

LYTTON FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

LYTTON FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS March 31, 2022

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2022

The accompanying consolidated financial statements of Lytton First Nation and all the information in this annual report for the year ended March 31, 2022 are the responsibility of management and have been approved by the Chief and Council.

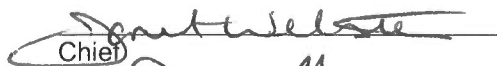
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen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


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


The Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

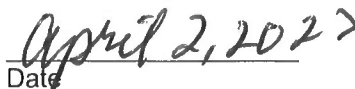
The Council reviews the Nation's financial statements and recommends their approval. The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. The Council approves the financial statements for issuance to the Members. The Council also considers, for review and approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by Reid Hurst Nagy Inc., Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Members. Reid Hurst Nagy Inc. has full access to the books and records of the Nation. Reid Hurst Nagy Inc. has full and free access to the Council for information purposes.


Chief


Councillor


Date


Date

Independent Auditors' Report

To the Members of
Lytton First Nation

Qualified Opinion

We have audited the consolidated financial statements of Lytton First Nation ("the First Nation"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2022, and the results of its consolidated operations, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Qualified Opinion

As described in note 17, a wildfire occurred in the Lytton First Nation community on June 30, 2021. The administration office of the First Nation was lost in the fire, along with accounting records up to the date of the fire.

Due to the wildfire noted above, the First Nation received donation revenue, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Lytton First Nation. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, annual surplus, and cash flows from operations for the year ended March 31, 2022, current assets as at March 31, 2022, and net assets as at March 31, 2022.

We were unable to obtain supporting documentation for miscellaneous revenue in the total amount of \$1,570,564. Accordingly, verification of these revenues was limited to the amounts deposited into the bank account of the First Nation. Therefore, we were not able to determine whether any adjustments might be necessary to miscellaneous revenue, annual surplus, and cash flows from operations for the year ended March 31, 2022, current assets as at March 31, 2022, and net assets as at March 31, 2022.

We cannot attest to the existence or accuracy of expenses due to the extensive unavailability of the corresponding invoices. We were able to trace the payments through the bank account but we were not able to review supporting documentation, as it was lost in the fire, and therefore unable to obtain satisfactory audit verification of expenses. Therefore, we were not able to determine whether any adjustments might be necessary to expenses, annual surplus, and cash flows from operations for the year ended March 31, 2022, current liabilities as at March 31, 2022, and net assets as at March 31, 2022.

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 Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 significant doubt on the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.
April 2, 2023

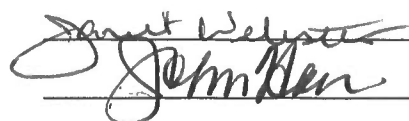
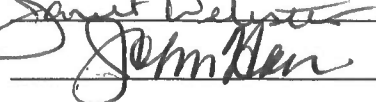
LYTTON FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash	\$ 24,073,180	\$ 7,880,408
Restricted cash (Note 4)	2,118,681	2,083,833
Accounts receivable (Note 5)	7,760,652	561,213
Rent receivable (Note 6)	390,589	561,492
Loans receivable (Note 7)	128,436	128,436
Long-term investments (Note 8)	211,638	203,988
	34,683,176	11,419,370
LIABILITIES		
Accounts payable (Note 10)	7,110,447	1,436,733
Deferred revenue (Note 11)	2,153,367	255,310
Long-term debt (Note 13)	2,404,843	2,194,885
Replacement Reserve Fund (Note 12)	393,823	361,304
	12,062,480	4,248,232
NET FINANCIAL ASSETS	22,620,696	7,171,138
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 16)	40,160,857	30,346,562
Prepaid expenses	163,345	187,522
	40,324,202	30,534,084
ACCUMULATED SURPLUS (Note 14)	\$ 62,944,898	\$ 37,705,222

APPROVED ON BEHALF OF THE LYTTON FIRST NATION

 Chief
 Councillor

LYTTON FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31, 2022

	2022 Budget	2022 Actual	2021
EXCESS OF REVENUE OVER EXPENDITURES	\$ (225,206)	\$ 25,239,676	\$ 3,780,726
Acquisition of tangible capital assets	(437,583)	(11,369,936)	(437,586)
Amortization of tangible capital assets	949,518	949,518	870,453
Capital assets destroyed in wildfire	-	606,123	-
	-	(9,814,295)	432,867
Acquisition of prepaid asset	(163,345)	(163,345)	(187,522)
Use of prepaid asset	187,522	187,522	87,906
	24,177	24,177	(99,616)
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(201,029)	15,449,558	4,113,977
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	7,171,138	3,057,161
NET FINANCIAL ASSETS AT END OF YEAR	\$ -	\$ 22,620,696	\$ 7,171,138

LYTTON FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31, 2022

	2022 Budget	2022 Actual	2021 Actual
REVENUE			
Indigenous Services Canada	\$ 4,547,386	\$ 37,128,953	\$ 11,593,985
BC First Nations Gaming revenue	-	446,221	789,704
BC Hydro	70,259	70,259	70,259
Canada Mortgage and Housing Corporation	157,155	166,940	514,563
Community Partners - Legal Aid	-	27,819	20,411
Department of Justice	85,580	132,582	85,580
Equipment rental	-	5,343	11,460
First Nations Health Authority	1,042,120	1,542,490	1,672,671
First Nations Land Management	-	10,000	28,129
First Nations Education Steering Committee	-	352,265	377,259
Miscellaneous	37,400	812,705	579,498
Interest income	-	133,194	54,021
Province of British Columbia	85,580	2,211,421	312,377
Rental Income	326,792	290,686	471,901
Share of income (loss) from First Nation controlled entities	-	5,803	2,909
Taxation	-	500	-
Works program	14,847	1,520	13,727
Other	(11,644)	5,488,991	631,665
	6,355,475	48,827,692	17,230,119
EXPENDITURES			
Band Programs	2,129,184	10,008,429	3,718,075
Education	870,358	5,392,625	3,719,716
Social Development / Health	3,028,396	3,381,879	3,958,970
Capital Programs	-	2,946,590	869,152
Job Creation	217,202	185,737	255,216
Social Housing Fund	334,832	249,152	272,427
Capital Fund	-	817,481	728,357
	6,579,972	22,981,893	13,521,913
ANNUAL DEFICIT BEFORE OTHER	(225,206)	25,845,799	3,708,206
OTHER			
Capital assets destroyed in wildfire	-	(606,123)	-
Proceeds from sale of assets	-	-	72,000
Transfer from (to) deferred revenue	-	-	520
	-	(606,123)	72,520
EXCESS OF REVENUE OVER EXPENDITURES	(225,206)	25,239,676	3,780,726
EQUITY AT BEGINNING OF YEAR	-	37,705,222	33,924,496
EQUITY AT END OF YEAR	\$ (225,206)	\$ 62,944,898	\$ 37,705,222

LYTTON FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2022

	2022	2021
OPERATING ACTIVITIES		
EXCESS OF REVENUE OVER EXPENDITURES	\$ 25,239,676	\$ 3,780,726
Items not affecting cash		
Amortization	949,518	870,453
Share of loss of First Nation controlled entities	(7,650)	(2,909)
Capital assets destroyed in wildfire	606,123	-
	26,787,667	4,648,270
Change in non-cash operating working capital	599,931	(755,415)
	27,387,598	3,892,855
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(11,369,936)	(437,586)
FINANCING ACTIVITIES		
Principal repayment of capital asset loan	(23,801)	(39,414)
Proceeds from long-term debt	365,796	-
Repayment of Social Housing Fund long-term debt	(132,037)	(142,093)
	209,958	(181,507)
INVESTING ACTIVITIES		
Change in restricted cash	(34,848)	(23,674)
INCREASE IN CASH AND CASH EQUIVALENTS	16,192,772	3,250,088
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	7,880,408	4,630,320
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 24,073,180	\$ 7,880,408

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The Lytton First Nation reporting entity includes the Lytton First Nation government and all related entities that are controlled by the First Nation.

(b) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business, which are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Lytton First Nation's investment in the government business and the business' net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Lytton First Nation.

Segments consolidated in Lytton First Nation's financial statements include:

1. Lytton First Nation Operating Fund
2. Lytton First Nation Social Housing Fund
3. Lytton First Nation Capital Fund
4. Lytton First Nation Trust Fund
5. Lytton First Nation Enterprise Fund

Organizations accounted for on a modified equity basis include:

6. Kumcheen Enterprises Ltd.
7. Lytton Development Corp.
8. Tikemcheen Economic Development LLP

(c) Measurement Uncertainty

In preparing the consolidated financial statements for the First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include collectability of accounts receivable, useful life of tangible assets and accounts payable and accruals. Actual results could differ from these estimates.

(d) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

(f) Cash

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

(g) Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

(h) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the lease, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contract and Lytton First Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings*	40 years Straight line
Automotive equipment	4 years Straight line
Computer equipment	55% Declining balance
Equipment	5 years Straight line
Roads and bridge	99 years Straight line
Water and sewer systems	98 years Straight line
Office equipment	5 years Straight line
Other capital assets	25 years Straight line
Social Housing	40 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Lytton First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Replacement Reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

(j) Budget

The budget reported in the financial statements was provided by management.

(k) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

(l) Liability for Contaminated Sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) Lytton First Nation is directly responsible or accepts responsibility
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at March 31, 2022, no liability for contaminated sites has been recorded.

2. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

3. ECONOMIC DEPENDENCE

Lytton First Nation receives a significant portion of its revenue pursuant to an agreement referred to as "The Comprehensive Funding Arrangement". This agreement has been entered into by the Lytton First Nation Band and Indigenous Services Canada. It is expected that the agreement will be renewed on an annual basis.

The Band also receives major funding pursuant to an arrangement with the First Nations Health Authority and under which certain surpluses and deficits may be offset, but with the net balance repayable or refundable as the case may be.

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

4. RESTRICTED CASH

Replacement Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account with any interest earned to be credited to the Replacement Reserve Fund.

Operating Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Program is to set aside any surplus revenue to an operating reserve for the purpose of meeting future requirements of income listed occupants over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

Ottawa Trust Funds:

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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	2022	2021
Replacement Reserve Fund - restricted cash	\$ 332,547	\$ 330,698
Ottawa Trust Fund - restricted cash	1,502,755	1,469,935
Student Trust Funds - restricted cash	283,379	283,200
	\$ 2,118,681	\$ 2,083,833

5. ACCOUNTS RECEIVABLE

	2022	2021
Accounts receivable - general	\$ 711,801	\$ 287,535
Indigenous Services Canada	6,809,824	78,967
Canada Mortgage and Housing Corporation	11,812	10,732
Funds held with the Bank of Canada	35,864	35,864
First Nation Emergency Services Society	74,998	148,115
First Nations Education Steering Committee	71,396	-
Province of British Columbia	44,957	-
	\$ 7,760,652	\$ 561,213

6. RENT RECEIVABLE

	2022	2021
Rent receivable	\$ 1,126,786	\$ 1,245,517
	1,126,787	1,245,517
Allowance for doubtful accounts	(736,198)	(684,025)
	\$ 390,589	\$ 561,492

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

7. LOANS RECEIVABLE

	2022	2021
Due from Tlkemcheen Economic Development LLP	\$ 128,436	\$ 128,436

Loans have no specific terms of repayment and bear no interest.

8. LONG-TERM INVESTMENTS

	2022	2021
Investment in Non-Controlled Entities		
All Nations Trust Company - shares at cost	\$ 56,700	\$ 56,700
Investment in BC First Nations Gaming Fund	110	110
	56,810	56,810
Investment in Kumcheen Enterprises Ltd. (100%)		
Shares	90	90
Advances	124,016	122,169
Accumulated equity in earnings	37,875	30,855
	161,981	153,114
Investment in Lytton Development Corp. (100%)		
Shares	2	2
Accumulated deficit in earnings	(1)	(1)
	1	1
Investment in Tlkemcheen Economic Development LLP (99.99%)		
Contributions	(1,216)	(1,912)
Accumulated partner's deficit	(5,938)	(4,025)
	(7,154)	(5,937)
	\$ 211,638	\$ 203,988

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

9. GOVERNMENT BUSINESSES

Commercial enterprises are those organizations that meet the definition of government businesses as described by the Public Sector Accounting Board. Government businesses have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

	Kumcheen Enterprises Ltd. - year ended March 31, 2022	Lytton Development Corp. - year ended March 31, 2022	Tikemcheen Economic Development LLP - year ended March 31, 2022	2022 Total
Cash	\$ 36,405	\$ -	\$ 121,281	\$ 157,686
Accounts receivable	3,798	-	-	3,798
Prepaid expenses	6,888	-	-	6,888
Tangible capital assets	117,963	-	-	117,963
Investments	-	1	-	1
Due from related parties	-	-	1	1
Total assets	\$ 165,054	\$ 1	\$ 121,282	\$ 286,337

Accounts payable	\$ 3,073	\$ -	\$ -	\$ 3,073
Due to related parties	124,016	1	128,436	252,453
Total liabilities	127,089	1	128,436	255,526
Share capital	90	2	-	92
Accumulated surplus (deficit)	37,875	(2)	(7,154)	30,719
Total equity	37,965	-	(7,154)	30,811
Total liabilities and equity	\$ 165,054	\$ 1	\$ 121,282	\$ 286,337

	Kumcheen Enterprises Ltd. - year ended March 31, 2022	Lytton Development Corp. - year ended March 31, 2022	Tikemcheen Economic Development LLP - year ended March 31, 2022	2022 Total
Revenue	\$ 33,781	\$ -	\$ 698	\$ 34,479
Expenses	26,761	-	1,915	28,676
Net income	\$ 7,020	\$ -	\$ (1,217)	\$ 5,803

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

10. ACCOUNTS PAYABLE

	2022	2021
Accounts payable - general	\$ 4,652,786	\$ 271,319
Receiver General - payroll deductions	17,154	33,216
Indigenous Service Canada - clawback	125,706	125,706
Stein Valley Nlakapamux School Society	2,259,570	951,261
First Nations Health Authority	55,231	55,231
	\$ 7,110,447	\$ 1,436,733

11. DEFERRED REVENUE

	2022	2021
Indigenous Services Canada - job creation	\$ 1,091,890	\$ -
Indigenous Services Canada - band programs	584,100	-
Indigenous Services Canada - capital projects	477,377	225,310
Province of BC	-	30,000
	\$ 2,153,367	\$ 255,310

12. REPLACEMENT RESERVE FUND

The Replacement Reserve is established in accordance with the Operating Agreements with CMHC for on-reserve housing. Funds are required to be set aside annually and held for future replacements of capital items related to the homes.

	2022	2021
Balance, beginning of year	\$ 361,304	\$ 325,475
Contributions, required during the year	36,840	38,017
Withdrawals	(6,210)	(4,001)
Interest	1,889	1,813
	\$ 393,823	\$ 361,304

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

13. LONG-TERM DEBT

	2022	2021
All Nations Trust Company loan, payments of \$2,700 per month including interest at 2.27% per annum, secured by a Ministerial Guarantee from Indigenous Services Canada; term due April 1, 2027.	\$ 279,196	\$ 307,239
All Nations Trust Company loan, payments of \$2,273 per month including interest at 1.97% per annum, secured by a Ministerial Guarantee from Indigenous Services Canada; term due December 1, 2022.	262,311	284,206
All Nations Trust Company loan, payments of \$3,750 per month including interest at 0.76% per annum, secured by a Ministerial Guarantee from Indigenous Services Canada; term due December 1, 2025.	584,005	624,407
All Nations Trust Company loan, payments of \$4,568 per month including interest at 2.68% per annum, secured by a Ministerial Guarantee from Indigenous Services Canada; term due October 1, 2023.	898,876	929,291
All Nations Trust Company loan, payments of \$1,429 per month including interest at 1.30% per annum, secured by a Ministerial Guarantee from Indigenous Services Canada; term due April 1, 2026.	354,513	-
Finning Cat loan, payments of \$1,747.40 per month without interest, maturing October 9, 2021, secured by a Caterpillar 307E2 Hydraulic Excavator	-	12,271
Terrace Totem Ford, payments of \$960.80 per month without interest, maturing July 27, 2024, secured by a 2019 Ford F150	25,942	37,471
	\$ 2,404,843	\$ 2,194,885
Principal portion of long-term debt due within the next five years:		
2023	\$ 147,065	
2024	149,391	
2025	143,118	
2026	142,661	
2027 and thereafter	1,822,608	
	\$ 2,404,843	

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

14. ACCUMULATED SURPLUS

	2022	2021
Unrestricted		
Band Programs	\$ 14,876,516	\$ 5,210,358
Education	1,381,611	666,910
Social Development / Health	2,618,836	1,343,285
Capital Programs	3,888,886	240,589
Job Creation	200,355	(58,880)
Capital Fund	36,770,434	27,202,803
Enterprise Fund	153,091	147,288
	59,889,729	34,752,353
Restricted		
Social Housing Fund	1,552,415	1,482,934
Ottawa Trust Funds	1,502,754	1,469,935
	3,055,169	2,952,869
	\$ 62,944,898	\$ 37,705,222

15. CONTINGENT LIABILITIES

a) Indigenous Services Canada

Under the terms of the contribution agreements with Indigenous Services Canada and other governmental departments, certain surpluses may be repayable to the government and certain deficits may be reimbursable to the First Nation.

b) Loan Guarantee

A Government of Canada Ministerial Guarantee has been obtained for loans to certain band members. If these loans default, the Minister may recover the outstanding amounts from the Lytton First Nation.

The First Nation has guaranteed loans totalling \$126,514.

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

16. TANGIBLE CAPITAL ASSETS

2022	Cost				Accumulated amortization				2022 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Land	\$ 45,000	\$ -	\$ -	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ 45,000
Buildings	23,676,717	10,221,894	(354,613)	33,543,998	6,140,356	585,101	(146,189)	6,579,268	26,964,730
Automotive equipment	1,501,502	-	(97,454)	1,404,048	1,262,348	72,742	(81,779)	1,253,311	150,737
Computer equipment	-	44,439	-	44,439	-	12,660	-	12,660	31,779
Equipment	1,927,525	701,101	(681,400)	1,947,226	1,529,620	52,614	(299,376)	1,282,858	664,368
Roads and bridge	4,565,612	-	-	4,565,612	2,518,603	45,656	-	2,564,259	2,001,353
Water and sewer systems	13,769,328	-	-	13,769,328	6,847,516	69,218	-	6,916,734	6,852,594
Social Housing	4,059,684	402,502	-	4,462,186	900,363	111,527	-	1,011,890	3,450,296
	\$ 49,545,368	\$ 11,369,936	\$ (1,133,467)	\$ 59,781,837	\$ 19,198,806	\$ 949,518	\$ (527,344)	\$ 19,620,980	\$ 40,160,857

2021	Cost				Accumulated amortization				2021 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Land	\$ 45,000	\$ -	\$ -	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ 45,000
Buildings	23,064,246	612,471	-	23,676,717	5,257,519	446,098	436,739	6,140,356	17,536,361
Automotive equipment	1,303,460	198,042	-	1,501,502	1,181,578	80,770	-	1,262,348	239,154
Equipment	1,855,826	239,544	(167,845)	1,927,525	1,570,943	126,522	(167,845)	1,529,620	397,905
Roads and bridge	4,565,612	-	-	4,565,612	2,472,948	45,655	-	2,518,603	2,047,009
Water and sewer systems	13,769,328	-	-	13,769,328	6,777,600	69,916	-	6,847,516	6,921,812
Social Housing	4,672,155	-	(612,471)	4,059,684	1,235,610	101,492	(436,739)	900,363	3,159,321
	\$ 49,275,627	\$ 1,050,057	\$ (780,316)	\$ 49,545,368	\$ 18,496,198	\$ 870,453	\$ (167,845)	\$ 19,198,806	\$ 30,346,562

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

17. COMMUNITY FIRE

On June 30th, 2021, Lytton First Nation and the surrounding community was horrifically impacted by the devastating losses due to the Lytton Creek wildfire. The Lytton First Nation and community were severely impacted by this disaster. The Lytton Creek wildfire destroyed five Lytton First Nation Band buildings and 39 houses on three reserves and the fire swept across other reserves, including Ngwyu'yemc Reserve No. 36 (lot 47). The Lytton First Nation Band office burned to the ground, which destroyed the entire financial and other department offices, equipment, and records. The Stein Valley Nlaka'pamux School was used as a muster point for evacuees. The devastating wildfire also raged through the Village of Lytton destroying 90% of the homes and business structures forcing the immediate evacuation of residents and those in the surrounding area. The area's watershed has a risk of contamination from chemicals used to fight the fire. Electricity, sewer and water services have been affected. The costs of rebuilding and re-establishing the infrastructure is unknown at this time but expected to be significant.

18. SEGMENTED INFORMATION

As previously discussed in note 1 (e), the First Nation conducts its business through reportable segments as follows:

The Band Programs department is responsible for administering projects the First Nation is involved in annually and on an on-going basis relating to the overall objectives of the First Nation and the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs, it also provides services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

Social Development provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

The Health department oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

Job Creation supports the development of employment opportunities for members of the First Nation.

Capital Projects manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nation's infrastructure.

Social Housing is responsible for the administration and management of Social Housing units.

Other operations include Capital Fund, Ottawa Trust Fund and Enterprise Fund transactions.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

18. SEGMENTED INFORMATION, continued

	Band Programs			Education			Social Development / Health		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues									
Indigenous Services Canada	\$ 1,169,391	\$ 19,682,387	\$ 4,170,580	\$ 1,460,881	\$ 6,090,187	\$ 3,284,366	\$ 1,817,301	\$ 3,358,032	\$ 3,295,879
Community Partners - Legal Aid	-	27,819	20,411	-	-	-	-	-	-
Department of Justice	85,580	132,582	85,580	-	-	-	-	-	-
First Nations Education Steering Committee	-	-	-	-	324,343	371,579	-	-	-
First Nations Health Authority	-	94,000	244,079	-	-	-	920,120	1,349,645	1,428,592
Interest income	-	104,263	36,360	-	179	379	-	-	-
Deferred revenue	-	(584,100)	-	-	-	-	-	-	-
Rental Income	134,600	96,964	249,295	-	-	-	-	28,230	32,400
Other revenue	276,674	10,536,759	1,776,612	11,650	4,308	55,697	15,238	243,761	394,371
Total revenue	1,666,245	30,090,674	6,582,917	1,472,531	6,419,017	3,712,021	2,752,659	4,979,668	5,151,242
Expenses									
Administration fees	18,684	7,900	-	-	-	350	22,612	-	-
Contracted services	18,314	3,444,924	188,070	-	-	-	154,954	178,124	321,135
Honoraria	2,100	1,245,158	166,968	2,222	9,610	1,775	24,739	386	5,709
Professional fees	54,787	79,369	57,105	-	-	-	2,692	3,946	3,946
Travel	70,920	78,849	34,499	6,000	4,039	952	91,047	72,314	88,421
Utilities	164,915	161,285	187,139	935	9,916	6,856	16,300	27,133	43,141
Salaries, wages and benefits	1,025,220	2,084,374	2,003,405	96,293	149,087	134,705	622,960	692,054	916,275
Other expenses	774,733	2,906,570	1,080,889	764,908	5,219,973	3,575,078	2,093,275	2,407,922	2,580,343
Total expenses	2,129,673	10,008,429	3,718,075	870,358	5,392,625	3,719,716	3,028,579	3,381,879	3,958,970
Annual surplus (deficit)	\$ (463,428)\$	20,082,245 \$	2,864,842 \$	602,173 \$	1,026,392 \$	(7,695)\$	(275,920)\$	1,597,789 \$	1,192,272

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

18. SEGMENTED INFORMATION, continued

	2022 Budget	Capital Programs 2022 Actual	2021 Actual	2022 Budget	Job Creation 2022 Actual	2021 Actual
Revenues						
Indigenous Services Canada	\$ -	\$ 6,800,883	\$ 641,617	\$ 99,813	\$ 1,197,464	\$ 201,543
First Nations Education Steering Committee	-	-	-	-	27,922	5,680
First Nations Health Authority	-	-	-	-	98,845	-
Deferred revenue - current	-	(252,067)	-	-	(1,091,890)	-
Other revenue	-	37,999	514,065	14,880	172,878	61,456
Total revenue	-	6,586,815	1,155,682	114,693	405,219	268,679
Expenses						
Administration fees	-	-	-	2,995	-	-
Contracted services	-	2,952,513	229,277	5,900	33,962	76,132
Honoraria	-	-	-	2,560	-	-
Professional fees	-	-	500	6,600	4,083	8,879
Travel	-	-	-	10,258	3,845	1,135
Utilities	-	-	2,413	3,631	326	1,061
Salaries, wages and benefits	-	-	145,401	49,475	132,172	113,042
Other expenses	-	(5,923)	491,561	135,820	11,349	54,967
Total expenses	-	2,946,590	869,152	217,239	185,737	255,216
Other items	-	3,640,225	286,530	(102,546)	219,482	13,463
	-	-	520	-	-	-
Annual surplus (deficit)	\$ -	\$ 3,640,225	\$ 287,050	\$ (102,546)	\$ 219,482	\$ 13,463

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

18. SEGMENTED INFORMATION, continued

	Social Housing Fund				Capital Fund				Enterprise Fund	
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget		2022 Actual	2021 Actual
Revenues										
Interest income	\$ -	\$ 436	\$ 344	-	\$ -	\$ -	\$ -	\$ -	\$ -	-
Rental Income	192,192	165,492	190,206	-	-	-	-	-	-	-
Other revenue	157,155	141,749	144,613	-	-	-	-	-	5,803	2,909
Total revenue	349,347	307,677	335,163	-	-	-	-	-	5,803	2,909
Expenses										
Amortization	-	132,037	142,093	-	817,481	728,357	-	-	-	-
Administration fees	26,523	-	-	-	-	-	-	-	-	-
Professional fees	6,365	5,450	5,450	-	-	-	-	-	-	-
Utilities	3,618	5,797	2,296	-	-	-	-	-	-	-
Other expenses	298,326	105,868	122,588	-	-	-	-	-	-	-
Total expenses	334,832	249,152	272,427	-	817,481	728,357	-	-	-	-
	14,515	58,525	62,736	-	(817,481)	(728,357)	-	-	5,803	2,909
Other items	-	-	-	-	(606,123)	72,000	-	-	-	-
Annual surplus (deficit)	\$ 14,515	\$ 58,525	\$ 62,736	-	\$ (1,423,604)	\$ (656,357)	-	\$ 5,803	\$ 2,909	

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

18. SEGMENTED INFORMATION, continued

	Ottawa Trust Funds			Consolidated totals		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues						
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 4,547,386	\$ 37,128,953	\$ 11,593,985
Community Partners - Legal Aid	-	-	-	-	27,819	20,411
Government of Canada - Department of Justice	-	-	-	85,580	132,582	85,580
First Nations Education Steering Committee	-	-	-	-	352,265	377,259
First Nations Health Authority	-	-	-	920,120	1,542,490	1,672,671
Interest income	-	28,316	16,938	-	133,194	54,021
Deferred revenue - current	-	-	-	-	(1,928,057)	-
Rental Income	-	-	-	326,792	290,686	471,901
Other revenue	-	4,503	4,568	475,597	11,147,760	2,954,291
Total revenue	-	32,819	21,506	6,355,475	48,827,692	17,230,119
Expenses						
Amortization	-	-	-	-	949,518	870,450
Administration fees	-	-	-	70,814	7,900	350
Contracted services	-	-	-	179,168	6,609,523	814,614
Honoraria	-	-	-	31,621	1,255,154	174,452
Professional fees	-	-	-	70,444	92,848	75,880
Travel	-	-	-	178,225	159,047	125,007
Utilities	-	-	-	189,399	204,457	242,906
Salaries, wages and benefits	-	-	-	1,793,948	3,057,687	3,312,828
Other expenses	-	-	-	4,067,062	10,645,759	7,905,426
Total expenses	-	-	-	6,580,681	22,981,893	15,521,913
	-	32,819	21,506	(225,206)	25,845,799	3,708,206
Other items	-	-	-	-	(606,123)	72,520
Annual surplus (deficit)	\$ -	\$ 32,819	\$ 21,506	\$ (225,206)	\$ 25,239,676	\$ 3,780,726