

Consolidated Financial Statements of

## **AKISQNUK FIRST NATION**

Year ended March 31, 2019

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Akisqnuq First Nation and all the information in this report are the responsibility of management and have been approved by Chief and Council.

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

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

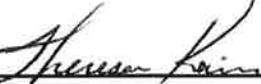
Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The elections for the positions of Chief and Council occur every two years. Individuals are elected for a term of four years, with elections staggered every two years.

Chief and Council review Akisqnuq's consolidated financial statements and recommend their approval. Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the First Nation's Members. In addition, Chief and Council also consider the engagement of Akisqnuq'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 First Nation's Members. KPMG LLP have full access to Chief and Council.

  
\_\_\_\_\_  
Chief

  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor

July 18, 2019



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#### INDEPENDENT AUDITORS' REPORT

To Chief and Council and Members of Akisqnu First Nation

##### *Opinion*

We have audited the accompanying consolidated financial statements of Akisqnu First Nation, which comprise:

- the consolidated statement of financial position as at March 31, 2019
- the consolidated statements of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, comprising a summary of significant accounting policies and other explanatory information.

(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 Akisqnu First Nation, as at March 31, 2019, 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 Akisqnu First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our 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.

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. KPMG Canada provides services to KPMG LLP.

***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 Akisqnuks First Nation'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 intends to liquidate or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing Akisqnuks First Nation'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 from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.  
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Akisqnuak First Nation'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 Akisqnuak First Nation'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 Akisqnuak First Nation 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 18, 2019

# AKISQNUK FIRST NATION

## Consolidated Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial Assets</b>		
Cash and cash equivalents (note 2)	\$ 1,613,955	\$ 4,418,442
Restricted cash and cash equivalents (note 2)	9,659,930	8,443,584
Accounts receivable (note 3)	1,710,528	1,198,621
Investments (note 4)	187,652	187,652
Investments in business enterprises (note 5)	(183,538)	432,900
	<u>12,988,527</u>	<u>14,681,199</u>

## Liabilities

Accounts payable and accrued liabilities	565,823	645,917
Deferred revenue (note 6)	691,719	1,199,832
Term debt (note 7)	2,719,523	1,672,814
	<u>3,977,065</u>	<u>3,518,563</u>

<b>Net financial assets</b>	<b>9,011,462</b>	<b>11,162,636</b>
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## Non-Financial Assets

Tangible capital assets (note 8)	13,259,379	7,334,088
Prepaid expenses and deposits	143,299	84,018
	<u>13,402,678</u>	<u>7,418,106</u>
<b>Accumulated surplus (note 9)</b>	<b>\$ 22,414,140</b>	<b>\$ 18,580,742</b>

Commitments (note 13)

See accompanying notes to consolidated financial statements.

On behalf of the Chief and Council:



Chief



Councillor



Councillor

# AKISQNUK FIRST NATION

## Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2019, with comparative information for 2018

	2019 Budget	2019	2018			
	(note 1(h))					
<b>Revenue:</b>						
Transfers from other governments:						
Indigenous Services Canada	\$ 1,357,379	\$ 1,450,401	\$ 1,540,360			
Province of British Columbia	643,900	2,413,608	1,914,495			
Ktunaxa Nation Council	132,725	87,630	74,163			
First Nations Health Authority	349,018	336,903	348,625			
Other First Nation funding agencies	78,489	55,658	74,724			
Grants	374,643	484,201	394,276			
Canada Mortgage and Housing Corporation	16,000	16,000	20,249			
First Nations Goods and Services Tax	503,999	502,040	379,052			
Property taxation	465,810	552,802	460,387			
Leases and rentals	883,445	808,311	869,552			
Interest and other	289,766	667,034	269,564			
Housing tenants - rent	36,900	41,325	44,500			
Impact Management and Benefit Agreement	373,234	690,120	62,735			
Eva Joseph Learning & Cultural Society	326,072	347,423	331,649			
<u>Equity in earnings of business enterprises (note 5)</u>	<u>-</u>	<u>101,434</u>	<u>48,030</u>			
	5,831,380	8,554,890	6,832,361			
<b>Expenses (Schedule 1):</b>						
Administration	690,802	727,535	717,614			
Business	4,800	29,190	4,099			
Campground	425,102	341,730	361,971			
Community facilities and maintenance	962,961	902,011	834,129			
Culture and language	46,542	46,180	48,669			
Economic development	231,262	271,838	142,444			
Education	223,135	349,019	358,668			
Governance	229,837	243,076	201,099			
Health	429,038	399,732	397,219			
Housing	272,300	255,446	222,159			
Indian registry and estates	14,436	179	29,174			
Land management	133,152	107,830	163,297			
Rights and title	100,096	196,502	116,043			
Social development	262,309	279,681	239,754			
Taxation	263,119	256,851	173,056			
Eva Joseph Learning & Cultural Society	325,555	313,309	344,317			
<u>Columbia Lake Recreation Society</u>	<u>-</u>	<u>1,383</u>	<u>-</u>			
	4,614,446	4,721,492	4,353,712			
<b>Surplus</b>	<b>\$ 1,216,934</b>	<b>3,833,398</b>	<b>2,478,649</b>			
Accumulated surplus, beginning of the year		18,580,742	16,102,093			
<b>Accumulated surplus, end of year</b>	<b>\$ 22,414,140</b>	<b>\$ 18,580,742</b>				

See accompanying notes to consolidated financial statements.

# AKISQNUK FIRST NATION

## Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2019, with comparative information for 2018

	2019 Budget	2019	2018
(note 1(h))			
Surplus	\$ 1,216,934	\$ 3,833,398	\$ 2,478,649
Changes to non-financial assets:			
Acquisition of tangible capital assets	(4,419,160)	(6,413,285)	(3,189,100)
Amortization of tangible capital assets	424,428	473,694	322,483
Net book value of tangible capital assets disposed of	-	14,300	-
	(3,994,732)	(5,925,291)	(2,866,617)
Net (acquisition) use of prepaid expenses and deposits	-	(59,281)	(36,135)
Decrease in net financial assets	\$ (2,777,798)	(2,151,174)	(424,103)
Net financial assets, beginning of year		11,162,636	11,586,739
Net financial assets, end of year	\$ 9,011,462	\$ 11,162,636	

See accompanying notes to consolidated financial statements.

# AKISQNUK FIRST NATION

## Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
<b>Cash provided by (used in):</b>		
Operating activities:		
Surplus	\$ 3,833,398	\$ 2,478,647
Adjustments for:		
Equity in earnings of business enterprises	(101,434)	(48,030)
Amortization	473,694	322,483
Loss on disposal of tangible capital assets	14,300	-
Change in non-cash operating items:		
Accounts receivable	(511,907)	(692,118)
Accounts payable and accrued liabilities	(80,092)	64,345
Deferred revenue	(508,113)	553,993
Prepaid expenses	(59,283)	(36,133)
	<u>3,060,563</u>	<u>2,643,187</u>
Financing activities:		
Proceeds from term debt	1,086,638	1,685,000
Repayment of term debt	(39,929)	(12,186)
	<u>1,046,709</u>	<u>1,672,814</u>
Capital activities:		
Acquisition of tangible capital assets	(6,413,285)	(3,189,100)
Investing activities:		
Increase in restricted cash and cash equivalents	(1,216,346)	(544,296)
Net distribution (to) from business enterprises	717,872	(43,019)
	<u>(498,474)</u>	<u>(587,315)</u>
Increase (decrease) in cash and cash equivalents	(2,804,487)	539,586
Cash and cash equivalents, beginning of year	4,418,442	3,878,856
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,613,955</b>	<b>\$ 4,418,442</b>
Supplemental cash flow information:		
Interest paid	\$ (64,530)	\$ (23,884)

See accompanying notes to consolidated financial statements.

# AKISNUK FIRST NATION

## Notes to Consolidated Financial Statements

Year ended March 31, 2019

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Akisqnuk First Nation ("Akisqnuk" or the "First Nation") is a Ktunaxa Nation Aboriginal Community located near Windermere, British Columbia. Akisqnuk is organized under the Indian Act of Canada and provides local government, education, and social development services to its members.

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

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

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

(a) Fund accounting:

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

(b) Reporting entity and basis of consolidation:

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

i) Consolidated entities:

These financial statements consolidate the assets, liabilities and results of operations of the following government not-for-profit organizations have been consolidated:

Eva Joseph Early Learning and Cultural Society  
Columbia Lake Recreation Society  
Akisqnuk Housing Society

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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

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

#### ii) Investment in government business enterprises:

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

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

Akisqnuk Natural Resources Corporation - 100% interest  
0910003 BC Ltd. - 100% interest

Akisqnuk's government business partnership investment consists of the following partnership:

Akisqnuk Resources Limited Partnership - 99.99% interest

#### iii) Investments:

Investments in entities in which Akisqnuk 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.

### (c) Cash and cash equivalents:

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

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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

### (d) Revenue recognition:

Government transfers, grants and subsidy revenue are recognized as Akisqnuk 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 with stipulations that give rise to an obligation, are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Leases and rentals and interest revenue are recognized on a monthly basis as income is earned and when collection is reasonably assured. Property and First Nation Goods and Service tax revenues are recognized at the time the taxes are levied and collected.

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

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

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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

### (e) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Interest costs during construction are not capitalized. 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, on a straight line basis, over their expected useful lives as follows:

Buildings	4%
Infrastructure	4%
Equipment, Computer and	
Automotive	20-55%

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When management determines that a tangible capital asset no longer contributes to Akisqnuks 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 Akisqnuks, such as land, forests, water, natural resources and cultural and historic assets, are not recognized in Akisqnuks consolidated 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.

# AKISQNUK FIRST NATION

## Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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

#### (g) Financial instruments:

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. Instruments classified as fair value instruments include investments in equity instruments that are quoted in an active market, and any other items elected by Akisqnuuk 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, 2019, Akisqnuuk does not have any significant financial instruments that required or were elected to be recorded at fair value. Accordingly a statement of remeasurement gain (loss) has not been presented.

#### (h) Budget data:

The budget data presented in these consolidated financial statements have been derived from the budgets approved by Akisqnuuk's Chief and Council on April 11, 2018 and April 25, 2018.

#### (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, Akisqnuuk 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, 2019, Akisqnuuk did not have any significant contaminated site liabilities.

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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

### (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. Akisqnuuk has determined the most appropriate basis for classifying segments is by program. Segmented disclosures are provided in note 16 and Schedule 2 to the consolidated financial statements.

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

Akisqnuuk maintains its cash balance in two financial institutions in British Columbia. The majority of funds are held in a credit union. The Credit Union Deposit Insurance Corporation of British Columbia provides a guarantee on all money on deposit with a BC Credit Union.

	2019	2018
<b>Internally restricted:</b>		
Impact Management and Benefits Agreement ("IMBA")	\$ 3,231,159	\$ 2,537,729
Amounts due to members	15,711	17,965
<b>Externally restricted:</b>		
Trust Funds on deposit with Indigenous Services Canada ("ISC")	6,413,060	5,887,890
	<hr/> \$ 9,659,930	<hr/> \$ 8,443,584

Amounts due to members relates to amounts held by the First Nation in respect of a 2011 signing bonus for each of Akisqnuuk's members. The balance as at March 31, 2019, in restricted cash and accounts payable and accrued liabilities, represents amounts held by the First Nation for members under the age of 18.

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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### 3. Accounts receivable:

	2019	2018
ISC	\$ -	\$ 306,524
Province of British Columbia	- -	137,620
Columbia Basin Trust	284,539	315,000
Other aboriginal funding agencies	384,093	121,103
First Nations Goods and Services Tax	300,142	123,985
Canada Mortgage and Housing Corporation	16,000	4,323
Union of BC Municipalities	203,475	-
Regional District of East Kootenay	240,000	-
First Nations Finance Authority, debt reserve fund	101,846	84,250
Band members	117,019	118,574
Other	156,758	28,647
	1,803,872	1,240,026
Less allowance for doubtful accounts	(93,344)	(41,405)
	\$ 1,710,528	\$ 1,198,621

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

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 4. Investments:

	2019	2018
Ktunaxa Enterprises Ltd. ("KEL"), shares, at cost	\$ 1	\$ 1
Ktunaxa Holdings Limited Partnership ("KHLP"), limited partnership interest	148,555	148,555
SEM Holdings Ltd. ("SHL"), shares, at cost	20	20
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, 38,510 Class A common shares	38,510	38,510
Sun Life Financial Inc., shares, at cost	564	564
	\$ 187,652	\$ 187,652

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

Akisqnuk holds 20% limited partnership interest in KHLP, in which KEL is the general partner. Akisqnuk's investment is recorded at cost from April 1, 2017 as Akisqnuk does not control or jointly control KHLP's operations or assets. Akisqnuk records earnings from its investment in KHLP based on cash distributions of limited partnership earnings received. To March 31, 2019, Akisqnuk has not received any limited partnership distributions from KHLP. Subsequent to March 31, 2019, Akisqnuk invested \$500,000, by way of a partnership contribution, in KHLP.

Akisqnuk's investment in SHL consists of 20% beneficial interest in one common share. SHL's assets, at March 31, 2019, include a 33% share of the SEM Resort Limited Partnership. As Akisqnuk, through its investment, does not control or jointly control SHL, the investment has been recorded using the cost method.

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

Akisqnuk's investment in SEMHL consists of 20% beneficial interest in one common share. SEMHL's primary assets, at March 31, 2019, include a 100% share of SHL. As Akisqnuk, through its investment, does not control or jointly control SHL, the investment has been recorded using the cost method.

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 5. Investments in business enterprises:

	2019	2018
Government business enterprises	\$ 1,045	\$ 1,028
Government business limited partnerships	(184,583)	431,872
	\$ (183,538)	\$ 432,900

The change in Akisqnuks investment in business enterprises consists of the following:

	2019	2018
Equity in earnings of business enterprises	\$ 101,434	\$ 48,030
Net advances to (from) business enterprises	(717,872)	43,019
	\$ (616,438)	\$ 91,049

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

(i) Akisqnuks investments in its wholly-owned incorporated entities is summarized as follows:

	2019	2018
Akisqnuk Natural Resource Corporation:		
Investment in shares, at cost	\$ 1	\$ 1
Accumulated equity in earnings	43	26
	44	27
091003 BC Ltd.:		
Investment in shares, at cost	1	1
Advances	1,000	1,000
	1,001	1,001
	\$ 1,045	\$ 1,028

### Akisqnuk Natural Resource Corporation:

Akisqnuk Natural Resource Corporation is the general partner for Akisqnuk Resource a Limited Partnership in which it holds a 0.01% interest.

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 5. Investments in business enterprises:

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

0910003 BC Ltd.:

As at March 31, 2019, 0910003 BC Ltd. had not commenced significant operations.

The fiscal year end of the GBES is March 31 and the financial information provided below is as at and for the periods ended March 31, 2019, with comparative information for the periods ended March 31, 2018.

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

2019	Akisqnu Natural Resource Corporation	0910003 BC Ltd.
<b>Balance sheet information:</b>		
Assets	\$ 44	\$ 1,001
Shareholder's equity	44	1,001
<b>Results of operations:</b>		
Revenue	17	-
Net earnings	17	-
2018	Akisqnu Natural Resource Corporation	0910003 BC Ltd.
<b>Balance sheet information:</b>		
Assets	\$ 27	\$ 1,001
Shareholder's equity	27	1,001
<b>Results of operations:</b>		
Revenues	16	-
Net earnings	16	-

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 5. Investments in business enterprises:

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

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

	2019	2018
Akisqnuk Resources Limited Partnership:		
Net contributions (distributions)	\$ (334,003)	\$ 383,869
Net equity in earnings	149,420	48,003
Partnership equity interest	\$ (184,583)	\$ 431,872

Pursuant to an agreement dated January 15, 2013 Akisqnuk and Akisqnuk Natural Resources Corporation formed a limited partnership, Akisqnuk Resources Limited Partnership in which Akisqnuk is a limited partner holding 99.99% of units.

The fiscal year end of the GBP is March 31 and the financial information provided below is as at and for the periods ended March 31, 2019, with comparative information for the periods ended March 31, 2018.

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

	2019	2018
Balance sheet information:		
Assets	\$ 164,691	431,888
Liabilities	349,217	-
Partnership equity (deficiency)	(184,526)	431,888
Results of operations:		
Revenues	668,434	271,385
Expenses	567,000	113,838
Net earnings	101,434	157,547

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 6. Deferred revenue:

	2019	2018
ISC	\$ 39,293	\$ 291,205
Columbia Basin Trust	24,397	354,203
Lease and rental	501,503	517,265
Grants and other	126,526	37,159
	<hr/> <b>\$ 691,719</b>	<hr/> <b>\$ 1,199,832</b>

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

	2019	2018
Balance beginning of year	\$ 1,199,832	\$ 663,439
Contributions received in the year	779,021	1,282,408
Amounts recorded in revenue	(1,287,134)	(746,015)
<hr/> Balance, end of year	<hr/> <b>\$ 691,719</b>	<hr/> <b>\$ 1,199,832</b>

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 7. Term debt:

	2019	2018
Promissory note loans, repayable in total monthly installments of \$10,032, including interest ranging from 3.41% to 3.65%, due December 2027 to June 2028	\$ 1,947,885	\$ 1,672,814
Mortgages, secured by a Ministerial Guarantee from ISC, bearing interest at 1.91% repayable in monthly instalments of \$4,271 including interest starting July 2019, due June 2024.	771,638	-
	<hr/> <u>\$ 2,719,523</u>	<hr/> <u>\$ 1,672,814</u>

Interest on term debt for the year totaled \$69,795 (2018 - \$23,884) and is included in the Taxation program expense and interest and bank charges (Schedule 1).

The promissory note loans were borrowed from the First Nations Finance Authority ("FNFA") and are secured by a council resolution on August 24, 2017 and July 25, 2018. Under the terms of the borrowing arrangements with FNFA, secured revenues supporting principal and interest payments are first deposited into a secured revenue trust account and then distributed to FNFA and Akisqnu. In connection with the borrowing arrangement, FNFA retains and holds cash and investments, on behalf of Akisqnu, in a debt reserve fund as security for future loan repayments. The balance in the debt reserve fund is paid to Akisqnu on settlement of the outstanding loans. As at March 31, 2019, Akisqnu's debt reserve fund balance was \$101,846 (2018 - \$84,250) (note 3).

Scheduled principal payments and maturity on term debt for the next five years as follows:

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2020	\$ 76,718
2021	87,199
2022	89,731
2023	92,387
2024	<hr/> <u>95,090</u>

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

## 8. Tangible capital assets:

March 31, 2019	Land and Buildings	Infrastructure	Equipment, Computer & Automotive	Construction in Progress	Total
<b>Cost:</b>					
Beginning of year	\$ 4,715,229	\$ 5,337,344	\$ 480,856	\$ 2,637,417	\$ 13,170,846
Acquisitions	192,594	13,845	58,645	6,148,201	6,413,285
Disposals	(55,000)	-	-	-	(55,000)
Transfers	5,470,273	1,848,638	-	(7,318,911)	-
End of year	10,323,096	7,199,827	539,501	1,466,707	19,529,131
<b>Accumulated amortization:</b>					
Beginning of year	3,045,765	2,350,802	440,191	-	5,836,758
Amortization	234,374	220,970	18,350	-	473,694
Disposals	(40,700)	-	-	-	(40,700)
End of year	3,239,439	2,571,772	458,541	-	6,269,752
<b>Net book value, end of year</b>	<b>\$ 7,083,657</b>	<b>\$ 4,628,055</b>	<b>\$ 80,960</b>	<b>\$ 1,466,707</b>	<b>\$ 13,259,379</b>

Construction in progress includes \$257,768 for a water reservoir, and \$1,208,939 for housing.

March 31, 2018	Land and Buildings	Infrastructure	Equipment, Computer & Automotive	Construction in Progress	Total
<b>Cost:</b>					
Beginning of year	\$ 4,523,318	\$ 4,998,658	\$ 459,770	\$ -	\$ 9,981,746
Acquisitions	191,911	338,686	21,086	2,637,417	3,189,100
Disposals	-	-	-	-	-
End of year	4,715,229	5,337,344	480,856	2,637,417	13,170,846
<b>Accumulated amortization:</b>					
Beginning of year	2,926,089	2,161,615	426,571	-	5,514,275
Amortization	119,676	189,187	13,620	-	322,483
Disposals	-	-	-	-	-
End of year	3,045,765	2,350,802	440,191	-	5,836,758
<b>Net book value, end of year</b>	<b>\$ 1,669,464</b>	<b>\$ 2,986,542</b>	<b>\$ 40,665</b>	<b>\$ 2,637,417</b>	<b>\$ 7,334,088</b>

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

## 9. Accumulated surplus:

	2019	2018
<b>Financial surplus:</b>		
Unrestricted operating surplus	\$ 2,214,354	\$ 4,475,884
Internally restricted surplus (note 10)	3,246,870	2,555,694
Invested in tangible capital assets (note 11)	10,539,856	5,661,274
Externally restricted surplus (note 12)	6,413,060	5,887,890
	<b>\$ 22,414,140</b>	<b>\$ 18,580,742</b>

## 10. Internally restricted surplus:

	Beginning balance	Contributions	Interest	Approved Expenses	Ending Balance
IMBA	\$ 2,537,729	\$ 690,120	\$ 3,310	\$ -	\$ 3,231,159
Amounts due to members	17,965	-	146	(2,400)	15,711
	<b>\$ 2,555,694</b>	<b>\$ 690,120</b>	<b>\$ 3,456</b>	<b>\$ (2,400)</b>	<b>\$ 3,246,870</b>

## 11. Invested in tangible capital assets:

### (a) Investment in tangible capital assets:

	2019	2018
Tangible capital assets	\$ 13,259,379	\$ 7,334,088
Less financed by:		
Term debt	(2,719,523)	(1,672,814)
	<b>\$ 10,539,856</b>	<b>\$ 5,661,274</b>

### (b) Change in invested in tangible capital assets:

	2019	2018
Balance, beginning of year	\$ 5,661,274	\$ 4,467,471
Acquisition of tangible capital assets	6,413,285	3,189,100
Amortization of tangible capital assets	(473,694)	(322,483)
Net book value of tangible capital assets disposed of	(14,300)	-
Proceeds from term debt	(1,086,638)	(1,685,000)
Repayment of term debt	39,929	12,186
 Balance, end of year	 <b>\$ 10,539,856</b>	 <b>\$ 5,661,274</b>

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 12. Externally restricted surplus:

Trust funds on deposit with ISC consist of the following:

	Beginning balance	Contributions	Interest	Approved Transfers	Ending Balance
Capital	\$ 34,544	\$ -	\$ -	\$ -	\$ 34,544
Revenue	5,853,346	388,282	136,888	-	6,378,516
	\$ 5,887,890	\$ 388,282	\$ 136,888	\$ -	\$ 6,413,060

The Trust Funds 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, which is usually permitted for a purpose that will promote the general progress and welfare of Akisqnuk and Akisqnuk members. The management of the funds is primarily governed by sections of the Indian Act.

## 13. Commitments:

In January 2018, Akisqnuk entered into an agreement with the other Ktunaxa Nation communities to share in the legal costs related to the opposition of the Jumbo Glacier Resort development project proposed in the Qat'muk land region with a remaining commitment of \$100,164 as at March 31, 2019.

The total expenditure commitment for the next two years is as follows:

2020	\$ 50,000
2021	\$ 50,164
	\$ 100,164

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 14. Related party transactions:

Akisqnuk is one of four communities that comprise the Ktunaxa Nation. Transactions with the Ktunaxa Nation Council during the year included funding received of \$87,630 (2018 - \$74,163).

Lease revenue includes \$20,190 (2018 - \$18,824) from Ktunaxa Kinbasket Child and Family Services Society, a Ktunaxa Nation entity.

ARLP paid Akisqnuk \$66,360 (2018 - \$nil) in administration fees, which has been recorded as a reduction of administration expenses.

Various grants totaling \$22,506 were granted to various members of Chief and Council.

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:

Akisqnuk matches employee contributions to a defined contribution plan, which is administered by the Great West Life Assurance Company. The total pension expense, representing employer contributions to the plan, for the year was \$67,701 (2018 - \$65,503).

## 16. Financial risks and concentration of risks:

### (a) Credit risk:

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

### (b) Interest rate and cash flow risk:

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

For the year ended March 31, 2019, Akisqnuk's interest on its term debt was not subject to significant interest rate risk. Akisqnuk manages interest rate risk through negotiations with lenders at origination or renewal of loan agreements.

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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

### (c) Liquidity risk:

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

Akisqnuuk is subject to non-financial covenants and restrictions in relation to its term debt. As at March 31, 2019, Akisqnuuk was in compliance with these covenants and restrictions.

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

	2019			
	On demand	Up to 1 year	Over 1 year	Total
Accounts payable and accrued liabilities	\$ 570,045	\$ -	\$ -	\$ 570,045
Term debt	-	52,673	2,666,850	2,719,523
	\$ 570,045	\$ 52,673	\$ 2,666,850	\$ 3,289,568
	2018			
	On demand	Up to 1 year	Over 1 year	Total
Accounts payable and accrued liabilities	\$ 645,917	\$ -	\$ -	\$ 645,917
Term debt	-	28,800	1,644,014	1,672,814
	\$ 645,917	\$ 28,800	\$ 1,644,014	\$ 2,318,731

### (d) Economic dependence:

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

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 17. Segmented information:

Akisqnuk provides a variety of services to community members and receives funding from various federal and provincial government agencies to support the delivery of these services. Segmented reporting by program is used to account for the scope and significance of each service. Certain lines of service that have been separately disclosed and are summarized below, with activity for the year ended March 31, 2019 summarized in schedule 2.

### (a) Administration

Administration is responsible for overall governance and delivery of core operations, such as daily office procedures, as well as for advisory services and professional and institutional development.

### (b) Business

Business includes various business projects and endeavours undertaken by the First Nation.

### (c) Campground

Campground consists of the operation of the Lakeshore Resort Campground.

### (d) Community facilities and maintenance

Community facilities and maintenance is responsible for the construction, acquisition, operations and maintenance of community infrastructure. This includes water supply, wastewater treatment and community buildings.

### (e) Culture and language

Culture and language includes programs, learning resources and events to celebrate, raise awareness of, and preserve Aboriginal arts, culture and heritage.

### (f) Economic development

Economic development is a policy intervention endeavour with aims of economic and social well being of people. Economic development includes Akisqnuk's business operations not assigned to a business enterprise.

### (g) Education

Education assists students with receiving secondary and post secondary quality education that provides them with the opportunity to acquire the skills needed to enter the labour market and be full participants in a strong Canadian economy.

### (h) Governance

Governance includes costs related to Chief and Council's governance of the First Nation's operations, including operating, structure and other related costs.

# AKISQNUK FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## 17. Segmented information (continued):

### (i) Health

Health's focus is assisting Akisqnuks members to improve their health and social well being. The First Nation is responsible for safe water supplies on reserve and providing a range of Health programs including education, early childhood development, elder care, nutrition, diabetes, drug and alcohol support, and help for persons with disabilities.

### (j) Housing

Housing includes the First Nations activities to increase the supply of safe and affordable housing through repairs of current homes and the development of new housing.

### (k) Indian registry and estates

Indian registry and estates is responsible for the maintenance of Akisqnuks member list and issuance of status cards.

### (l) Land management

Lands management provides a variety of program support, service and advice to Akisqnuks members with respect to a range of lands related matters.

### (m) Rights and title

Rights and title includes seeking opportunities to expand economic opportunities for the community.

### (n) Social development

Akisqnuks supports five social programs. With the goal of assisting members to become more self-sufficient; protect individuals and families at the risk of violence; provide prevention supports that allow individuals and families to better care for their children; and support greater participation in the labour market.

### (o) Taxation

Akisqnuks collects property taxes related to their community land. Taxation includes operations and expenses related to the collection of property and other taxes.

### (p) Eva Joseph Learning & Cultural Society

The program consists of the operations of the Eva Joseph Learning & Cultural Society.

### (q) Columbia Lake Recreation Society

The program consists of the operations of the Columbia Lake Recreation Society.

# **AKISQNUK FIRST NATION**

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2019

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## **18. Comparative figures:**

Certain 2018 comparative figures have been reclassified to conform with the consolidated financial statement presentation adopted for the current year.

# AKISQNUK FIRST NATION

## Schedule 1 - Consolidated Expenses by Object

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Amortization and loss on disposal of tangible capital assets	\$ 487,994	322,483
Bad debts	90,251	1,914
Donations and culture	161,494	95,266
Honouraria	125,068	108,206
Insurance	62,618	48,539
Interest and bank charges	80,958	32,924
Materials and supplies	102,255	94,788
Office and general	130,489	236,404
Program costs	78,522	98,314
Professional development	17,879	20,202
Professional fees	383,902	382,918
Repairs and maintenance	201,248	240,757
Social programs	223,831	163,427
Telephone and utilities	176,620	165,462
Travel	113,524	73,492
Tuition and education	305,069	308,605
Salaries and benefits	1,979,770	1,960,011
	<b>\$ 4,721,492</b>	<b>\$ 4,353,712</b>

# Akisq'nuk First Nation

Schedule 2 - Segmented Information

## Schedule 2 - Segmented Information

Year ended March 31, 2019, with comparative information for 2018

Year ended March 31, 2019		Revenue				Expenses				Surplus (deficit)	
	ISC	Equity in earnings of business enterprises	Other	Total	Amortization and loss on disposal	Other	Total	Contributions to (from) other programs	Total		
Administration	\$ 335,812	\$ 101,424	\$ 19,329	\$ 355,141	\$ 640,595	\$ 29,190	\$ 727,535	\$ 602,805	\$ 230,411		
Business	-	-	559,161	-	410,566	341,730	29,190	(70,697)	540,708		
Campground	-	-	410,566	-	410,566	456,501	902,011	(41,057)	27,779	(244,037)	
Community facilities and maintenance	387,637	-	343,445	731,082	445,510	-	-	(73,108)	-	2,603	
Culture and language	-	-	54,203	-	54,203	46,180	271,838	(49,606)	174,616		
Economic development	14,068	-	481,992	-	496,060	-	349,019	(36,999)	(16,027)	(216,405)	
Education	366,259	-	3,732	369,991	-	-	243,076	(2,963)	-	(60,038)	
Governance	-	-	29,634	29,634	-	-	399,732	(37,744)	(59,854)		
Health	-	-	377,438	377,438	-	-	217,325	255,446	(21,733)		
Housing	-	-	217,325	-	-	-	5,375	179	(538)	4,658	
Indian registry and estates	5,000	-	375	-	-	-	69,294	107,830	(17,165)	80,399	
Land management	136,100	-	-	205,394	-	-	3,009,836	196,502	(150,492)	2,662,842	
Rights and title	-	-	-	3,009,836	-	-	31,111	279,681	(22,377)	(65,422)	
Social development	205,525	-	-	236,636	-	-	1,068,191	36,973	219,878	256,851	
Taxation	-	-	-	1,068,191	5,511	347,423	-	307,798	313,309	(72,906)	
Eva Joseph Learning & Cultural Society	-	-	-	-	-	-	-	-	-	34,114	
Columbia Lake Recreation Society	-	-	-	-	-	-	-	-	-	(1,383)	
	\$ 1,450,401	\$ 101,434	\$ 7,003,055	\$ 8,554,890	\$ 487,994	\$ 4,233,498	\$ 4,721,492	\$ -	\$ 3,833,398		

**Akisq'nuk First Nation**  
Schedule 2 - Segmented Information

Year ended March 31, 2019, with comparative information for 2018

Year ended March 31, 2019		Revenue			Expenses			Contributions to (from) other programs		Surplus (deficit)	
		ISC	Equity in earnings of business enterprises	Other	Total	Amortization and loss on disposal	Other	Total	(from) other programs		
Administration	\$ 252,561	\$ 16,461	\$ 269,022	\$ 717,614	\$ 533,770	\$ 85,178					
Business		48,030	579,152	627,182	4,099	4,099					
Campground		-	473,115	473,115	361,971	361,971					
Community facilities and maintenance	141,906	-	360,730	322,483	511,646	634,129					
Culture and language	-	-	27,251	-	48,669	48,669					
Economic development	229,087	-	157,195	386,282	-	142,444	142,444				
Education	259,677	-	27,009	286,686	-	358,668	358,668				
Governance	50,225	-	4,950	55,175	-	201,098	201,098				
Health	-	-	392,459	382,459	-	397,219	397,219				
Housing	321,214	-	160,749	481,963	-	222,159	222,159				
Indian registry and estates	30,000	-	325	30,325	-	29,174	29,174				
Land management	121,100	-	80,716	201,816	-	163,297	163,297				
Rights and title	-	-	1,824,997	1,824,997	-	116,043	116,043				
Social development	134,590	-	38,070	172,660	-	239,754	239,754				
Taxation	-	-	921,049	921,049	-	173,056	173,056				
Eva Joseph Learning & Cultural Society	-	-	331,649	4,918	339,399	344,317					
	\$ 1,540,360	\$ 48,030	\$ 5,243,971	\$ 6,832,361	\$ 327,401	\$ 4,026,311	\$ 4,353,712	\$ -	\$ -		\$ 2,478,649

