

Consolidated Financial Statements of

YAQIT ?A-KNUQTI'IT

And Independent Auditor's Report thereon,

Year ended March 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Yaqit ?a·knuqtii't and all the information in this report are the responsibility of management and have been approved by the Chief and a Council member on behalf of Yaqit ?a·knuqtii't 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 financial statements are presented fairly, in all material respects, including the consolidated financial position of Yaqit ?a·knuqtii't and the results of its consolidated operations and its consolidated change in net financial assets and its consolidated cash flows.

Yaqit ?a·knuqtii't 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 Yaqit ?a·knuqtii't'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 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 Yaqit ?a·knuqtii't's 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 Yaqit ?a·knuqtii't'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.


Heidi Letcher (Jul 30, 2020 20:56 MDT)

Chief


Corey Letcher (Jul 30, 2020 21:12 MDT)

Council member

July 28, 2020



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INDEPENDENT AUDITORS' REPORT

To Chief and Council and Members of Yaqit ?a·knuqtí'it

Opinion

We have audited the consolidated financial statements of Yaqit ?a·knuqtí'it, which comprise:

- the consolidated statement of financial position as at March 31, 2020
- 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yaqit ?a·knuqtí'it as at March 31, 2020, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Yaqit ?a·knuqtí'it 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 the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Yaqit ?a·knuqtii'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 Yaqit ?a·knuqtii'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.

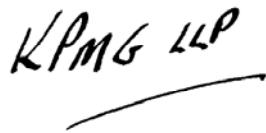
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

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 Yaqit ?a-knuqt'i'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 Yaqit ?a-knuqt'i'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 Yaqit ?a-knuqt'i 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 within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Chartered Professional Accountants

Kelowna, Canada

July 28, 2020

YAQIT ?A·KNUQTI'IT

Consolidated Statement of Financial Position

31 March, 2020, with comparative information for 2019

	2020	2019
Financial Assets		
Cash and cash equivalents	\$ 738,276	\$ 1,815,407
Restricted cash and cash equivalents (note 2)	11,478,087	8,188,120
Accounts receivable (note 3)	626,337	574,124
Investments (note 4)	530,323	21,407
Investment in business enterprises (note 5)	2,589,418	2,242,664
	15,962,441	12,841,722
Liabilities		
Accounts payable and accrued liabilities	322,583	276,980
Deferred revenue (note 6)	422,602	1,490,777
Term debt (note 7)	636,320	663,171
Replacement reserve (note 8)	33,192	27,668
	1,414,697	2,458,596
Net financial assets	14,547,744	10,383,126
Non-Financial Assets		
Tangible capital assets (note 9)	9,881,835	8,124,473
Accumulated surplus (note 10)	\$ 24,429,579	\$ 18,507,599

Commitments (note 14)

See accompanying notes to consolidated financial statements.

On behalf of the Chief and Council:


Heidi Kowalewski (Jul 30, 2020 20:56 MDT)

Chief


Corey Letcher (Jul 30, 2020 21:12 MDT)

Council member

YAQT ?A-KNUQTI'IT

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2020, with comparative information for 2019

	2020 Budget	2020	2019
	(note 1(g))		
Revenue:			
Transfers from other governments:			
Indigenous Services Canada	\$ 2,066,524	\$ 2,105,415	\$ 942,584
Province of British Columbia	1,411,500	883,930	545,371
First Nations Health Authority	76,991	511,659	1,723,479
Ktunaxa Nation Council (note 15)	339,000	120,895	28,100
Other	-	266,230	443,726
Grants	811,414	956,294	368,159
Canada Mortgage and Housing Corporation	43,300	46,097	106,789
First Nations Goods and Services Tax	167,800	198,542	197,483
Property taxation	60,250	60,780	54,750
User fees	10,000	43,372	219,350
Rent and lease	201,080	224,994	232,783
Interest and investment	30,200	215,306	135,153
Other	914,803	115,076	114,196
Impact Management and Benefit Agreement	300,000	3,443,355	2,212,839
Equity in earnings of business enterprises (note 5)	-	186,642	254,317
	6,432,862	9,378,587	7,579,079
Expenses (Schedule 1):			
Administration	714,220	653,721	482,896
Capital	-	393,961	301,897
Community Health Services	381,903	374,078	259,577
Community Housing	53,000	38,364	24,113
Community Revenue	-	81,379	27,750
Economic Development	586,508	144,806	148,945
Education	230,859	260,254	232,687
Lands and Resources	1,486,152	589,198	601,920
Language and Culture	177,722	129,532	-
Municipal Services	358,491	230,440	173,726
Social Development	371,329	382,963	213,735
Social Housing	-	60,145	57,522
Taxation	106,990	117,766	101,915
	4,467,174	3,456,607	2,626,683
Surplus	\$ 1,965,688	5,921,980	4,952,396
Accumulated surplus, beginning of the year		18,507,599	13,555,203
Accumulated surplus, end of year	\$ 24,429,579	\$ 18,507,599	

See accompanying notes to consolidated financial statements.

YAQT ?A·KNUQTI'IT

Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2020, with comparative information for 2019

	2020 Budget	2020	2019
	(note 1(g))		
Surplus	\$ 1,965,688	\$ 5,921,980	\$ 4,952,396
Changes to non-financial assets:			
Acquisition of tangible capital assets	(901,021)	(2,174,656)	(2,280,532)
Amortization of tangible capital assets	-	417,294	294,820
	(901,021)	(1,757,362)	(1,985,712)
Increase in net financial assets	\$ 1,064,667	4,164,618	2,966,684
Net financial assets, beginning of year		10,383,126	7,416,442
Net financial assets, end of year	\$ 14,547,744	\$ 10,383,126	

See accompanying notes to consolidated financial statements.

YAQT ?A-KNUQTI'IT

Consolidated Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Cash received from Indigenous Services Canada	\$ 1,117,607	\$ 1,779,855
Cash received from grants, property taxes, user fees, rent and other revenue	6,801,880	6,480,661
Cash paid to employees and suppliers	(2,992,709)	(2,880,878)
Interest received	164,970	75,984
<u>Interest paid</u>	<u>(13,901)</u>	<u>(13,768)</u>
	5,077,847	5,441,854
Financing activities:		
Repayment of term debt	(26,851)	(26,608)
Increase in replacement reserve	5,524	5,495
	(21,327)	(21,113)
Capital activities:		
Acquisition of tangible capital assets	(2,174,656)	(2,280,532)
Investing activities:		
Increase in restricted cash and cash equivalents	(3,289,967)	(2,591,586)
Net increase in investments	(508,916)	-
Net contribution to business enterprise	(160,112)	-
	(3,958,995)	(2,591,586)
Increase (decrease) in cash and cash equivalents	(1,077,131)	548,623
Cash and cash equivalents, beginning of year	1,815,407	1,266,784
Cash and cash equivalents, end of year	\$ 738,276	\$ 1,815,407
Non-cash financing, capital and investing activities:		
Equity in earnings of business enterprise	\$ 186,642	\$ 254,317

See accompanying notes to consolidated financial statements.

YAQIT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements

Year ended March 31, 2020

Yaqit ?a·knuqtii't provides local government, education and social development services to its members. Yaqit ?a·knuqtii't is organized under the Indian Act of Canada. During the year ended March 31, 2020, Yaqit ?a·knuqtii't changed its legal government operating name from Tobacco Plains Indian Band to Yaqit ?a·knuqtii't.

On March 11, 2020, the World Health Organization (WHO) declared the novel coronavirus (COVID-19) outbreak a pandemic. This has resulted in governments worldwide, including the Canadian government, to enact emergency measures to combat the spread of the virus. These measures, which include social distancing, the implementation of travel bans, and closures of non-essential businesses, have caused material disruption to businesses globally, resulting in an economic slowdown. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, and Yaqit ?a·knuqtii't, is not known at this time.

1. Basis of presentation and significant accounting policies:

These consolidated financial statements include the assets, liabilities, and results of operations of Yaqit ?a·knuqtii't and all related entities and organizations subject to control by Yaqit ?a·knuqtii't's Chief and Council. No inclusion has been made of assets, liabilities, revenue or expenses of members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of Yaqit ?a·knuqtii't'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 Canadian Public Sector Accounting Board ("PSAB"), which encompasses the following principles:

(a) Fund accounting:

Yaqit ?a·knuqtii't 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 consolidated for the purpose of presentation in the consolidated financial statements.

(b) Reporting entity:

Yaqit ?a·knuqtii't's reporting entity includes the Yaqit ?a·knuqtii't community government and all related entities and organizations which are accountable for the administration of their financial affairs and resources to Yaqit ?a·knuqtii't and are either owned or controlled by Yaqit ?a·knuqtii't.

YAQT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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

(b) Reporting entity (continued)

i) Investment in business enterprises:

Yaqit ?a·knuqt'iit records 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 Yaqit ?a·knuqt'iit and inter-organizational transactions and balances are not eliminated. Yaqit ?a·knuqt'iit recognizes its equity interest in the annual earnings or loss of the GBE's in its statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that Yaqit ?a·knuqt'iit may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

Yaqit ?a·knuqt'iit's government business enterprises investments consist of the following, all with a 100% interest:

Tobacco Plains Indian Band Development Corporation
Kakin Lands and Resources Corporation

Yaqit ?a·knuqt'iit's government business partnerships investments consist of a 99.99% interest in Kakin Lands and Resources Limited Partnership.

ii) Investments:

Investments in entities in which Yaqit ?a·knuqt'iit 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 Yaqit ?a·knuqt'iit are included in these consolidated financial statements.

(c) Cash and cash equivalents:

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

YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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

(d) Revenue recognition:

Government transfers, grants and subsidy revenue are recognized as Yaqit ?a-knuqtii't 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 specified and/or the stipulations giving rise to an obligation have been met.

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

Other revenue, including sales of goods and provision of services, are recognized in the period the goods or services are provided and the related proceeds are received or receivable.

Yaqit ?a-knuqtii't accounts for revenue received from contractual arrangements, such as 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, any prescribed services are provided and the amount can be reasonably estimated.

(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	Declining balance	4%
Site improvements	Declining balance	4%
Infrastructure	Declining balance	4 - 8%
Equipment	Declining balance	20 - 45%
Automotive	Declining balance	30%

YAQIT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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

(e) Tangible capital assets (continued)

When management determines that a tangible capital asset no longer contributes to Yaqit ?a·knuqtii't'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 Yaqit ?a·knuqtii't, such as land, forests, water, natural resources and cultural and historic assets, are not recognized in Yaqit ?a·knuqtii't's financial statements.

(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.

Significant 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) Budget data:

The budget data presented in these consolidated financial statements have been derived from the budget approved by Chief and Council on March 5, 2019.

YAQIT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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

(h) 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 Yaqit ?a·knuqt'iit 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, 2020, Yaqit ?a·knuqt'iit does not have any financial instruments with significant differences between cost and fair value. Accordingly a statement of remeasurement gain (loss) has not been presented.

(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, Yaqit ?a·knuqt'iit 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, 2020, Yaqit ?a·knuqt'iit did not have any significant contaminated site liabilities.

(j) Segmented disclosure:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. Yaqit ?a·knuqt'iit 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.

YAQT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

2. Unrestricted and restricted cash and cash equivalents:

Yaqit ?a·knuqt'iit maintains its cash and cash equivalents balances in several financial institutions in British Columbia. The Canada Deposit Insurance Corporation ("CDIC") insures each of these accounts up to \$100,000. 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 Yaqit ?a·knuqt'iit as a result of these concentrations.

Certain cash and cash equivalents has been internally restricted by Yaqit ?a·knuqt'iit or externally restricted by federal or provincial government authorities for the following specific purposes. These funds have been invested in separate money market funds or cash accounts with interest rates ranging from 0.1% to 3.04%.

	2020	2019
Internally restricted:		
Cultural reserve	\$ 30,000	\$ 30,000
Forestry reserve	340,000	300,000
Gaming reserve	295,198	-
General reserve	6,016,667	3,321,667
Health reserve	484,000	309,000
Lands reserve	2,929,264	2,898,457
Taxation reserve	596,785	556,785
	<u>10,691,914</u>	<u>7,415,909</u>
Externally restricted:		
Trust Funds on deposit with Indigenous Services Canada ("ISC")	197,029	193,452
Nolan Settlement Trust	555,952	551,091
Social Housing replacement reserve	33,192	27,668
	<u>786,173</u>	<u>772,211</u>
	<hr/> <u>\$ 11,478,087</u>	<hr/> <u>\$ 8,188,120</u>

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

3. Accounts receivable:

	2020	2019
ISC	\$ 33,698	\$ 36,687
Ktunaxa Nation Council	-	257,686
Sales taxes recoverable	74,581	73,562
Grants and other	504,485	189,884
	612,764	557,819
Band members	235,939	251,571
Less allowance for doubtful accounts		
Band members	(222,366)	(235,266)
	13,573	16,305
	<hr/>	<hr/>
	\$ 626,337	\$ 574,124

4. Investments:

	2020	2019
Ktunaxa Enterprises Ltd. ("KEL"), shares, at cost	\$ 1	\$ 1
Ktunaxa Holdings Limited Partnership ("KHL P"), limited partnership interest	500,001	1
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
All Nations Trust Company, shares, representing a less than 1% interest	2,000	2,000
SunLife Financial, shares	28,208	19,402
BCFN Gaming Revenue Sharing General Partner Inc. ("BCFN GRS GP"), shares, at cost	10	-
BCFN Gaming Revenue Sharing Limited Partnership ("BCFN GRS LP"), limited partnership interest, at cost	100	-
	<hr/>	<hr/>
	\$ 530,323	\$ 21,407

YAQT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

4. Investments (continued):

Yaqit ?a·knuqtii't's investment in KEL (formerly Ktunaxa Holdings Ltd) consists of a 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 Yaqit ?a·knuqtii't, through its investment, does not control or jointly control KEL, the investment has been recorded using the cost method.

Yaqit ?a·knuqtii't holds a 20% limited partnership interest in KHLP, in which KEL is the general partner. Yaqit ?a·knuqtii't's investment is recorded at cost as Yaqit ?a·knuqtii't does not control or jointly control KHLP's operations or assets. Yaqit ?a·knuqtii't records earnings from its investment in KHLP based on cash distributions of limited partnership earnings received. Yaqit ?a·knuqtii't's investment consists of its initial cost of \$39,010, less a impairment provision of \$39,009, plus an additional investment of \$500,000. To March 31, 2020, Yaqit ?a·knuqtii't has not received any limited partnership distributions from KHLP.

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

Yaqit ?a·knuqtii't's investment in SDC consists of a 20% beneficial interest in one common share. SDC's primary asset is the headlease for the St. Eugene Mission Resort Limited Partnership. As Yaqit ?a·knuqtii't, through its investment, does not control or jointly control SDC, the investment has been recorded using the cost method.

Yaqit ?a·knuqtii't'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 Yaqit ?a·knuqtii't, through its investment, does not control or jointly control SHL, the investment has been recorded using the cost method.

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

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

YAQT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

5. Investments in business enterprises:

	2020	2019
Tobacco Plains Indian Band Development Corporation:		
Investment in shares	\$ 158,620	\$ 158,620
Advances	891,536	891,536
Accumulated equity in earnings	1,379,150	1,192,508
	2,429,306	2,242,664
Kakin Lands and Resources Corporation:		
Investment in shares, at cost	128	-
Kakin Lands and Resources Limited Partnership:		
Partnership equity interest	159,984	-
	\$ 2,589,418	\$ 2,242,664

Yaqit ?a·knuqtii't's investments in Kakin Lands and Resources Corporation ("KLRC") and Kakin Lands and Resources Limited Partnership ("KLRLP") represent initial share purchase and partnership investments to March 31, 2020. KLRC is the general partner for KLRLP. KLRLP had not commenced operations as at March 31, 2020.

Advances to Tobacco Plains Indian Band Development Corporation ("TPIBDC") are unsecured, non-interest bearing and have no stated terms of repayment.

TPIBDC oversees economic opportunities for Yaqit ?a·knuqtii't and the purpose of the TPIBDC is to foster the economic and social betterment of Yaqit ?a·knuqtii't members. TPIBDC's operations include three campgrounds, a duty free store, and lease operations.

YAQT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

5. Investments in business enterprises (continued):

Financial information for TPIBDC as at and for the year ended February 29, 2020 is summarized as follows:

	2020	2019
Balance sheet information:		
Assets	\$ 2,562,940	\$ 2,366,860
Liabilities	1,025,170	1,002,200
Shareholder's equity	1,537,770	1,364,660
Results of operations:		
Revenue	1,707,578	1,669,928
<u>Cost of sales</u>	<u>608,960</u>	<u>627,561</u>
	1,098,618	1,042,367
Expenses	927,284	783,896
Other income	37,032	28,863
Income taxes	35,256	33,017
<u>Net earnings</u>	<u>\$ 173,110</u>	<u>\$ 254,317</u>

The fiscal year end of TPIBDC is February 28, but they have elected to include February 29, 2020 in its fiscal year. The financial information provided above is as at and for the 366 day year ended February 29, 2020, with comparative information as at and for the year ended February 28, 2019. There were no material changes in the TPIBDC's operations from their fiscal year end date to March 31, 2020.

YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

6. Deferred revenue:

	2020	2019
ISC	\$ 147,661	\$ 1,138,458
Grants and other	274,941	352,319
	\$ 422,602	\$ 1,490,777

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

	2020	2019
Balance beginning of year	\$ 1,490,777	\$ 360,307
Contributions received	459,830	1,218,484
Recorded in revenue	(1,528,005)	(88,014)
Balance, end of year	\$ 422,602	\$ 1,490,777

YAQIT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

7. Term debt:

	2020	2019
Social Housing Program Mortgage, repayable in monthly installments of \$3,396 including interest at 2.14%, maturing March 2039, secured by a guarantee from ISC	<u>\$ 636,320</u>	<u>\$ 663,171</u>

Interest on term debt for the year totaled \$13,849 (2019 - \$13,778) and is expensed in Social Housing and Interest and bank charges (Schedule 1).

Scheduled principal payments on term debt for the next five years are approximately as follows:

2021	\$ 27,400
2022	27,992
2023	28,597
2024	29,184
2025	29,846

8. Replacement reserve:

Under the terms of Yaqt ?a·knuqtii't's agreement with Canada Mortgage and Housing Corporation ("CMHC"), a replacement reserve account is to be credited by an amount determined on an annual basis. The amount contributed to the Social Housing program replacement reserve account for the year was \$5,400 (2019 - \$5,400). The change in the replacement reserves is calculated as follows:

	Beginning balance	Contributions	Interest	Approved expenses	Ending balance
Social Housing program	\$ 27,668	\$ 5,400	\$ 124	\$ -	\$ 33,192

YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

9. Tangible capital assets:

March 31, 2020	Buildings and site improvements	Infrastructure	Equipment & Automotive	Construction in Progress	Total
Cost:					
Beginning of year	\$ 5,999,743	\$ 3,061,649	\$ 817,780	\$ 219,784	\$ 10,098,956
Acquisitions	1,833,711	104,362	75,931	160,652	2,174,656
Transfers	350,455	-	29,981	(380,436)	-
Balance, end of year	8,183,909	3,166,011	923,692	-	12,273,612
Accumulated amortization:					
Balance, beginning of year	956,247	413,210	605,026	-	1,974,483
Amortization	236,356	108,512	72,426	-	417,294
Balance, end of year	1,192,603	521,722	677,452	-	2,391,777
Net book value, end of year	\$ 6,991,306	\$ 2,644,289	\$ 246,240	\$ -	\$ 9,881,835
March 31, 2019	Buildings	Infrastructure	Equipment & Automotive	Construction in Progress	Total
Cost:					
Balance, beginning of year	\$ 2,116,054	\$ 3,061,649	\$ 695,791	\$ 1,944,930	\$ 7,818,424
Acquisitions	1,938,759	-	121,989	219,784	2,280,532
Transfers	1,944,930	-	-	(1,944,930)	-
Balance, end of year	5,999,743	3,061,649	817,780	219,784	10,098,956
Accumulated amortization:					
Balance, beginning of year	836,774	295,839	547,050	-	1,679,663
Amortization	119,473	117,371	57,976	-	294,820
Balance, end of year	956,247	413,210	605,026	-	1,974,483
Net book value, end of year	\$ 5,043,496	\$ 2,648,439	\$ 212,754	\$ 219,784	\$ 8,124,473

YAQIT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

10. Accumulated surplus:

	2020	2019
Financial surplus:		
Unrestricted operating surplus	\$ 3,739,169	\$ 2,885,845
<u>Internally restricted surplus (note 11)</u>	<u>10,691,914</u>	<u>7,415,909</u>
	14,431,083	10,301,754
Invested in tangible capital assets (note 12)	9,245,515	7,461,302
Externally restricted surplus (note 13)	752,981	744,543
	<u>\$ 24,429,579</u>	<u>\$ 18,507,599</u>

11. Internally restricted surplus:

	Beginning balance	Contributions	Interest	Approved Expenses	Ending Balance
Cultural reserve	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
Forestry reserve	300,000	36,970	3,030	-	340,000
Gaming reserve	-	292,582	2,616	-	295,198
General reserve	3,321,667	3,137,286	57,714	(500,000)	6,016,667
Health reserve	309,000	173,796	1,204	-	484,000
Lands reserve	2,898,457	-	30,807	-	2,929,264
Taxation reserve	556,785	33,944	6,056	-	596,785
	\$ 7,415,909	\$ 3,674,578	\$ 101,427	\$ (500,000)	\$ 10,691,914

YAQT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

12. Invested in tangible capital assets:

(a) Investment in tangible capital assets:

	2020	2019
Tangible capital assets	\$ 9,881,835	\$ 8,124,473
Less financed by:		
Term debt	(636,320)	(663,171)
	<hr/> \$ 9,245,515	<hr/> \$ 7,461,302

(b) Change in invested in tangible capital assets:

	2020	2019
Balance, beginning of year	\$ 7,461,302	\$ 5,448,982
Amortization of tangible capital assets	(417,294)	(294,820)
Acquisition of tangible capital assets	2,174,656	2,280,532
Repayment of term debt	26,851	26,608
Balance, end of year	<hr/> \$ 9,245,515	<hr/> \$ 7,461,302

YAQIT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

13. Externally restricted surplus:

		Beginning balance	Contributions	Interest	Approved Transfers	Ending Balance
ISC						
Capital	\$	91,012	\$	\$	\$	\$ 91,012
Revenue		102,440		462	3,115	
		193,452		462	3,115	
Nolan						
Settlement Trust		551,091		-	4,861	
					-	555,952
		\$ 744,543	\$ 462	\$ 7,976	\$ -	\$ 752,981

The ISC 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 Yaqit ?a·knuqtii't is generally permitted to use for a purpose that will promote the general progress and welfare of Yaqit ?a·knuqtii't and Band members. The management of the funds is primarily governed by the sections of the Indian Act.

14. Commitments:

In January 2018, Yaqit ?a·knuqtii't entered into an agreement with the other Ktunaxa Nation communities to agree to share in the legal costs in relation to the opposition of the Jumbo Glacier Resort development project that is being proposed in the Qat'muk land region with a remaining commitment of approximately \$50,000 as at March 31, 2020.

YAQT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

15. Related party transactions:

- (a) Yaqit ?a·knuqtii't is one of four First Nation communities that comprise the Ktunaxa Nation Council. Transactions with the Ktunaxa Nation Council during the year consisted of flow through of funding under various agreements of \$120,895 (2019 - \$28,100). Taxation and transfer under agreement expense includes a \$50,000 (2019 - \$50,000) transfer to Ktunaxa Nation Council.
- (b) Yaqit ?a·knuqtii't recognized rent and profit sharing revenue from Tobacco Plains Indian Band Development Corporation of \$168,356 (2019 - \$198,600).
- (c) Yaqit ?a·knuqtii't paid Nupqua Development Limited Partnership \$32,745 (2019 - \$11,831) for woodlot development costs and related services.
- (d) Yaqit ?a·knuqtii't recognized revenue from aqam of \$63,444 (2019 - \$nil) related to the Fire Smart project, which has been reflected in Grants.

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:

Yaqit ?a·knuqtii't 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 \$30,629 (2019 - \$22,035).

17. Financial risks and concentration of risks:

- (a) Government transfers:

Yaqit ?a·knuqtii't receives a significant portion of its revenue each year through government transfers pursuant to a funding agreements with ISC, the Province of British Columbia and other federal and provincial government funding agencies. Any disruption in this funding could have a negative effect on Yaqit ?a·knuqtii't's operations.

- (b) Credit risk:

Credit risk refers to the risk that counterparty may default on its contractual obligations resulting in a financial loss. As discussed in note 2, Yaqit ?a·knuqtii't holds its cash and cash equivalents, with federally regulated chartered banks who are insured by the CDIC.

Yaqit ?a·knuqtii't has performed an analysis of the age of financial assets that are past due as at March 31, 2020 and has recorded a total allowance of \$222,366 (2019 - \$235,266) with respect to its accounts receivable balance based on the likelihood of ultimate collectability.

YAQIT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

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

(c) Liquidity risk:

Liquidity risk is the risk that Yaqit ?a·knuqtii't will not be able to meet its financial obligations as they become due. Yaqit ?a·knuqtii't 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 Yaqit ?a·knuqtii't's financial liabilities:

March 31, 2020	On demand	Up to 1 year	Over 1 year	Total
Accounts payable and accrued liabilities	\$ 322,583	\$ -	\$ -	\$ 322,583
Term debt	-	27,400	608,920	636,320
Replacement reserve	33,192	-	-	33,192
	\$ 355,775	\$ 27,400	\$ 608,920	\$ 992,095

March 31, 2019	On demand	Up to 1 year	Over 1 year	Total
Accounts payable and accrued liabilities	\$ 276,980	\$ -	\$ -	\$ 276,980
Term debt	-	27,100	636,071	663,171
Replacement reserve	27,668	-	-	27,668
	\$ 304,648	\$ 27,100	\$ 636,071	\$ 967,819

(d) Interest rate risk:

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

Yaqit ?a·knuqtii't is subject to interest rate risk with respect to its restricted cash and cash equivalents (note 2) and term debt (note 7). Yaqit ?a·knuqtii't manages interest rate risk through negotiations with lenders at origination or renewal of loan agreements.

YAQT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

18. Segmented information:

Segmented information has been identified based upon lines of service provided by Yaqit ?a·knuqtii'it. Services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed are summarized below, with activity for the year ended March 31, 2019 summarized in Schedule 2.

(a) Administration

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

(b) Capital

Capital includes grant and other funding and related expenses for the upgrade and addition to Yaqit ?a·knuqtii'it's tangible capital assets.

(c) Community Health Services

Community Health Services includes revenue and expenses related to the operation of a community health and wellness programs to members.

(d) Community Housing

Community Housing includes revenue and expenses related to rental housing units owned or managed on behalf of others by Yaqit ?a·knuqtii'it.

(e) Community Revenue

Community Revenue includes revenue and expenses related to community projects and events.

(f) Economic Development

Economic Development includes revenues and expenses related to administering and facilitating new business opportunities and projects for Yaqit ?a·knuqtii'it.

YAQIT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2020

18. Segmented information (continued):

(g) Education

Education is responsible for administering and facilitating education programs such as secondary education, post secondary and community education programs.

(h) Lands and Resources

Lands and Resources includes revenue and expenses related to the management and planning of Yaqit ?a·knuqtii't's land and resources.

(i) Language and Culture

Language and culture includes grant and other funding and expenses related to the advancement of Yaqit ?a·knuqtii't's language and culture.

(j) Municipal Services

Municipal Services includes funding for and expenses related to the repair and maintenance of the community water systems, roads, equipment and buildings.

(k) Social Development

Social Development provides social programs to members.

(l) Social Housing

The Social Housing program administers the CMHC program to provide and advocate for secure, affordable housing under the CMHC program Phase 6.

(m) Taxation

Taxation includes revenues from property tax levies, Goods and Services tax and costs related to the administration of the property taxation department.

YAQT ?A-KNUQTI'IT

Schedule 1 - Consolidated Expenses by Object

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Accounting and legal	\$ 60,189	\$ 82,061
Amortization	417,294	294,820
Bad debts (recovery)	(12,900)	-
Contract services	13,364	27,275
Education	81,617	98,315
General and miscellaneous	297,143	29,154
Honouraria	131,749	52,954
Insurance	41,018	42,971
Interest and bank charges	17,036	23,095
Programming	490,163	532,086
Repairs and maintenance	142,758	157,480
Replacement reserve	5,400	5,400
Transfer under agreement	50,000	50,000
Social health and child benefits	351,318	196,658
Supplies	109,645	72,303
Telephone	12,718	13,545
Training	9,716	388
Travel	69,697	40,681
Utilities	25,865	27,314
Wages and benefits	1,142,817	880,183
	\$ 3,456,607	\$ 2,626,683

YAQIT ?A·KNUQT'I'T
Schedule 2 - Segmented Information

Year ended March 31, 2020, with comparative figures for 2019

Year ended March 31, 2020														
	Revenue						Expenses						Contributions to (from) Other Programs	Surplus (Deficit)
	Equity in earnings of business enterprises			Total	Amortization	Programming	Wages and Benefits			Others	Total			
	ISC	Other												
Administration	\$ 240,503	\$ 177,168	\$ -	\$ 417,671	\$ -	\$ 56,737	\$ 246,813	\$ 350,173	\$ 653,723	\$ 238,374	\$ -	\$ 2,322		
Capital	1,058,043	791,827	-	1,849,870	389,692	4,269	-	-	393,961	419,078		1,874,987		
Community Health Services	13,519	610,934	-	624,453	-	98,440	201,399	74,239	374,078	(58,470)		191,905		
Community Housing	-	38,272	-	38,272	-	-	8,046	30,318	38,364	7,279		7,187		
Community Revenue	-	385,063	-	385,063	-	64,343	-	17,036	81,379	(8,000)		295,684		
Economic Development	15,000	52,463	186,642	254,105	-	33,859	92,445	18,501	144,805	277,441		386,741		
Education	259,271	16,725	-	275,996	-	81,677	70,544	108,033	260,254	(15,742)		-		
Lands and Resources	-	4,538,094	-	4,538,094	-	126,566	256,707	205,924	589,197	(884,963)		3,063,934		
Language and Culture	-	140,740	-	140,740	-	-	63,946	65,586	129,532	(11,109)		99		
Municipal Services	120,521	5,332	-	125,853	-	7,062	121,111	102,268	230,441	192,201		87,613		
Social Development	398,558	(9,193)	-	389,365	-	-	58,921	324,042	382,963	(3,121)		3,281		
Social Housing	-	60,253	-	60,253	27,602	-	1,535	31,007	60,144	(1,500)		(1,391)		
Taxation	-	278,852	-	278,852	-	17,210	21,350	79,206	117,766	(151,468)		9,618		
	\$ 2,105,415	\$ 7,086,530	\$ 186,642	\$ 9,378,587	\$ 417,294	\$ 490,163	\$ 1,142,817	\$ 1,406,333	\$ 3,456,607	\$ -	\$ 5,921,980			

Year ended March 31, 2019														
	Revenue						Expenses						Contributions to (from) other programs	Surplus (Deficit)
	Equity in earnings of business enterprises			Total	Amortization	Programming	Wages and Benefits			Others	Total			
	ISC	Other												
Administration	\$ 203,371	\$ 103,114	\$ -	\$ 306,485	\$ -	\$ 30,469	\$ 209,007	\$ 243,419	\$ 482,895	\$ 216,000	\$ -	\$ 39,590		
Capital	235,274	1,505,005	-	1,740,279	267,273	35,000	(375)	-	301,898	78,000		1,516,381		
Community Health Services	16,785	421,236	-	438,021	-	16,651	152,087	90,839	259,577	(100,291)		78,153		
Community Housing	-	66,297	-	66,297	-	-	-	24,113	24,113	(5,000)		37,184		
Community Revenue	-	37,259	-	37,259	-	25,121	-	2,629	27,750	-		9,509		
Economic Development	40,258	15,471	254,317	310,046	-	39,380	65,463	44,102	148,945	(15,468)		145,633		
Education	176,719	-	-	176,719	-	64,657	40,999	127,031	232,687	(17,791)		(73,759)		
Lands and Resources	-	3,764,656	-	3,764,656	-	274,867	290,649	36,404	601,920	(159,335)		3,003,401		
Language and Culture	-	-	-	-	-	-	-	-	-	-		-		
Municipal Services	95,797	46,516	-	142,313	-	6,712	56,580	110,434	173,726	38,276		6,863		
Social Development	-	271,947	-	271,947	-	30,503	40,960	142,272	213,735	(26,423)		31,789		
Social Housing	174,380	90,045	-	264,425	27,547	-	1,437	28,538	57,522	(6,145)		200,758		
Taxation	-	60,632	-	60,632	-	8,726	23,376	69,813	101,915	(1,823)		(43,106)		
	\$ 942,584	\$ 6,382,178	\$ 254,317	\$ 7,579,079	\$ 294,820	\$ 532,086	\$ 880,183	\$ 919,594	\$ 2,626,683	\$ -	\$ 4,952,396			