

# **LYTTON FIRST NATION**

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**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

# LYTTON FIRST NATION

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## CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

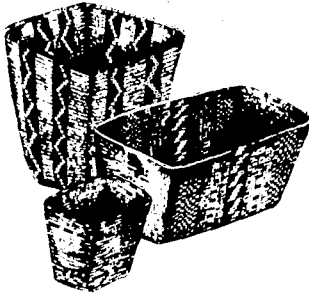
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### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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# LYTTON FIRST NATION

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2016

The accompanying consolidated financial statements of Lytton First Nation and all the information in this annual report for the year ended March 31, 2016 are the responsibility of management and have been approved by the Chief and Council.

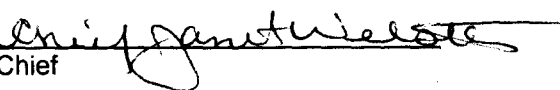
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen 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 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

July 19, 2016  
Date

## Independent Auditor's Report

To the Members of  
**Lytton First Nation**

We have audited the accompanying consolidated financial statements of Lytton First Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net financial assets, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lytton First Nation as at March 31, 2016, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

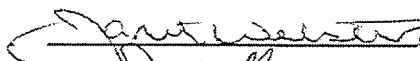

RICHMOND, B.C.  
JULY 19, 2016

# LYTTON FIRST NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2016

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash	\$ 2,524,078	\$ 3,466,226
Restricted cash (Note 5)	1,752,182	1,758,759
Accounts receivable (Note 6)	745,033	400,545
Loans receivable (Note 7)	125,001	-
Rents receivable	857,958	788,378
Long-term investments (Notes 8 and 9)	2,990,884	3,046,978
	<u>8,995,136</u>	<u>9,460,886</u>
<b>LIABILITIES</b>		
Accounts payable (Note 10 and 20)	2,221,299	2,283,513
Long-term debt (Note 11)	1,876,316	2,056,202
	<u>4,097,615</u>	<u>4,339,715</u>
<b>NET FINANCIAL ASSETS</b>	<u>4,897,521</u>	<u>5,121,171</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 12)	32,672,045	30,424,321
Prepaid expenses	106,352	98,016
Inventory	7,242	11,065
	<u>32,785,639</u>	<u>30,533,402</u>
<b>ACCUMULATED SURPLUS (Note 13 and 20)</b>	<u>\$ 37,683,160</u>	<u>\$ 35,654,573</u>
<b>MEMBERS' EQUITY</b>		
Equity in Operating Fund	\$ 2,019,886	\$ 2,462,685
Equity in Social Housing	2,778,610	2,573,535
Equity in Capital Fund	28,705,713	26,410,618
Equity in Enterprise Fund	2,946,548	3,004,820
Equity in Ottawa Trust Fund	1,232,403	1,202,915
	<u>\$ 37,683,160</u>	<u>\$ 35,654,573</u>

APPROVED ON BEHALF OF THE LYTTON FIRST NATION

 Chief  
 Councillor

# LYTTON FIRST NATION

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
<b>ANNUAL SURPLUS</b>	<b>\$ 2,028,587</b>	<b>\$ 730,713</b>
Acquisition of tangible capital assets	(3,256,054)	(94,350)
Amortization of tangible capital assets (Note 14)	1,008,330	741,941
Proceeds from sale of tangible capital assets	-	12,324
	<b>(2,247,724)</b>	<b>659,915</b>
Acquisition of prepaid asset	(106,352)	(98,016)
Use of prepaid asset	98,016	66,750
	<b>(8,336)</b>	<b>(31,266)</b>
Acquisition of inventory	(7,242)	(11,061)
Use of inventory	11,065	13,431
	<b>3,823</b>	<b>2,370</b>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>(223,650)</b>	<b>1,361,732</b>
<b>NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR</b>	<b>5,121,171</b>	<b>3,759,439</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 4,897,521</b>	<b>\$ 5,121,171</b>

# LYTTON FIRST NATION

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2016

	2016 Budget	2016 Actual	2015 Actual
<b>REVENUE</b>			
Indigenous and Northern Affairs Canada	\$ 4,259,129	\$ 5,899,678	\$ 7,239,200
Administration fee	92,766	245,363	70,632
B.C. Hydro	-	70,259	70,259
Canada Mortgage and Housing Corporation	-	151,060	147,197
Department of Justice	85,580	85,580	85,580
Community Partners - Legal Aid	20,000	20,411	20,411
First Nations Education Steering Committee	-	10,484	14,124
First Nations Health Authority	1,199,985	2,619,795	2,902,824
Interest income	-	52,919	31,690
Interior Salish Employment & Training Society revenue	-	(2,003)	166,344
Province of British Columbia	85,580	100,580	110,755
Rental Income	44,600	383,606	436,230
Share of income from First Nation controlled entities	-	(56,093)	33,745
Works Program	10,356	38,007	49,297
Other	112,685	646,021	808,645
	5,910,681	10,265,667	12,186,933
<b>EXPENSES</b>			
Band programs	2,080,287	2,505,206	2,228,027
Education	675,210	2,764,161	2,322,062
Social development	4,091,408	3,071,463	2,995,028
Capital Programs	-	1,674,224	2,328,148
Job creation	95,723	331,429	592,212
Social Housing	-	228,013	430,253
Capital Fund	-	1,007,589	741,014
Enterprise Fund	-	90,933	186,139
	6,942,628	11,673,018	11,822,883
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER</b>	(973,247)	(1,407,351)	364,050
<b>OTHER</b>			
Tangible capital asset additions	-	3,256,054	94,350
Principal reduction of long-term debt	-	179,884	267,768
Proceeds from sale of assets	-	-	(12,324)
Transfer of capital assets to related entities	-	-	16,869
	-	3,435,938	366,663
<b>ANNUAL SURPLUS</b>	(973,247)	2,028,587	730,713
<b>FUND BALANCE, BEGINNING OF YEAR</b>	-	35,654,573	34,923,860
<b>FUND BALANCE, END OF YEAR</b>	\$ -	\$ 37,683,160	\$ 35,654,573

The accompanying notes are an integral part of the financial statements

# LYTTON FIRST NATION

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS	\$ 2,028,587	\$ 730,713
Items not affecting cash		
Amortization	1,008,330	741,941
Share of income (loss) of First Nation controlled entities	56,093	(33,745)
	3,093,010	1,438,909
Change in non-cash operating net assets	(480,795)	1,205,775
	2,612,215	2,644,684
<b>FINANCING ACTIVITIES</b>		
Principal repayment of capital asset loan	(46,630)	(64,787)
Due to Stein Valley Nlakapamux School Society	-	(52,800)
Repayment of Social Housing Funds long-term debt	(133,255)	(202,981)
Due from Tikemcheen Economic Development LLP	(125,001)	-
	(304,886)	(320,568)
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(3,256,054)	(94,350)
Proceeds from sale of tangible capital assets	-	12,324
	(3,256,054)	(82,026)
<b>CHANGES IN CASH DURING THE YEAR</b>	<b>(948,725)</b>	<b>2,242,090</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>5,224,985</b>	<b>2,982,895</b>
<b>CASH, END OF YEAR</b>	<b>\$ 4,276,260</b>	<b>\$ 5,224,985</b>
<b>REPRESENTED BY:</b>		
Cash	\$ 2,524,078	\$ 3,466,226
Restricted cash	1,752,182	1,758,759
	\$ 4,276,260	\$ 5,224,985

The accompanying notes are an integral part of the financial statements



# LYTTON FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 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 CPA Canada.

#### (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 government business enterprise, 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 enterprise and the enterprise's 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.

Organizations 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
9. Stein Valley Nakapamux School Society

#### (c) Fund Accounting

The Lytton First Nation maintains the following funds and reserves as part of its operations:

- The Operating Fund which reports the general activities of the First Nation administration.
- The Capital Fund which reports the capital assets of the First Nation not included in other funds, together with their related activities.
- The Trust Fund which reports on the trust funds of the First Nation and held by third parties.
- The Social Housing Fund which reports on the social housing assets of the First Nation together with their related activities.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

# LYTTON FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

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

#### (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.

#### (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) Long-term Debt

Proceeds from long-term debt are recorded as program revenue. Payments of principal and interest are treated as program expenditures. Long-term debt is recorded as a liability on the balance sheet. Reductions of long-term debt are offset with an increase to Equity in Tangible Capital Assets.

# LYTTON FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

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

#### (i) 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	5 years Straight line
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 assets acquired under C.M.H.C. sponsored housing programs are being depreciated at a rate equal to the principal reduction on the mortgage on the assets.

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.

#### (j) Replacement Reserve

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

#### (k) Budget

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

#### (l) 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.

#### (m) Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

# LYTTON FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2016

### 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. BANK INDEBTEDNESS

The First Nation has a \$500,000 operating line of credit with The Bank of Nova Scotia with interest at prime plus 0.5% per annum. The line of credit is to fully revolve to zero annually, upon receipt of funds from INAC on April 1st. Renewal of the line of credit is at the Bank's discretion.

### 4. 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 and Northern Affairs 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.

### 5. 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 as revenue 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.

	2016	2015
Replacement Reserve Fund - restricted cash	\$ 204,553	\$ 204,758
Operating Reserve Fund - restricted cash	36,066	36,102
Ottawa Trust Funds - restricted cash	1,232,403	1,202,915
Student Trust Funds - restricted cash	279,160	314,984
	<b>\$ 1,752,182</b>	<b>\$ 1,758,759</b>

# LYTTON FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 6. ACCOUNTS RECEIVABLE

	2016	2015
Accounts receivable - general	\$ 64,434	\$ 60,262
Indigenous and Northern Affairs Canada	259,640	186,164
Canada Mortgage and Housing Corporation	20,061	10,361
First Nations Health Authority	280,510	63,772
Interior Salish Employment & Training Society	-	53,767
Province of BC	26,203	26,219
Village of Lytton	94,185	-
	<b>\$ 745,033</b>	<b>\$ 400,545</b>

### 7. LOANS RECEIVABLE

	2016	2015
Due from Tikemcheen Economic Development LLP	\$ 125,001	\$ -

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

### 8. LONG-TERM INVESTMENTS

	2016	2015
Investment in Non-Controlled Entities		
All Nations Trust Company - shares at cost	\$ 56,700	\$ 56,700
Stein Valley Nlakapamux School Society	2,909,699	2,823,942
	<b>2,966,399</b>	<b>2,880,642</b>
Investment in Kumcheen Enterprises (100%)		
Shares	90	90
Advances	122,169	122,169
Accumulated equity in earnings	16,641	34,077
	<b>138,900</b>	<b>156,336</b>
Investment in Lytton Development Corp. (100%)		
Shares	2	2
Accumulated deficit in earnings	(1)	(1)
	<b>1</b>	<b>1</b>
Investment in Tikemcheen Economic Development LLP (99.99%)		
Contributions	9,999	9,999
Partner's deficit	(124,415)	-
	<b>(114,416)</b>	<b>9,999</b>
	<b>\$ 2,990,884</b>	<b>\$ 3,046,978</b>

# LYTTON FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 9. GOVERNMENT BUSINESS ENTERPRISES

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of CPA Canada. Government business enterprises 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, 2016	Lytton Development Corp. -year ended March 31, 2016	Stein Valley Nlakapamux School -year ended June 30, 2015	Tikemcheen Economic Development LLP -year ended March 31, 2016
Cash	\$ 9,716	\$ -	\$ 976,601	\$ 10,573
Accounts receivable	1,500	-	27,177	-
Tangible capital assets	131,781	-	381,158	-
Due from related parties	-	-	2,508,708	1
Other assets	-	1	48,075	-
<b>Total assets</b>	<b>\$ 142,997</b>	<b>\$ 1</b>	<b>\$ 3,941,719</b>	<b>\$ 10,574</b>
Accounts payable	\$ 4,097	\$ -	\$ 670,612	\$ -
Long-term debt	-	-	4,758	-
Due to related parties	122,169	-	-	125,001
<b>Total liabilities</b>	<b>126,266</b>	<b>-</b>	<b>675,370</b>	<b>125,001</b>
Share capital	90	1	-	-
Accumulated surplus	16,641	-	3,266,349	(114,427)
<b>Total equity</b>	<b>16,731</b>	<b>1</b>	<b>3,266,349</b>	<b>(114,427)</b>
<b>Total liabilities and equity</b>	<b>\$ 142,997</b>	<b>\$ 1</b>	<b>\$ 3,941,719</b>	<b>\$ 10,574</b>
	Kumcheen Enterprises Ltd. -year ended March 31, 2016	Lytton Development Corp. -year ended March 31, 2016	Stein Valley Nlakapamux School -year ended June 30, 2015	Tikemcheen Economic Development LLP -year ended March 31, 2016
Revenue	\$ 39,718	\$ -	\$ 2,108,971	\$ -
Expenses	57,154	-	440,612	124,427
<b>Net income</b>	<b>\$ (17,436)</b>	<b>\$ -</b>	<b>\$ 1,668,359</b>	<b>\$ (124,427)</b>

# LYTTON FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 10. ACCOUNTS PAYABLE

	2016	2015
Accounts payable - general	\$ 204,497	\$ 255,905
Receiver General - payroll deductions	191,789	239,187
Stein Valley Nlakapamux School Society	1,825,013	1,788,421
	<b>\$ 2,221,299</b>	<b>\$ 2,283,513</b>

### 11. LONG-TERM DEBT

	2016	2015
All Nations Trust Company loan, payments of \$2,700 per month including interest at 1.8% per annum, maturing October 1, 2031, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada	\$ 440,268	\$ 464,522
All Nations Trust Company loan, payments of \$2,745 per month including interest at 2.35% per annum, maturing August 1, 2018, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada	77,320	108,056
All Nations Trust Company loan, payments of \$2,263 per month including interest at 1.11% per annum, maturing February 1, 2021, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada	129,799	154,192
All Nations Trust Company loan, payments of \$2,203 per month including interest at 1.53% per annum, maturing November 1, 2032, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada	388,834	409,157
All Nations Trust Company loan, payments of \$3,900 per month including interest at 1.30% per annum, maturing November 1, 2035, secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada	812,084	845,633
Ally Credit Canada, 48 monthly payments of \$802 including interest at 6.49% per annum, maturing September 14, 2015, secured by a 2011 Chevrolet Silverado truck	-	4,226
Ally Credit Canada, 48 monthly payments of \$801 including interest at 6.49% per annum, maturing September 23, 2015, secured by a 2011 Chevrolet Traverse sport utility vehicle	-	3,176
Ally Credit Canada, 48 monthly payments of \$801 including interest at 6.49% per annum, maturing August 16, 2015, secured by a 2011 GMC Sierra truck	-	3,522
Scotiabank, 60 monthly payments of \$3,180 including interest at 5.16% per annum, maturing December 2, 2016, secured by a Leeboy 785 Grader	28,011	63,718
	<b>\$ 1,876,316</b>	<b>\$ 2,056,202</b>

# LYTTON FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 11. LONG-TERM DEBT, continued

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

2017	\$	165,212
2018		153,956
2019		112,600
2020		116,300
2021 and thereafter		1,328,248
		<hr/>
	\$	1,876,316

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# LYTTON FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 12. TANGIBLE CAPITAL ASSETS

2016	Cost			Accumulated amortization					2016 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	19,577,889	2,953,058	-	22,530,947	2,204,187	580,528	-	2,784,715	19,746,232
Automotive equipment	941,023	11,420	-	952,445	767,075	44,915	-	811,990	140,455
Equipment	1,203,892	291,576	-	1,495,469	1,014,310	85,730	-	1,100,039	395,430
Roads and bridge	4,565,612	-	-	4,565,612	2,257,721	49,967	-	2,307,688	2,257,924
Water and sewer systems	12,314,451	-	-	12,314,451	5,915,604	247,190	-	6,162,798	6,151,653
Social Housing	3,935,351	-	-	3,935,351	-	-	-	-	3,935,351
	<b>\$ 42,583,218</b>	<b>\$ 3,256,057</b>	<b>\$ -</b>	<b>\$ 45,839,275</b>	<b>\$ 12,158,897</b>	<b>\$ 1,008,330</b>	<b>\$ -</b>	<b>\$ 13,167,230</b>	<b>\$ 32,672,045</b>

2015	Cost			Accumulated amortization					2015 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	18,444,680	1,133,209	-	19,577,889	1,859,639	344,548	-	2,204,187	17,373,702
Automotive equipment	924,241	80,092	(63,310)	941,023	773,426	39,885	(46,236)	767,075	173,948
Equipment	1,189,636	14,256	-	1,203,892	968,697	45,613	-	1,014,310	189,582
Roads and bridge	4,565,612	-	-	4,565,612	2,207,754	49,967	-	2,257,721	2,307,891
Water and sewer systems	12,314,451	-	-	12,314,451	5,658,428	257,176	-	5,915,604	6,398,847
Social Housing	5,068,560	-	(1,133,209)	3,935,351	-	-	-	-	3,935,351
	<b>\$ 42,552,180</b>	<b>\$ 1,227,557</b>	<b>\$ (1,196,519)</b>	<b>\$ 42,583,218</b>	<b>\$ 11,467,944</b>	<b>\$ 737,189</b>	<b>\$ (46,236)</b>	<b>\$ 12,158,897</b>	<b>\$ 30,424,321</b>

# LYTTON FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 13. ACCUMULATED SURPLUS

	2016	2015
Unrestricted		
Operating Fund	\$ 2,019,886	\$ 2,462,685
Capital Fund	28,705,713	26,410,618
	<b>30,725,599</b>	28,873,303
Restricted		
Social Housing	2,778,610	2,573,535
Enterprise Fund	2,946,548	3,004,820
Ottawa Trust Fund	1,232,403	1,202,915
	<b>6,957,561</b>	6,781,270
	<b>\$ 37,683,160</b>	<b>\$ 35,654,573</b>

### 14. REPLACEMENT RESERVE FUND

Under the terms of the agreement with Canada Mortgage & Housing Corporation (CMHC), the Replacement Reserve account is to be credited in the amount of \$45,050 annually in Schedule "B" of the Operating Agreement. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

As at the Consolidated Statement of Financial Position date, the Fund is underfunded by \$107,256 (2015 - \$72,939).

### 15. SUBSIDY SURPLUS FUND

Under the terms of the agreement with CMHC, excess federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit plus interest. The reserve is to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. Withdrawals are credited to interest first and then principal.

As at the Consolidated Statement of Financial Position date, the Fund has a balance of zero.

### 16. OPERATING RESERVE FUND

Under the terms of the agreement with Canada Mortgage & Housing Corporation (CMHC), any annual operating surplus may be retained in an operating reserve account, to be drawn against in the event of any future deficits. The reserve is to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

As at the Consolidated Statement of Financial Position date, the Fund is underfunded by \$347,346 (2015 - \$309,943).

# LYTTON FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 17. CONTINGENT LIABILITIES

- a) Indigenous and Northern Affairs Canada

Under the terms of the contribution agreements with Indigenous and Northern Affairs 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 \$189,220.

### 18. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period.

### 19. 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, 2016

### 19. SEGMENTED INFORMATION, continued

	2016 Budget	Band Programs 2016 Actual	2015 Actual	2016 Budget	Education 2016 Actual	2015 Actual	2016 Budget	Social Development 2016 Actual	2015 Actual
<b>Revenues</b>									
Indigenous and Northern Affairs Canada	\$ 1,194,904	\$ 1,550,231	\$ 1,734,004	\$ 752,874	\$ 2,559,502	\$ 2,376,394	\$ 2,207,213	\$ 1,685,807	\$ 2,084,666
Administration fee	72,300	147,347	70,632	-	77,551	-	20,466	20,466	-
Community Partners - Legal Aid	20,000	20,411	20,411	-	-	-	-	-	-
Department of Justice	85,580	85,580	85,580	-	-	-	-	-	-
First Nations Education Steering Committee	-	-	-	-	1,000	5,000	-	-	-
First Nations Health Authority	-	-	-	-	-	-	1,199,985	1,130,640	1,109,924
Interest income	-	26,959	28,464	-	1,097	3,226	-	-	-
Rental Income	44,600	206,650	174,760	-	-	-	-	-	-
Other revenue	208,621	477,317	505,810	-	6,935	8,155	-	88,483	55,556
<b>Total revenue</b>	<b>1,626,005</b>	<b>2,514,495</b>	<b>2,619,661</b>	<b>752,874</b>	<b>2,646,085</b>	<b>2,392,775</b>	<b>3,427,664</b>	<b>2,925,396</b>	<b>3,250,146</b>
<b>Expenses</b>									
Administration fees	19,685	19,711	17,088	77,551	140,523	106	54,002	54,624	31,310
Contracted services	158,700	201,165	119,195	-	300	-	245,335	306,567	201,810
Honoraria	-	6,325	12,029	-	1,330	4,737	-	940	7,021
Professional fees	60,000	62,857	84,377	-	-	-	2,692	2,692	2,692
Travel	55,250	29,499	64,774	-	5,041	7,844	94,661	118,105	145,079
Utilities	139,996	190,987	149,195	-	2,215	3,364	37,900	28,033	27,519
Salaries, wages and benefits	980,609	1,263,419	1,013,344	-	95,509	84,782	828,906	820,413	746,631
Other expenses	666,347	731,243	768,022	597,659	2,519,243	2,221,229	2,828,912	1,740,089	1,832,966
<b>Total expenses</b>	<b>2,080,587</b>	<b>2,505,206</b>	<b>2,228,024</b>	<b>675,210</b>	<b>2,764,161</b>	<b>2,322,062</b>	<b>4,092,408</b>	<b>3,071,463</b>	<b>2,995,028</b>
<b>Annual surplus (deficit)</b>	<b>\$ (454,582)\$</b>	<b>9,289 \$</b>	<b>391,637 \$</b>	<b>77,664 \$</b>	<b>(118,076)\$</b>	<b>70,713 \$</b>	<b>(664,744)\$</b>	<b>(146,067)\$</b>	<b>255,118</b>

# LYTTON FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 19. SEGMENTED INFORMATION, continued

	2016 Budget	Capital Programs 2016 Actual	2015 Actual	2016 Budget	Job Creation 2016 Actual	2015 Actual
Revenues						
Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ 920,022	\$ 104,138	\$ 104,138	\$ 124,114
First Nations Education Steering Committee	-	-	-	-	9,484	9,124
First Nations Health Authority	-	1,489,155	1,792,900	-	-	-
Rental Income	-	-	-	-	150	-
Other revenue	-	28,050	-	-	186,731	386,579
<b>Total revenue</b>	<b>-</b>	<b>1,517,205</b>	<b>2,712,922</b>	<b>104,138</b>	<b>300,503</b>	<b>519,817</b>
Expenses						
Administration fees	-	2,042	-	2,995	2,995	5,026
Contracted services	-	93,161	2,037,172	2,821	22,241	36,672
Honoraria	-	-	-	700	908	3,642
Professional fees	-	-	-	6,000	33,278	10,747
Travel	-	114	181	4,000	1,829	11,251
Utilities	-	-	-	3,631	3,374	11,196
Salaries, wages and benefits	-	-	60,222	55,075	93,688	303,044
Other expenses	-	1,578,907	230,573	20,501	173,116	210,633
<b>Total expenses</b>	<b>-</b>	<b>1,674,224</b>	<b>2,328,148</b>	<b>95,723</b>	<b>331,429</b>	<b>592,211</b>
Annual surplus (deficit)	\$ -	\$ (157,019)	\$ 384,774	\$ 8,415	\$ (30,926)	\$ (72,394)

# LYTTON FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 19. SEGMENTED INFORMATION, continued

	2016 Budget	Social Housing 2016 Actual	2015 Actual	2016 Budget	Capital Fund 2016 Actual	2015 Actual	2016 Budget	Enterprise Fund 2016 Actual	2015 Actual
Revenues									
Interest income	\$ -	\$ 18	\$ 1,983	-	\$ -	\$ -	\$ -	\$ -	\$ -
Rental Income	-	176,805	261,470	-	-	-	-	-	-
Other revenue	-	123,010	187,201	-	-	-	-	32,661	208,005
Total revenue	-	299,833	450,654	-	-	-	-	32,661	208,005
Expenses									
Amortization	-	-	-	-	1,007,589	741,014	-	742	927
Administration fees	-	20,711	21,371	-	-	-	-	-	-
Professional fees	-	4,825	7,925	-	-	-	-	-	-
Utilities	-	1,644	37,916	-	-	-	-	-	-
Other expenses	-	200,833	363,041	-	-	-	-	90,191	185,212
Total expenses	-	228,013	430,253	-	1,007,589	741,014	-	90,933	186,139
Other items	-	71,820	20,401	-	(1,007,589)	(741,014)	-	(58,272)	21,866
	-	133,255	(913,360)	-	3,302,684	1,280,022	-	-	-
Annual surplus (deficit)	\$ -	\$ 205,075	\$(892,959)	-	\$ 2,295,095	\$ 539,008	-	\$ (58,272)	\$ 21,866

# LYTTON FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 19. SEGMENTED INFORMATION, continued

	Ottawa Trust Fund			Consolidated totals		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues						
Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ -	\$ 4,259,129	\$ 5,899,678	\$ 7,239,200
Administration fee	-	-	-	92,766	245,364	70,632
Community Partners - Legal Aid	-	-	-	20,000	20,411	20,411
Government of Canada - Department of Justice	-	-	-	85,580	85,580	85,580
First Nations Education Steering Committee	-	-	-	-	10,484	14,124
First Nations Health Authority	-	-	-	1,199,985	2,619,795	2,902,824
Interest income	-	24,845	28,291	-	52,919	61,964
Rental Income	-	-	-	44,600	383,605	436,230
Other revenue	-	4,643	4,662	208,621	947,830	1,355,968
<b>Total revenue</b>	<b>-</b>	<b>29,488</b>	<b>32,953</b>	<b>5,910,681</b>	<b>10,265,667</b>	<b>12,186,933</b>
Expenses						
Amortization	-	-	-	-	1,008,331	741,941
Administration fees	-	-	-	154,233	240,606	74,901
Contracted services	-	-	-	406,856	623,434	2,394,849
Honoraria	-	-	-	700	9,503	27,429
Professional fees	-	-	-	68,692	103,652	105,741
Travel	-	-	-	153,911	154,588	229,129
Utilities	-	-	-	181,527	226,253	229,190
Salaries, wages and benefits	-	-	-	1,864,590	2,273,029	2,208,023
Other expenses	-	-	-	4,113,419	7,033,622	5,811,680
<b>Total expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,943,928</b>	<b>11,673,018</b>	<b>11,822,883</b>
Other items	-	29,488	32,953	(1,033,247)	(1,407,351)	364,050
<b>Annual surplus (deficit)</b>	<b>\$ -</b>	<b>\$ 29,488</b>	<b>\$ 32,953</b>	<b>\$(1,033,247)</b>	<b>\$ 2,028,587</b>	<b>\$ 730,713</b>

# LYTTON FIRST NATION

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

### 20. PRIOR PERIOD ADJUSTMENT

The comparative figures have been retroactively restated to recognize rental revenues due from the Stein Valley Nlakapamux School Society for the years 1994 to 2015 which were not previously recorded. As a result, the opening fund balance at April 1, 2014 increased by \$1,108,000 and the ending fund balance at March 31, 2015 increased by \$52,800. The cumulative effect of this adjustment is a reduction in the March 31, 2015 ending accounts payable and accrued liabilities of \$1,161,600.