

LYTTON FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

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March 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2023

The accompanying consolidated financial statements of Lytton First Nation and all the information in this annual report for the year ended March 31, 2023 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.

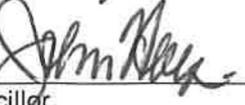
The Lytton First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately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

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, 2023, 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2023, 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 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 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 opinion.

Other Matter

The consolidated financial statements of the First Nation for the year ended March 31, 2022 were qualified due to a wildfire that occurred on June 30, 2021, as described in note 17. We were unable to obtain supporting documentation or verify completeness for donation revenue, miscellaneous revenue, and expenses. Therefore, we are not able to determine whether any adjustments were necessary to these accounts or to the opening balances of the First Nation.

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.
NOVEMBER 26, 2023

LYTTON FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash	\$ 22,703,797	\$ 24,073,180
Restricted cash (Note 4)	2,181,562	2,118,681
Accounts receivable (Note 5)	8,925,477	7,760,652
Rent receivable (Note 6)	285,439	390,589
Loans receivable (Note 7)	128,436	128,436
<u>Long-term investments (Note 8)</u>	<u>211,861</u>	<u>211,638</u>
	34,436,572	34,683,176
LIABILITIES		
Accounts payable (Note 10)	4,429,824	7,110,447
Deferred revenue (Note 11)	3,240,720	2,153,367
Long-term debt (Note 13)	2,260,267	2,404,843
<u>Replacement Reserve Fund (Note 12)</u>	<u>869,733</u>	<u>393,823</u>
	10,800,544	12,062,480
NET FINANCIAL ASSETS	23,636,028	22,620,696
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 16)	50,686,140	40,160,857
Prepaid expenses	150,001	163,345
<u>Inventory</u>	<u>4,590</u>	<u>-</u>
	50,840,731	40,324,202
ACCUMULATED SURPLUS (Note 14)	\$ 74,476,759	\$ 62,944,898

APPROVED ON BEHALF OF THE LYTTON FIRST NATION

Nel Ahola, Chief

John Major, Councillor

LYTTON FIRST NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the year ended March 31, 2023

	2023 Budget	2023 Actual	2022
<u>EXCESS OF REVENUE OVER EXPENDITURES</u>	\$ 9,187	\$ 11,531,861	\$ 25,239,676
Acquisition of tangible capital assets	-	(11,952,437)	(11,369,936)
Amortization of tangible capital assets	1,427,154	1,427,154	949,518
<u>Capital assets destroyed in wildfire</u>	-	-	606,123
	-	(10,525,283)	(9,814,295)
Acquisition of prepaid asset	(150,001)	(150,001)	(163,345)
<u>Use of prepaid asset</u>	163,345	163,345	187,522
	13,344	13,344	24,177
Acquisition of inventory	(4,590)	(4,590)	-
INCREASE IN NET FINANCIAL ASSETS	17,941	1,015,332	15,449,558
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	22,620,696	7,171,138
NET FINANCIAL ASSETS AT END OF YEAR	\$ -	\$ 23,636,028	\$ 22,620,696

LYTTON FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31, 2023

	2023 Budget	2023 Actual	2022 Actual
REVENUE			
Indigenous Services Canada	\$ -	\$ 39,214,672	\$ 37,128,953
BC First Nations Gaming revenue	-	782,854	446,221
BC Hydro	-	70,259	70,259
Canada Mortgage and Housing Corporation	161,870	144,271	166,940
Community Partners - Legal Aid	-	21,600	27,819
Department of Justice	-	142,316	132,582
Equipment rental	-	225,283	5,343
First Nations Health Authority	-	1,565,328	1,542,490
First Nations Land Management	-	-	10,000
First Nations Education Steering Committee	-	15,511	352,265
Government of Canada - IR 27B Settlement	-	3,746,000	-
Government of Canada - IAFSA-026	-	476,072	-
Miscellaneous	-	513,816	812,705
Interest income	-	942,859	133,194
Province of British Columbia	-	1,110,447	2,211,421
Rental Income	192,192	327,624	290,686
Share of income (loss) from First Nation controlled entities	-	2,070	5,803
Taxation	-	-	500
Works program	-	342,805	1,520
Other	-	3,249,551	5,488,991
Deferred revenue - current	-	(1,017,354)	(1,928,057)
	354,062	51,875,984	48,827,692
EXPENDITURES			
Band Programs	-	20,511,297	10,008,429
Education	-	4,594,341	5,392,625
Social Development / Health	-	3,634,716	3,381,879
Capital Programs	-	8,931,513	2,946,590
Job Creation	-	663,238	185,737
Social Housing Fund	344,875	714,910	249,152
Capital Fund	-	1,294,108	817,481
	344,875	40,344,123	22,981,893
ANNUAL DEFICIT BEFORE OTHER	9,187	11,531,861	25,845,799
OTHER			
Capital assets destroyed in wildfire	-	-	(606,123)
EXCESS OF REVENUE OVER EXPENDITURES	9,187	11,531,861	25,239,676
EQUITY AT BEGINNING OF YEAR	-	62,944,898	37,705,222
EQUITY AT END OF YEAR	\$ 9,187	\$ 74,476,759	\$ 62,944,898

LYTTON FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended March 31, 2023

	2023	2022
OPERATING ACTIVITIES		
EXCESS OF REVENUE OVER EXPENDITURES	\$ 11,531,861	\$ 25,239,676
Items not affecting cash		
Amortization	1,427,154	949,518
Share of (income)loss of First Nation controlled entities	(214)	(7,650)
Capital assets destroyed in wildfire	-	606,123
	<u>12,958,801</u>	<u>26,787,667</u>
Change in non-cash operating working capital	<u>(2,168,290)</u>	<u>599,931</u>
	<u>10,790,511</u>	<u>27,387,598</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(11,952,437)</u>	<u>(11,369,936)</u>
FINANCING ACTIVITIES		
Principal repayment of capital asset loan	(11,530)	(23,801)
Proceeds from long-term debt	-	365,796
Repayment of Social Housing Fund long-term debt	<u>(133,046)</u>	<u>(132,037)</u>
	<u>(144,576)</u>	<u>209,958</u>
INVESTING ACTIVITIES		
Change in restricted cash	<u>(62,881)</u>	<u>(34,848)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>(1,369,383)</u>	<u>16,192,772</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>24,073,180</u>	<u>7,880,408</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 22,703,797</u>	<u>\$ 24,073,180</u>

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

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. Tlkemcheen Economic Development LLP
9. Lytton First Nation Economic Development Corporation

(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, 2023

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, 2023

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, 2023, 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, 2023

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.

	2023	2022
Replacement Reserve Fund - restricted cash	\$ 343,509	\$ 332,547
Ottawa Trust Fund - restricted cash	1,553,729	1,502,755
Student Trust Funds - restricted cash	284,324	283,379
	<hr/> \$ 2,181,562	<hr/> \$ 2,118,681

5. ACCOUNTS RECEIVABLE

	2023	2022
Accounts receivable - general	\$ 888,290	\$ 711,801
Indigenous Services Canada	7,834,875	6,809,824
Canada Mortgage and Housing Corporation	12,151	11,812
Funds held with the Bank of Canada	35,864	35,864
First Nation Emergency Services Society	74,998	74,998
First Nations Education Steering Committee	12,254	71,396
Province of British Columbia	67,045	44,957
	<hr/> \$ 8,925,477	<hr/> \$ 7,760,652

6. RENT RECEIVABLE

	2023	2022
Rent receivable	\$ 1,192,554	\$ 1,126,786
Allowance for doubtful accounts	1,192,554 (907,115)	1,126,787 (736,198)
	<hr/> \$ 285,439	<hr/> \$ 390,589

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

7. LOANS RECEIVABLE

	2023	2022
Due from Tkemcheen Economic Development LLP	\$ 128,436	\$ 128,436
Loans have no specific terms of repayment and bear no interest.		

8. LONG-TERM INVESTMENTS

	2023	2022
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	122,169	124,016
Accumulated equity in earnings	37,723	37,875
	159,982	161,981
Investment in Lytton Development Corp. (100%)		
Shares	2	2
Accumulated deficit in earnings	(1)	(1)
	1	1
Investment in Lytton First Nation Economic Development Corporation (100%)		
Shares	100	-
	100	-
Investment in Tkemcheen Economic Development LLP (99.99%)		
Contributions	(1,216)	(1,216)
Accumulated partner's deficit	(3,816)	(5,938)
	(5,032)	(7,154)
	\$ 211,861	\$ 211,638

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

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, 2023	Lyton Development Corp. - year ended March 31, 2022	Tlkemcheen Economic Development LLP - year ended March 31, 2022	2023 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	Lyton Development Corp. - year ended March 31, 2022	Tlkemcheen Economic Development LLP - year ended March 31, 2022	2023 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, 2023

10. ACCOUNTS PAYABLE

	2023	2022
Accounts payable - general	\$ 1,528,087	\$ 4,652,786
Receiver General - payroll deductions	45,300	17,154
Indigenous Service Canada - clawback	80,766	125,706
Stein Valley Nlakapamux School Society	2,720,440	2,259,570
First Nations Health Authority	55,231	55,231
	\$ 4,429,824	\$ 7,110,447

11. DEFERRED REVENUE

	2023	2022
Indigenous Services Canada - band programs	\$ 1,641,648	\$ 584,100
Indigenous Services Canada - job creation	1,051,695	1,091,890
Indigenous Services Canada - capital projects	477,377	477,377
First Nations' Emergency Services Society	40,000	-
Province of British Columbia	30,000	-
	\$ 3,240,720	\$ 2,153,367

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.

	2023	2022
Balance, beginning of year	\$ (46,177)	\$ 361,304
Contributions, required during the year	476,840	36,840
Withdrawals	(11,891)	(6,210)
Interest	10,961	1,889
Special contribution	440,000	-
	\$ 869,733	\$ 393,823

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

13. LONG-TERM DEBT

	2023	2022
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.	\$ 252,597	\$ 279,196
All Nations Trust Company loan, payments of \$2,466 per month including interest at 3.70% per annum, secured by a Ministerial Guarantee from Indigenous Services Canada; term due December 1, 2027.	240,434	262,311
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.	543,295	584,005
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.	867,640	898,876
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.	341,889	354,513
Terrace Totem Ford, payments of \$960.80 per month without interest, maturing July 27, 2024, secured by a 2019 Ford F150	<u>14,412</u>	<u>25,942</u>
	<hr/> \$ 2,260,267	<hr/> \$ 2,404,843

Principal portion of long-term debt due within the next five years:

2024	\$ 984,969
2025	110,186
2026	108,836
2027	229,655
2028 and thereafter	826,621
	<hr/> \$ 2,260,267

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

14. ACCUMULATED SURPLUS

	2023	2022
Unrestricted		
Band Programs	\$ 22,760,472	\$ 14,876,516
Education	1,621,293	1,381,611
Social Development / Health	5,370,360	2,618,836
Capital Programs	(5,936,473)	3,888,886
Job Creation	(64,655)	200,355
Capital Fund	47,440,293	36,770,434
Enterprise Fund	155,161	153,091
	<hr/> 71,346,451	<hr/> 59,889,729
Restricted		
Social Housing Fund	1,576,579	1,552,415
Ottawa Trust Funds	1,553,729	1,502,754
	<hr/> 3,130,308	<hr/> 3,055,169
	<hr/> \$ 74,476,759	<hr/> \$ 62,944,898

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 \$316,772.

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

16. TANGIBLE CAPITAL ASSETS

	2023			Cost			Accumulated amortization			2023 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	33,543,998	9,890,574	-	43,434,572	6,579,268	854,796	-	7,434,064	36,000,508	
Automotive equipment	1,404,048	535,344	-	1,939,392	1,253,311	112,290	-	1,365,601	573,791	
Computer equipment	44,439	1,424	-	45,863	12,660	17,996	-	30,656	15,207	
Equipment	1,947,226	1,310,444	-	3,257,670	1,282,858	215,969	-	1,498,827	1,758,843	
Roads and bridge	4,565,612	-	-	4,565,612	2,564,259	45,656	-	2,609,915	1,955,697	
Water and sewer systems	13,769,328	214,651	-	13,983,979	6,916,734	68,893	-	6,985,627	6,998,352	
Social Housing	4,462,186	-	-	4,462,186	1,011,890	111,554	-	1,123,444	3,338,742	
	\$ 59,781,837	\$ 11,952,437	\$ -	\$ 71,734,274	\$ 19,620,980	\$ 1,427,154	\$ -	\$ 21,048,134	\$ 50,686,140	
2022										
	Cost			Accumulated amortization						
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2022 Net book value	
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	

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

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, 2023

18. SEGMENTED INFORMATION, continued

	Band Programs			Education			Social Development / Health		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 27,709,579	\$ 19,682,387	\$ -	\$ 5,122,990	\$ 6,090,187	\$ -	\$ 4,809,358	\$ 3,358,032
Community Partners - Legal Aid	-	21,600	27,819	-	-	-	-	-	-
Department of Justice	-	142,316	132,582	-	-	-	-	-	-
First Nations Education Steering Committee	-	-	-	-	-	324,343	-	-	-
First Nations Health Authority	-	-	94,000	-	-	-	-	1,537,328	1,349,645
Interest income	-	878,783	104,263	-	946	179	-	-	-
Deferred revenue	-	(1,057,549)	(584,100)	-	-	-	-	-	-
Rental Income	-	140,082	96,964	-	-	-	-	22,050	28,230
Other revenue	-	8,909,983	10,536,759	-	5,000	4,308	-	374,757	243,761
Total revenue	-	36,744,794	30,090,674	-	5,128,936	6,419,017	-	6,743,493	4,979,668
Expenses									
Administration fees	-	-	7,555	-	-	-	-	-	-
Contracted services	-	7,151,642	3,444,924	-	-	-	-	79,760	178,124
Honoraria	-	376,168	1,245,158	-	200	9,610	-	8,754	386
Professional fees	-	162,618	79,369	-	-	-	-	3,500	3,946
Travel	-	166,941	78,849	-	8,279	4,039	-	216,530	72,314
Utilities	-	438,477	161,285	-	5,881	9,916	-	19,097	27,133
Salaries, wages and benefits	-	3,958,501	2,084,374	-	116,229	149,087	-	925,254	692,054
Other expenses	-	8,256,950	2,906,915	-	4,463,752	5,219,973	-	2,381,821	2,407,922
Total expenses	-	20,511,297	10,008,429	-	4,594,341	5,392,625	-	3,634,716	3,381,879
Annual surplus (deficit)	\$ -	\$ 16,233,497	\$ 20,082,245	\$ -	\$ 534,595	\$ 1,026,392	\$ -	\$ 3,108,777	\$ 1,597,789

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

18. SEGMENTED INFORMATION, continued

	2023 Budget	Capital Programs		2022 Actual	2023 Budget	Job Creation		2022 Actual
		2023 Actual	2022 Actual			2023 Actual	2022 Actual	
Revenues								
Indigenous Services Canada	\$ -	\$ 1,465,060	\$ 6,800,883	\$ -	\$ 107,685	\$ 1,197,464		
First Nations Education Steering Committee	-	-	-	-	15,511	27,922		
First Nations Health Authority	-	-	-	-	28,000	98,845		
Deferred revenue - current	-	-	(252,067)	-	40,195	(1,091,890)		
Other revenue	-	-	37,999	-	782,874	172,878		
Total revenue	-	1,465,060	6,586,815	-	974,265	405,219		
Expenses								
Contracted services	-	8,758,823	2,952,513	-	230,056	33,962		
Professional fees	-	-	-	-	2,772	4,083		
Travel	-	-	-	-	24,704	3,845		
Utilities	-	51,364	-	-	2,680	326		
Salaries, wages and benefits	-	2,711	-	-	331,430	132,172		
Other expenses	-	118,615	(5,923)	-	71,596	11,349		
Total expenses	-	8,931,513	2,946,590	-	663,238	185,737		
Annual surplus (deficit)	\$ -	\$ (7,466,453)	\$ 3,640,225	\$ -	\$ 311,027	\$ 219,482		

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

18. SEGMENTED INFORMATION, continued

	Social Housing Fund			Capital Fund			Enterprise Fund		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Interest income	\$ -	\$ 16,628	\$ 436	-	\$ -	\$ -	\$ -	\$ -	\$ -
Rental Income	192,192	165,492	165,492	-	-	-	-	-	-
Other revenue	161,870	584,271	141,749	-	-	-	-	2,070	5,803
Total revenue	354,062	766,391	307,677	-	-	-	-	2,070	5,803
Expenses									
Amortization	-	133,046	132,037	-	1,294,108	817,481	-	-	-
Administration fees	27,318	-	-	-	-	-	-	-	-
Professional fees	6,556	5,500	5,450	-	-	-	-	-	-
Utilities	3,726	80	5,797	-	-	-	-	-	-
Other expenses	307,275	576,284	105,868	-	-	-	-	-	-
Total expenses	344,875	714,910	249,152	-	1,294,108	817,481	-	-	-
Other items	9,187	51,481	58,525	-	(1,294,108)	(817,481)	-	2,070	5,803
Annual surplus (deficit)	\$ 9,187	\$ 51,481	\$ 58,525	-	\$ (1,294,108)	\$ (817,481)	-	\$ 2,070	\$ 5,803

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

18. SEGMENTED INFORMATION, continued

	Ottawa Trust Funds				Consolidated totals	
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues						
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ 39,214,672	\$ 37,128,953
Community Partners - Legal Aid	-	-	-	-	21,600	27,819
Government of Canada - Department of Justice	-	-	-	-	142,316	132,582
First Nations Education Steering Committee	-	-	-	-	15,511	352,265
First Nations Health Authority	-	-	-	-	1,565,328	1,542,490
Interest income	-	46,502	28,316	-	942,859	133,194
Deferred revenue - current	-	-	-	-	(1,017,354)	(1,928,057)
Rental Income	-	-	-	192,192	327,624	290,686
Other revenue	-	4,473	4,503	161,870	10,663,428	11,147,760
Total revenue	-	50,975	32,819	354,062	51,875,984	48,827,692
Expenses						
Amortization	-	-	-	-	1,427,154	949,518
Administration fees	-	-	-	27,318	-	7,555
Contracted services	-	-	-	-	16,220,281	6,609,523
Honoraria	-	-	-	-	385,122	1,255,154
Professional fees	-	-	-	6,556	174,390	92,848
Travel	-	-	-	-	416,454	159,047
Utilities	-	-	-	3,726	517,579	204,457
Salaries, wages and benefits	-	-	-	-	5,334,125	3,057,687
Other expenses	-	-	-	307,275	15,869,018	10,646,104
Total expenses	-	-	-	344,875	40,344,123	22,981,893
Other items	-	50,975	32,819	9,187	11,531,861	25,845,799
Annual surplus (deficit)	\$ -	\$ 50,975	\$ 32,819	\$ 9,187	\$ 11,531,861	\$ 25,239,676