beginning balance	Contributions	Interest	Approved Transfers	Ending Balance
Capital	\$ 65,275	\$ -	\$ -	\$ -	\$ 65,275
Revenue	1,395	-	-	-	1,395
	\$ 66,670	\$ -	\$ -	\$ -	\$ 66,670

The Trust accounts arise from monies derived from capital or revenue sources 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. These funds are restricted in their use, of which aqam is generally permitted to use for a purpose that will promote the general progress and welfare of aqam and aqam members. The management of the funds is primarily governed by the sections of the Indian Act.

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

13. Commitments and contingencies:

(a) Contractual commitments:

aqam has an outstanding equipment operating lease with an annual payment of \$7,126 ending February 2022.

aqam has entered into construction agreements for a water cluster system, house renovations and a water main extension, with a remaining commitment of \$512,478 as at March 31, 2021.

(b) Housing loan guarantees:

aqam is contingently liable as a guarantor of housing loans for aqam members of approximately \$240,000 under the BMO on Reserve Residential Mortgage Housing Loan Program.

14. Trust funds:

Funds held in trust and administered by aqam, in the amount of \$46,287 (2020 - \$20,989) are not included within the financial statements.

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

15. Related party transactions:

During the year the aq'am had the following transactions with related parties:

- (a) aqam is one of four communities that comprise the Ktunaxa Nation Council. Transactions with the Ktunaxa Nation Council during the year consisted of funding received for various programs of \$67,390 (2020 - \$140,274). All of the identified transactions are recorded in revenue within Ktunaxa Nation Council and other income. Transactions also consisted of administration fees, program costs, and legal fees paid for various services of \$54,316 (2020 - \$66,339). All of the identified transactions are encompassed as expenses within Administration, Elementary School, and National Child Benefit.
- (b) Fees of \$60,803 (2020 - \$120,283) were charged to St. Eugene Mission Resort in relation to a Water Service Agreement signed in 2012, which has been recorded in user fees. Transactions also consisted of costs related to conferences, meetings and hospitality of \$5,384 (2020 - \$6,046). All of the identified transactions are encompassed as expenses within Administration, Lands and Resource Management, Community Services and Language, Culture and Community.
- (c) aqam paid Nupqu Development Limited Partnership \$117,153 (2020 - \$260,728) for fuel treatment and wildfire prevention contracts, which is expensed in Lands and Resource Management, and received \$210 (2020 - \$2,500) for water services, which has been recorded in user fees revenue.
- (d) Rent revenue of \$78,255 (2020 - \$76,312) from the Ktunaxa Kinbasket Child and Family Social Services, which has been recorded as rent and lease as well as \$6,227 (2020 - \$7,829) for utility fee reimbursement which has been recorded as an offset to utility expenses
- (e) aqam paid ATLP \$18,397 (2020 - \$19,956) for fuel and gifts, which has been expensed in Lands and Resource Management, Elementary, Community Services, Capital, Maintenance of Facilities, Administration and Education. aqam received \$27,943 (2020 - \$25,731) for various maintenance services, financial and operational support services, property insurance, utilities and advances
- (f) aqam received \$15,935 (2020 - \$22,928) from ACE LP for financial and operational support services, rent, property insurance, commercial liability insurance and utilities. All transactions are recorded in other income and maintenance of facilities.
- (g) aqam received \$201,975 (2020 - \$95,352) from ARLP for financial and operational support services, commercial liability insurance, forestry and treaty parcel services. All transactions are recorded in other income and maintenance of facilities

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

15. Related party transactions (continued):

- (h) aqam paid Yaqit ?a·knuqti'it \$126,895 (2020 - \$63,444) for ecosystem restoration, which has been expensed to Lands and Resource Management.
- (i) aqam received lease revenue of \$13,491 (2020 - \$13,967) from Tipi Mountain Native Plants Ltd., which has been recorded to rent and lease, as well as \$1,445 for 2020 property tax (\$1,530 for 2019). aqam also paid \$18,658 (2020 - \$6,204) for the cemetery fence line project, which has been recorded to maintenance of facilities..
- (j) aqam paid Nupqu Resources LP \$116,745 (2020 - \$nil) for the wildfire interface project, CBT eco-restoration and treaty parcel services, which has been recorded to lands and resource management.
- (k) aqam received \$10,920 (2020 - \$nil) from DB Flagging for financial and operational support services. All transactions are recorded in other income.

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

16. Employee future benefits:

aqam matches employee contributions to a defined contribution plan, which is administered by Great West Life. The total pension expense, representing employer contributions to the plan, for the year was \$105,112 (2020 - \$95,661).

17. Financial risks and concentration of risks:

(a) Credit risk:

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in a financial loss. As disclosed in note 2, aqam holds its cash with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. Cash equivalents are held in interest bearing cash accounts or money market funds readily convertible to cash.

(b) Interest rate and cash flow risk:

Interest rate risk relates to the impact of changes in interest rates on aqam's future cash inflows from its investments and future cash outflows on its term debt. aqam's cash and cash equivalents are held in cash or short term money market instruments, accordingly, aqam is not subject to significant interest rate risk in regards to these financial assets.

aqam is subject to interest rate and cash flow risk with respect to its restricted cash and cash equivalents (note 2) and term debt. For the year ended March 31, 2020, aqam's interest on its term debt was not subject to significant interest rate risk. aqam manages interest rate risk through negotiations with lenders at origination or renewal of loan agreements.

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

17. Financial risks and concentration of risks (continued):

(c) Liquidity risk:

Liquidity risk is the risk that aqam will not be able to meet its financial obligations as they become due. aqam monitors the maturity of its financial liabilities and assesses whether it has sufficient cash to settle these financial obligations when due.

The following table summarizes the contractual maturities of aqam's financial liabilities:

March 31, 2021				
	On demand	Up to 1 year	Over 1 year	Total
Accounts payable and accrued liabilities	\$ 1,448,562	\$ -	\$ -	\$ 1,448,562
	\$ 1,448,562	\$ -	\$ -	\$ 1,448,562

March 31, 2020				
	On demand	Up to 1 year	Over 1 year	Total
Accounts payable and accrued liabilities	\$ 1,041,948	\$ 50,164	\$ -	\$ 1,092,112
Term debt	-	32,575	-	32,575
Replacement reserves	33,523	-	-	33,523
	\$ 1,075,471	\$ 82,739	\$ -	\$ 1,158,210

(d) Economic dependence and market conditions:

aqam receives a major portion of its revenues pursuant to funding agreements with ISC. Any disruption in this funding could have a negative effect on aqam's operations.

The COVID-19 pandemic did not have a significant impact on aqam's operations during the year ending March 31, 2021. The impact that COVID-19 will have on aqam's future operations will depend on numerous evolving factors including, but not limited to, the magnitude and duration of COVID-19, the extent to which it will impact worldwide macroeconomic conditions, including interest rates and market prices, and governmental and business reactions to the pandemic. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and an estimate of the financial effect is not practicable at this time.

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

18. Segmented information:

Segmented information has been identified based upon lines of service provided by aqam. aqam's services are provided by departments and its activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed and are summarized below, with activity for the year ended March 31, 2021 summarized in Schedule 2.

(a) Administration

Administration provides the functions of corporate administration, finance, human resources, legislative services, and elected officials.

(b) Education

Education is responsible for administering and facilitating education programs such as secondary education, university qualifying credit courses and community education programs.

(c) Elementary School

Elementary school is responsible for administering and facilitating on-reserve education programs and services from kindergarten to grade seven.

(d) Social Development

Social development provides social programs to aqam members.

(e) Maintenance of Facilities

Maintenance of facilities includes funding for and expenses related to the repair and maintenance of aqam's land, community waters systems, roads, equipment, and buildings.

(f) aqamnik Daycare

aqamnik Daycare relates to the operation of a daycare for pre-school aged children under Province of British Columbia licensing.

(g) Community Services

Community services includes salaries and expenses related to the operation of a community health and wellness programs to aqam members.

AQAM

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

18. Segmented information (continued):

(h) St. Eugene Church

St. Eugene Church's primary operation is the maintenance and restoration of the St. Eugene Church.

(i) Taxation

Taxation includes revenues from property tax levies, goods and services tax and funds received from impact benefits and costs related to the administration of the property taxation department.

(j) Lands and Resource Management

Lands and resource management includes revenue and expenses related to the management and planning of aqam's land and resources.

(k) Social Housing Program

The Social Housing Program administers the CMHC program to provide and advocate for secure, affordable housing.

(l) Water System

Water system includes revenue and expenses related to the operation of aqam's Lot 10 water system.

(m) Language, Culture and Community

Language, Culture and Community includes grant and other funding and expenses related to the advancement of aqam's language and culture.

(n) Capital

Member Capital includes grant and other funding and related expenses for the upgrade and addition to aqam's tangible capital assets.

(o) Low Income Family

National Child Benefit includes grant funding and related expenses specific to ISC's National Child Benefit initiative.