

Consolidated Financial Statements of

**YAQIT ?A·KNUQTI'IT**

And Independent Auditor's Report thereon,

Year ended March 31, 2021

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Yaqit ?a·knuqti'it 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·knuqti'it 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·knuqti'it and the results of its consolidated operations and its consolidated change in net financial assets and its consolidated cash flows.

Yaqit ?a·knuqti'it 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·knuqti'it'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·knuqti'it'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·knuqti'it'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 Gravelle (Jul 28, 2021 08:33 MDT)

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Chief

  
Corey Letcher (Jul 28, 2021 09:54 MDT)

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Councilor

July 27, 2021



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## INDEPENDENT AUDITORS' REPORT

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

### *Opinion*

We have audited the consolidated financial statements of Yaqit ?a·knuqti'it, 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 consolidated financial position of Yaqit ?a·knuqti'it as at March 31, 2021, 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·knuqti'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·knuqti'it'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·knuqti'it'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·knuqti'it'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·knuqti'it'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·knuqti'it 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 27, 2021

# YAQIT ?A-KNUQTI'IT

## Consolidated Statement of Financial Position

March 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 1,525,718	\$ 738,276
Restricted cash and cash equivalents (note 2)	20,092,780	11,478,087
Accounts receivable (note 3)	386,844	626,337
Investments (note 4)	530,323	530,323
Investment in business enterprises (note 5)	2,489,256	2,589,418
	25,024,921	15,962,441
<b>Liabilities</b>		
Accounts payable and accrued liabilities	394,259	322,583
Deferred revenue (note 6)	1,045,511	422,602
Term debt (note 7)	608,829	636,320
Replacement reserve (note 8)	38,640	33,192
	2,087,239	1,414,697
<b>Net financial assets</b>	22,937,682	14,547,744
<b>Non-Financial Assets</b>		
Tangible capital assets (note 9)	9,777,909	9,881,835
Accumulated surplus (note 10)	\$ 32,715,591	\$ 24,429,579

See accompanying notes to consolidated financial statements.

On behalf of the Chief and Council:

  
Heidi Gravelle (Jul 28, 2021 08:33 MDT)

Chief

  
Corey Letcher (Jul 28, 2021 09:54 MDT)

Councilor

# YAQIT ?A·KNUQTI'IT

## Consolidated Statement of Operations and Accumulated Surplus

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

	2021 Budget (note 1(g))	2021	2020
Revenue:			
Transfers from other governments:			
Indigenous Services Canada	\$ 1,151,178	\$ 1,234,790	\$ 2,105,415
Province of British Columbia	1,275,000	1,424,754	603,732
First Nations Health Authority	454,632	520,806	511,659
Ktunaxa Nation Council (note 15)	225,000	197,859	120,895
Other	248,109	1,405,251	266,230
Grants	2,463,502	453,263	956,294
Impact Management and Benefit and Economic Community Development Agreements	3,500,000	5,965,671	3,443,355
British Columbia First Nations Gaming Revenue			
Sharing Limited Partnership	-	303,532	280,198
Canada Mortgage and Housing Corporation	42,600	51,727	46,097
First Nations Goods and Services Tax	197,482	180,574	198,542
Property taxation	60,890	64,168	60,780
Rent and lease	326,065	251,141	224,994
Interest, user fees and other	241,500	85,942	373,754
Equity in earnings (loss) of business enterprises (note 5)	69,000	(100,542)	186,642
	10,254,958	12,038,936	9,378,587
Expenses (Schedule 1):			
Administration and Governance	972,392	702,034	653,721
Capital	-	515,133	393,961
Community Health Services	429,547	406,921	374,078
Community Housing	146,971	86,792	38,364
Community Revenue	-	39,272	81,379
Economic Development	100,931	95,971	144,806
Education	250,485	265,799	260,254
Lands and Resources	906,652	564,485	589,198
Language and Culture	233,059	81,699	129,532
Municipal Services	353,030	410,908	230,440
Social Development	509,137	408,676	382,963
Social Housing	-	58,210	60,145
Taxation	114,858	117,024	117,766
	4,017,062	3,752,924	3,456,607
Surplus	\$ 6,237,896	8,286,012	5,921,980
Accumulated surplus, beginning of the year		24,429,579	18,507,599
Accumulated surplus, end of year		\$ 32,715,591	\$ 24,429,579

See accompanying notes to consolidated financial statements.

# YAQIT ?A·KNUQTI'IT

## Consolidated Statement of Change in Net Financial Assets

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

	2021 Budget (note 1(g))	2021	2020
Surplus	\$ 6,237,896	\$ 8,286,012	\$ 5,921,980
Changes to non-financial assets:			
Acquisition of tangible capital assets	(4,300,000)	(357,166)	(2,174,656)
Amortization of tangible capital assets	-	461,092	417,294
	(4,300,000)	103,926	(1,757,362)
Increase in net financial assets	\$ 1,937,896	8,389,938	4,164,618
Net financial assets, beginning of year		14,547,744	10,383,126
Net financial assets, end of year		\$ 22,937,682	\$ 14,547,744

See accompanying notes to consolidated financial statements.

# YAQIT ?A·KNUQTI'IT

## 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	\$ 1,579,011	\$ 1,117,607
Cash received from grants, property taxes, user fees, rent and other revenue	11,386,600	6,801,880
Cash paid to employees and suppliers	(3,220,837)	(2,992,709)
Interest received	50,211	164,970
Interest paid	(13,261)	(13,901)
	9,781,724	5,077,847
Financing activities:		
Repayment of term debt	(27,491)	(26,851)
Increase in replacement reserve	5,448	5,524
	(22,043)	(21,327)
Capital activities:		
Acquisition of tangible capital assets	(357,166)	(2,174,656)
Investing activities:		
Increase in restricted cash and cash equivalents	(8,614,693)	(3,289,967)
Net increase in investments	-	(508,916)
Net contribution to business enterprises	(380)	(160,112)
	(8,615,073)	(3,958,995)
Increase (decrease) in cash and cash equivalents	787,442	(1,077,131)
Cash and cash equivalents, beginning of year	738,276	1,815,407
Cash and cash equivalents, end of year	\$ 1,525,718	\$ 738,276
Non-cash financing, capital and investing activities:		
Equity in earnings (loss) of business enterprises	\$ (100,542)	\$ 186,642

See accompanying notes to consolidated financial statements.

# YAQIT ?A-KNUQTI'IT

## Notes to Consolidated Financial Statements

Year ended March 31, 2021

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Yaqit ?a-knuqti'it provides local government, education and social development services to its members. Yaqit ?a-knuqti'it is organized under the Indian Act of Canada. During the year ended March 31, 2020, Yaqit ?a-knuqti'it changed its legal government operating name from Tobacco Plains Indian Band to Yaqit ?a-knuqti'it.

### **1. Basis of presentation and significant accounting policies:**

These consolidated financial statements include the assets, liabilities, and results of operations of Yaqit ?a-knuqti'it and all related entities and organizations subject to control by Yaqit ?a-knuqti'it'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-knuqti'it'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-knuqti'it 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-knuqti'it's reporting entity includes the Yaqit ?a-knuqti'it community government and all related entities and organizations which are accountable for the administration of their financial affairs and resources to Yaqit ?a-knuqti'it and are either owned or controlled by Yaqit ?a-knuqti'it.

# YAQIT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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

### (b) Reporting entity (continued)

#### i) Investment in business enterprises:

Yaqit ?a·knuqti'it 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·knuqti'it and inter-organizational transactions and balances are not eliminated. Yaqit ?a·knuqti'it 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·knuqti'it may receive from the GBE's and GBP's will be reflected as deductions in the investment asset account.

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

#### ii) Investments:

Investments in entities in which Yaqit ?a·knuqti'it does not control individually or jointly are recorded at 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·knuqti'it 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, 2021

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

### (d) Revenue recognition:

Government transfers, grants and subsidy revenue are recognized as Yaqit ?a-knuqti'it 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, user fee, interest and investment 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-knuqti'it accounts for revenue received from contractual arrangements, such as Impact Management and Benefit and Economic Community Development Agreements 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, 2021

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

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### (e) Tangible capital assets (continued)

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

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 February 25, 2020.

# YAQIT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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## 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·knuqti'it 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, Yaqit ?a·knuqti'it 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·knuqti'it 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, Yaqit ?a·knuqti'it 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·knuqti'it has determined the most appropriate basis for classifying segments is by program. Segmented disclosures are provided in note 17 and Schedule 2 to the consolidated financial statements.

# YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

## 2. Unrestricted and restricted cash and cash equivalents:

Yaqit ?a-knuqti'it 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-knuqti'it as a result of these concentrations.

Certain cash and cash equivalents has been internally restricted by Yaqit ?a-knuqti'it 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%.

	2021	2020
<b>Internally restricted:</b>		
Cultural reserve	\$ 30,000	\$ 30,000
Forestry reserve	1,316,505	340,000
Gaming reserve	597,041	295,198
General reserve	13,175,646	6,016,667
Health reserve	564,597	484,000
Lands reserve	2,942,300	2,929,264
Taxation reserve	654,742	596,785
Housing reserve	15,900	-
	19,296,731	10,691,914
<b>Externally restricted:</b>		
Trust Funds on deposit with Indigenous Services Canada ("ISC")	199,804	197,029
Nolan Settlement Trust	557,605	555,952
Social Housing Program, replacement reserve	38,640	33,192
	796,049	786,173
	\$ 20,092,780	\$ 11,478,087

# YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

## 3. Accounts receivable:

	2021	2020
ISC	\$ 53,574	\$ 33,698
Sales taxes recoverable	25,799	74,581
Grants and other	290,303	504,485
	369,676	612,764
Members	224,001	235,939
Less: allowance for doubtful accounts		
Members	(206,833)	(222,366)
	17,168	13,573
	\$ 386,844	\$ 626,337

## 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 GRS GP"), shares, at cost	10	10
BCFN Gaming Revenue Sharing Limited Partnership ("BCFN GRS LP"), limited partnership interest, at cost	100	100
All Nations Trust Company, shares, representing a less than 1% interest	2,000	2,000
SunLife Financial, shares	28,208	28,208
	\$ 530,323	\$ 530,323

# YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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## 4. Investments (continued):

Yaqit ?a-knuqti'it'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-knuqti'it, through its investment, does not control or jointly control KEL, the investment has been recorded using the cost method.

Yaqit ?a-knuqti'it holds a 20% limited partnership interest in KHLP, in which KEL is the general partner. Yaqit ?a-knuqti'it's investment is recorded at cost as Yaqit ?a-knuqti'it does not control or jointly control KHLP's operations or assets. Yaqit ?a-knuqti'it records earnings from its investment in KHLP based on cash distributions of limited partnership earnings received. Yaqit ?a-knuqti'it'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, 2021, Yaqit ?a-knuqti'it has not received any limited partnership distributions from KHLP.

Yaqit ?a-knuqti'it's investment in SHL consists of a 20% beneficial interest in one common share. SHL's assets, as at March 31, 2021, include a 33% interest in the SEM Resort Limited Partnership. As Yaqit ?a-knuqti'it, through its investment, does not control or jointly control SHL, the investment has been recorded using the cost method.

Yaqit ?a-knuqti'it'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-knuqti'it, through its investment, does not control or jointly control SDC, the investment has been recorded using the cost method.

Yaqit ?a-knuqti'it's investment in SEMHL consists of 20% beneficial interest in one common share. SEMHL's primary assets, at March 31, 2021, include a 100% share of the SHL. As Yaqit ?a-knuqti'it, through its investment, does not control or jointly control SHL, the investment has been recorded using the cost method.

Yaqit ?a-knuqti'it'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-knuqti'it, through its investment, does not control or jointly control BCFN GRS GP, the investment has been recorded using the cost method.

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

# YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

## 5. Investments in business enterprises:

	2021	2020
Tobacco Plains Indian Band Development Corporation:		
Investment in shares	\$ 158,620	\$ 158,620
Advances	891,536	891,536
Accumulated equity in earnings	1,310,572	1,379,150
	2,360,728	2,429,306
Kakin Lands and Resources Corporation:		
Investment in shares, at cost	128	128
Advances	380	-
Accumulated equity in losses	(12)	-
	496	128
Kakin Lands and Resources Limited Partnership:		
Partnership equity interest	128,032	159,984
	\$ 2,489,256	\$ 2,589,418

The change in Yaqit ?a-knuqti'it's investment in business enterprises consists of the following:

	2021	2020
Equity in earnings (loss) of business enterprises	\$ (100,542)	\$ 186,642
Net advances to business enterprises	380	(160,112)
	\$ (100,162)	\$ 26,530

Yaqit ?a-knuqti'it'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, 2021. KLRC is the general partner for KLLRP. KLRLP had not commenced operations as at March 31, 2021.

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-knuqti'it and the purpose of the TPIBDC is to foster the economic and social betterment of Yaqit ?a-knuqti'it members. TPIBDC's operations include three campgrounds, a duty free store, and lease operations.

# YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

## 5. Investments in business enterprises (continued):

Financial information for TPIBDC as at and for the year ended February 28, 2021 is summarized as follows:

	2021	2020
Balance sheet information:		
Assets	\$ 2,525,845	\$ 2,562,940
Liabilities	1,056,653	1,025,170
Shareholder's equity	1,469,192	1,537,770
Results of operations:		
Revenue	635,137	1,707,578
Cost of sales	24,023	608,960
	611,114	1,098,618
Expenses	736,242	927,284
Other income	46,754	37,032
Income taxes	(9,796)	35,256
Net earnings (loss)	\$ (68,578)	\$ 173,110

The fiscal year end of TPIBDC is February 28 and the financial information provided above is as at and for the year ended February 28, 2021, with comparative information as at and for the 366 day year ended February 29, 2020. There were no material changes in TPIBDC's operations from February 28, 2021 to March 31, 2021.

Financial information for KLRC as at and for the year ended December 31, 2020 is summarized as follows:

	2020	2019
Balance sheet information:		
Assets	\$ 512	\$ 128
Liabilities	396	-
Shareholder's equity	116	128
Results of operations:		
Expenses	12	-
Loss	(12)	-

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

# YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

## 5. Investments in business enterprises (continued):

Financial information for KLRLP as at and for the year ended December 31, 2020 is summarized as follows:

	2020	2019
Balance sheet information:		
Assets	\$ 140,609	\$ 160,000
Liabilities	12,565	-
Partnership equity	128,044	160,000
Results of operations:		
Revenue	21,250	-
Expenses	53,206	-
Loss	(31,956)	-

The fiscal year end of KLRLP is December 31 and the financial information provided above is as at and for the year ended December 31, 2020, with comparative information as at and for the year ended December 31, 2019.

There were no material changes in the KLRLP's operations from December 31, 2020 to March 31, 2021.

# YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

## 6. Deferred revenue:

	2021	2020
ISC	\$ 511,758	\$ 147,661
Grants and other	533,754	274,941
	<u>\$ 1,045,511</u>	<u>\$ 422,602</u>

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

	2021	2020
Balance beginning of year	\$ 422,602	\$ 1,490,777
Contributions received	875,214	459,830
Recorded in revenue	(252,305)	(1,528,005)
	<u>\$ 1,045,511</u>	<u>\$ 422,602</u>

# YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

## 7. Term debt:

	2021	2020
<b>Social Housing Program</b>		
Mortgage, repayable in monthly installments of \$3,396 including interest at 2.14%, maturing March 2039, secured by a guarantee from ISC	\$ 608,829	\$ 636,320

Interest on term debt for the year totaled \$13,215 (2020 - \$13,849) 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:

2022	\$ 27,992
2023	28,597
2024	29,184
2025	29,846
2026	30,491

## 8. Replacement reserve:

Under the terms of Yaqit ?a-knuqti'it'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 (2020 - \$5,400). The change in the replacement reserves is calculated as follows:

	Beginning balance	Contributions	Interest	Approved expenses	Ending balance
Social Housing program	\$ 33,192	\$ 5,400	\$ 48	\$ -	\$ 38,640

# YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

## 9. Tangible capital assets:

<b>March 31, 2021</b>	Buildings and site improvements	Infrastructure	Equipment & automotive	Construction in progress	Total
<b>Cost:</b>					
Beginning of year	\$ 8,183,909	\$ 3,166,011	\$ 923,692	\$ -	\$ 12,273,612
Acquisitions	46,986	8,399	89,560	212,221	357,166
Transfers	-	-	-	-	-
Balance, end of year	8,230,895	3,174,410	1,013,252	212,221	12,630,778
<b>Accumulated amortization:</b>					
Balance, beginning of year	1,192,603	523,164	676,010	-	2,391,777
Amortization	274,200	113,817	73,075	-	461,092
Balance, end of year	1,466,803	636,981	749,085	-	2,852,869
Net book value, end of year	\$ 6,764,092	\$ 2,537,429	\$ 264,167	\$ 212,221	\$ 9,777,909

Construction in progress includes amounts paid to March 31, 2021, consisting of costs incurred in connection with a gas station project and a community energy project.

<b>March 31, 2020</b>	Buildings	Infrastructure	Equipment & automotive	Construction in progress	Total
<b>Cost:</b>					
Balance, 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
<b>Accumulated amortization:</b>					
Balance, beginning of year	956,247	414,652	603,584	-	1,974,483
Amortization	236,356	108,512	72,426	-	417,294
Balance, end of year	1,192,603	523,164	676,010	-	2,391,777
Net book value, end of year	\$ 6,991,306	\$ 2,642,847	\$ 247,682	\$ -	\$ 9,881,835

# YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

## 10. Accumulated surplus:

	2021	2020
Financial surplus:		
Unrestricted operating surplus	\$ 3,492,371	\$ 3,739,169
Internally restricted surplus (note 11)	19,296,731	10,691,914
	22,789,102	14,431,083
Invested in tangible capital assets (note 12)	9,169,080	9,245,515
Externally restricted surplus (note 13)	757,409	752,981
	\$ 32,715,591	\$ 24,429,579

## 11. Internally restricted surplus:

	Beginning balance	Contributions	Interest	Approved expenses	Ending balance
Cultural reserve	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000
Forestry reserve	340,000	975,000	1,505	-	1,316,505
Gaming reserve	295,198	300,437	1,406	-	597,041
General reserve	6,016,667	7,248,832	16,146	(105,999)	13,175,646
Health reserve	484,000	80,000	597	-	564,597
Lands reserve	2,929,264	-	13,036	-	2,942,300
Taxation reserve	596,785	56,000	1,957	-	654,742
Housing reserve	-	15,900	-	-	15,900
	\$ 10,691,914	\$ 8,676,169	\$ 34,647	\$ (105,999)	\$ 19,296,731

# YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

## 12. Invested in tangible capital assets:

(a) Investment in tangible capital assets:

	2021	2020
Tangible capital assets	\$ 9,777,909	\$ 9,881,835
Less financed by:		
Term debt	(608,829)	(636,320)
	\$ 9,169,080	\$ 9,245,515

(b) Change in invested in tangible capital assets:

	2021	2020
Balance, beginning of year	\$ 9,245,515	\$ 7,461,302
Amortization of tangible capital assets	(461,092)	(417,294)
Acquisition of tangible capital assets	357,166	2,174,656
Repayment of term debt	27,491	26,851
Balance, end of year	\$ 9,169,080	\$ 9,245,515

# YAQIT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

## 13. Externally restricted surplus:

	Beginning balance	Contributions	Interest	Approved transfers	Ending balance
ISC					
Capital	\$ 91,012	\$ -	\$ -	\$ -	\$ 91,012
Revenue	106,017	472	2,303	-	108,792
	197,029	472	2,303	-	199,804
Nolan Settlement Trust	555,952	-	1,653	-	557,605
	\$ 752,981	\$ 472	\$ 3,956	\$ -	\$ 757,409

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·knuqti'it is generally permitted to use for a purpose that will promote the general progress and welfare of Yaqit ?a·knuqti'it and Band members. The management of the funds is primarily governed by the sections of the Indian Act.

# YAQIT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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## 14. Related party transactions:

- (a) Yaqit ?a·knuqti'it 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 \$197,859 (2020 - \$120,895). Taxation and transfer under agreement expense includes a \$50,574 (2020 - \$50,000) transfer to Ktunaxa Nation Council.
- (b) Yaqit ?a·knuqti'it recognized rent revenue from Tobacco Plains Indian Band Development Corporation of \$157,534 (2020 - \$168,356).
- (c) Yaqit ?a·knuqti'it paid Nupqu Development Limited Partnership \$60,749 (2020 - \$32,745) for woodlot development costs and related services.
- (d) Yaqit ?a·knuqti'it recognized revenue from aqam of \$126,895 (2020 - \$63,444) related to the Canada Nature Fund 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.

## 15. Employee future benefits:

Yaqit ?a·knuqti'it 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 \$40,565 (2020 - \$30,629).

## 16. Financial risks and concentration of risks:

- (a) Government transfers:

Yaqit ?a·knuqti'it 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·knuqti'it'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·knuqti'it holds its cash and cash equivalents, with federally regulated chartered banks who are insured by the CDIC.

Yaqit ?a·knuqti'it has performed an analysis of the age of financial assets that are past due as at March 31, 2021 and has recorded a total allowance of \$206,833 (2020 - \$222,366) with respect to its accounts receivable balance based on the likelihood of ultimate collectibility.

# YAQIT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

## 16. Financial risks and concentration of risks (continued):

### (c) Liquidity risk:

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

<b>March 31, 2021</b>					
	On demand	Up to 1 year	Over 1 year	Total	
Accounts payable and accrued liabilities	\$ 394,259	\$ -	\$ -	\$	394,259
Term debt	-	27,992	580,837		608,829
Replacement reserve	38,640	-	-		38,640
	\$ 432,899	\$ 27,992	\$ 580,837	\$	1,041,728

  

<b>March 31, 2020</b>					
	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

### (d) Interest rate risk:

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

Yaqit ?a·knuqti'it is subject to interest rate risk with respect to its restricted cash and cash equivalents (note 2) and term debt (note 7). Yaqit ?a·knuqti'it manages interest rate risk through negotiations with lenders at origination or renewal of loan agreements.

# YAQIT ?A-KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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## 16. Financial risks and concentration of risks (continued):

- (e) Economic dependence and market conditions:

The COVID-19 pandemic did not have a significant impact on Yaqit ?a-knuqti'it's operations during the year ending March 31, 2021. The impact that COVID-19 will have on Yaqit ?a-knuqti'it'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 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.

## 17. Segmented information:

Segmented information has been identified based upon lines of service provided by Yaqit ?a-knuqti'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, 2021 summarized in Schedule 2.

- (a) Administration and Governance

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-knuqti'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-knuqti'it.

- (e) Community Revenue

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

# YAQIT ?A·KNUQTI'IT

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2021

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## 17. Segmented information (continued):

(f) Economic Development

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

(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·knuqti'it's land and resources.

(l) Language and Culture

Language and culture includes grant and other funding and expenses related to the advancement of Yaqit ?a·knuqti'it's language and culture.

(i) Municipal Services

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

(j) Social Development

Social Development provides social programs to members.

(k) Social Housing

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

(l) Taxation

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

# YAQIT ?A·KNUQTI'IT

## Schedule 1 - Consolidated Expenses by Object

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

	2021	2020
Accounting and legal	\$ 207,737	\$ 60,189
Amortization	461,092	417,294
Bad debts (recovery)	(13,941)	(12,900)
Contract services	40,449	13,364
Education	149,988	81,617
General and miscellaneous	147,984	297,143
Honouraria	121,966	131,749
Insurance	61,006	41,018
Interest and bank charges	16,133	17,036
Programming	627,053	490,163
Repairs and maintenance	157,863	142,758
Replacement reserve	5,400	5,400
Transfer under agreement	50,164	50,000
Social health and child benefits	317,020	351,318
Supplies	135,396	109,645
Telephone	15,315	12,718
Training	2,359	9,716
Travel	5,907	69,697
Utilities	24,261	25,865
Wages and benefits <sup>26</sup>	1,219,772	1,142,817
	<b>\$ 3,752,924</b>	<b>\$ 3,456,607</b>

# Yaqit ?aknuqti'it

## Schedule 2 - Segmented Information

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

Year ended March 31, 2021										
	Revenue				Expenses				Contributions to (from) other programs	Surplus (deficit)
	ISC	Other	Equity in earnings (loss) of business enterprises	Total	Amortization	Programming	Wages and benefits	Others	Total	
Administration and Governance	223,136	73,427	-	296,563	-	-	-	702,034	702,034	2
Capital	42,959	148,336	-	191,295	433,001	2,160	-	79,972	515,133	8,399
Community Health Services	-	556,921	-	556,921	-	112,528	233,034	61,359	406,921	(78,043)
Community Housing	-	101,259	-	101,259	-	11,275	22,328	53,189	86,792	7,175
Community Revenue	-	347,630	-	347,630	-	31,782	-	7,490	39,272	-
Economic Development	42,000	55,808	(100,542)	(2,734)	-	(92)	66,163	29,900	95,971	101,635
Education	292,251	250	-	292,501	-	64,850	19,819	181,130	265,799	(28,925)
Land and Resources	17,406	9,056,350	-	9,073,756	-	271,027	256,648	36,810	564,485	(406,418)
Language and Culture	-	92,090	-	92,090	-	-	51,446	30,253	81,699	(10,391)
Municipal Services	255,480	108,438	-	363,918	-	41,629	201,355	167,924	410,908	158,773
Social Development	361,558	49,621	-	411,179	-	-	83,724	324,952	408,676	(18,289)
Social Housing	-	60,122	-	60,122	28,091	-	-	30,119	58,210	(1,909)
Taxation	-	254,436	-	254,436	-	19,776	16,992	80,256	117,024	(135,589)
	1,234,790	10,904,688	(100,542)	12,038,936	461,092	554,935	951,509	1,785,388	3,752,924	(403,580)
										7,882,432

Year ended March 31, 2020										
	Revenue				Expenses				Contributions to (from) other programs	Surplus (deficit)
	ISC	Other	Equity in earnings (loss) of business enterprises	Total	Amortization	Programming	Wages and benefits	Others	Total	
Administration and Governance	\$ 240,503	\$ 177,168	\$ -	\$ 417,670	\$ -	\$ 56,737	\$ 246,812	\$ 350,173	\$ 653,723	\$ 238,374
Capital	1,058,043	791,827	-	1,849,870	389,692	4,269	-	-	393,961	419,078
Community Health Services	13,519	610,934	-	624,453	-	98,440	201,399	74,239	374,078	(58,470)
Community Housing	-	38,272	-	38,272	-	-	8,046	30,318	38,364	7,279
Community Revenue	-	385,063	-	385,063	-	64,343	-	17,036	81,379	(8,000)
Economic Development	15,000	52,463	186,642	254,105	-	33,859	92,445	18,501	144,805	277,441
Education	259,271	16,725	-	275,996	-	81,677	70,544	108,033	260,254	(15,742)
Land and Resources	-	4,538,094	-	4,538,094	-	126,566	256,707	205,924	589,197	(884,963)
Language and Culture	-	140,740	-	140,740	-	-	63,946	65,586	129,532	(11,109)
Municipal Services	120,521	5,332	-	125,853	-	7,062	121,111	102,268	230,441	192,201
Social Development	398,558	(9,193)	-	389,365	-	-	58,921	324,042	382,963	(3,121)
Social Housing	-	60,253	-	60,253	27,602	-	1,535	31,007	60,144	(1,500)
Taxation	-	278,852	-	278,852	-	17,210	21,350	79,206	117,766	(151,468)
	\$ 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