

LYTTON FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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Lytton First Nation

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2020

The accompanying consolidated financial statements of Lytton First Nation and all the information in this annual report for the year ended March 31, 2020 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 _____ Date July 20, 2020


Councillor _____ Date JULY 20 2020



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Independent Auditors' Report

To the Members of
Lytton First Nation

Opinion

We have audited the consolidated financial statements of Lytton First Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated 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, 2020, and the results of its consolidated operations, its changes in its consolidated net debt, 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.

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 PSAS, 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.
JULY 20, 2020

LYTTON FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash	\$ 4,630,320	\$ 3,683,252
Restricted cash (Note 4)	2,060,159	2,025,724
Accounts receivable (Note 5)	683,981	429,884
Rent receivable (Note 6)	624,559	760,738
Loans receivable (Note 7)	125,851	125,851
Long-term investments (Notes 8 and 19)	201,079	196,834
	8,325,949	7,222,283
LIABILITIES		
Accounts payable (Note 10)	2,341,090	2,269,897
Deferred revenue (Note 11)	225,830	8,558
Long-term debt (Note 12)	2,376,394	2,496,445
Replacement Reserve Fund (Note 14)	325,474	333,374
	5,268,788	5,108,274
NET FINANCIAL ASSETS	3,057,161	2,114,009
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13 and 19)	30,779,429	31,305,351
Prepaid expenses	87,906	90,631
	30,867,335	31,395,982
ACCUMULATED SURPLUS (Note 15 and 19)	\$ 33,924,496	\$ 33,509,991

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, 2020

	2020 Budget	2020 Actual	2019
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (153,165)	\$ 414,505	\$ (134,564)
Acquisition of tangible capital assets	(145,483)	(568,163)	(2,489,122)
Amortization of tangible capital assets	1,056,305	1,094,085	1,056,305
	910,822	525,922	(1,432,817)
Acquisition of prepaid asset	(90,631)	(87,906)	(90,631)
Use of prepaid asset	90,631	90,631	111,338
	-	2,725	20,707
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	757,657	943,152	(1,546,674)
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	2,114,009	3,660,683
NET FINANCIAL ASSETS AT END OF YEAR	\$ -	\$ 3,057,161	\$ 2,114,009

LYTTON FIRST NATION

CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
REVENUE			
Indigenous Services Canada	\$ 5,628,287	\$ 7,236,936	\$ 6,504,840
BC First Nations Gaming revenue	-	741,174	-
BC Hydro	70,259	70,259	70,259
Canada Mortgage and Housing Corporation	148,134	148,210	691,578
Community to Community - UBCM	-	2,500	5,000
Community Partners - Legal Aid	-	20,411	20,411
Department of Justice	-	85,580	85,580
Equipment rental	17,855	17,145	45,753
First Nations Health Authority	803,612	1,326,984	1,336,988
First Nations Land Management	-	64,862	29,000
First Nations Education Steering Committee	29,851	90,676	46,414
Miscellaneous	105,258	438,528	374,242
Interest income	4,228	171,847	118,349
Province of British Columbia	-	211,732	506,805
Rental Income	341,970	410,531	418,741
Share of income (loss) from First Nation controlled entities	-	4,245	4,371
Taxation	-	1,535	334
Works program	20,342	50,345	23,029
Other	234,635	579,179	527,698
	7,404,431	11,672,679	10,809,392
EXPENDITURES			
Band Programs	1,920,764	3,013,107	2,983,987
Education	2,015,744	2,702,639	3,097,960
Social Development / Health	3,192,628	3,722,067	3,246,835
Capital Programs	-	179,765	225,247
Job Creation	112,850	177,067	212,783
Social Housing Fund	315,610	285,121	253,483
Capital Fund	-	952,578	923,661
	7,557,596	11,032,344	10,943,956
ANNUAL DEFICIT BEFORE OTHER	(153,165)	640,335	(134,564)
OTHER			
Transfer to deferred revenue	-	(225,830)	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(153,165)	414,505	(134,564)
EQUITY AT BEGINNING OF YEAR	-	33,509,991	33,644,555
EQUITY AT END OF YEAR	\$ (153,165)	\$ 33,924,496	\$ 33,509,991

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, 2020

	2020	2019
OPERATING ACTIVITIES		
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 414,505	\$ (134,564)
Items not affecting cash		
Amortization	1,094,085	1,056,305
Share of income (loss) of First Nation controlled entities	(4,245)	(4,371)
	1,504,345	917,370
Change in non-cash operating working capital	165,373	1,177,442
	1,669,718	2,094,812
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(568,163)	(2,489,111)
FINANCING ACTIVITIES		
Principal repayment of capital asset loan	(36,194)	(27,015)
Proceeds from long-term debt	57,648	-
Repayment of Social Housing Fund long-term debt	(141,506)	(132,645)
Proceeds from Social Housing Fund long-term debt	-	995,444
	(120,052)	835,784
INCREASE IN CASH AND CASH EQUIVALENTS	981,503	441,485
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,708,976	5,267,491
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,690,479	\$ 5,708,976
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash	\$ 4,630,320	\$ 3,683,252
Restricted cash	2,060,159	2,025,724
	\$ 6,690,479	\$ 5,708,976

The accompanying notes are an integral part of the financial statements

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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.

(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, 2020

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	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	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, 2020

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, 2019 and 2020, 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, 2020

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.

	2020	2019
Replacement Reserve Fund - restricted cash	\$ 328,909	\$ 286,738
Operating Reserve Fund - restricted cash	-	35,891
Ottawa Trust Fund - restricted cash	1,448,429	1,420,953
Student Trust Funds - restricted cash	282,821	282,142
	\$ 2,060,159	\$ 2,025,724

5. ACCOUNTS RECEIVABLE

	2020	2019
Accounts receivable - general	\$ 265,865	\$ 285,974
Indigenous Services Canada	194,907	122,754
Canada Mortgage and Housing Corporation	12,345	12,275
Insurance (RR)	175,000	-
Funds held with the Bank of Canada	35,864	-
First Nation Emergency Services Society	-	8,881
	\$ 683,981	\$ 429,884

6. RENT RECEIVABLE

	2020	2019
Rent receivable	\$ 1,154,562	\$ 1,144,076
	1,154,562	1,144,076
Allowance for doubtful accounts	(530,003)	(383,338)
	\$ 624,559	\$ 760,738

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

7. LOANS RECEIVABLE

	2020	2019
Due from Tikemcheen Economic Development LLP	\$ 125,851	\$ 125,851

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

8. LONG-TERM INVESTMENTS

	2020	2019
Investment in Non-Controlled Entities		
All Nations Trust Company - shares at cost	\$ 56,700	\$ 56,700
Investment in BC First Nations Gaming Fund	110	-
	56,810	56,700
Investment in Kumcheen Enterprises Ltd. (100%)		
Shares	90	90
Advances	122,169	122,169
Accumulated equity in earnings	26,033	20,742
	148,292	143,001
Investment in Lytton Development Corp. (100%)		
Shares	2	2
Accumulated deficit in earnings	(1)	(1)
	1	1
Investment in Tikemcheen Economic Development LLP (99.99%)		
Accumulated partner's deficit	(4,024)	(2,868)
	(4,024)	(2,868)
	\$ 201,079	\$ 196,834

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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, 2020	Lytton Development Corp. - year ended March 31, 2020	Tikemcheen Economic Development LLP - year ended March 31, 2020	2020 Total
Cash	\$ 25,791	\$ -	\$ 121,826	\$ 147,617
Accounts receivable	3,004	-	-	3,004
Tangible capital assets	122,569	-	-	122,569
Investments	-	1	-	1
Due from related parties	-	-	1	1
Total assets	\$ 151,364	\$ 1	\$ 121,827	\$ 273,192
Accounts payable	\$ 3,072	\$ -	\$ -	\$ 3,072
Due to related parties	122,169	1	125,851	248,021
Total liabilities	125,241	1	125,851	251,093
Share capital	90	2	-	92
Accumulated surplus (deficit)	26,033	(2)	(4,024)	22,007
Total equity	26,123	-	(4,024)	22,099
Total liabilities and equity	\$ 151,364	\$ 1	\$ 121,827	\$ 273,192

	Kumcheen Enterprises Ltd. - year ended March 31, 2019	Lytton Development Corp. - year ended March 31, 2019	Tikemcheen Economic Development LLP - year ended March 31, 2019	2020 Total
Revenue	\$ 49,299	\$ -	\$ 2,453	\$ 51,752
Expenses	44,008	-	3,609	47,617
Net income	\$ 5,291	\$ -	\$ (1,156)	\$ 4,135

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2020

10. ACCOUNTS PAYABLE

	2020	2019
Accounts payable - general	\$ 201,565	\$ 476,510
Receiver General - payroll deductions	12,523	12,533
Stein Valley Nlakapamux School Society	1,858,102	1,780,854
Covid support payments	268,900	-
	\$ 2,341,090	\$ 2,269,897

11. DEFERRED REVENUE

	March 31, 2019	Funding received	Revenue recognized, 2020	March 31, 2020
Federal government				
Indigenous Services Canada - Capital projects	\$ -	\$ 1,933,142	\$ (1,707,312)	\$ 225,830
First Nations Health Authority	8,558	-	(8,558)	-
	\$ 8,558	\$ 1,933,142	\$ (1,715,870)	\$ 225,830

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

12. LONG-TERM DEBT

	2020	2019
All Nations Trust Company loan, payments of \$2,544 per month including interest at 1.03% per annum, maturing October 1, 2023, secured by a Ministerial Guarantee from Indigenous Services Canada	\$ 334,587	\$ 361,640
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 Services Canada	24,753	51,472
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 Services Canada	305,690	326,729
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 Services Canada	663,243	701,159
All Nations Trust Company loan, payments of \$4,568 per month including interest at 2.68% per annum, maturing October 1, 2043, secured by a Ministerial Guarantee from Indigenous Services Canada	958,964	987,743
Scotiabank, 84 monthly payments of \$586.65 including interest at 4.98% per annum, maturing April 30, 2021, secured by a 2014 Chevrolet Silverado	6,854	13,375
Finning Cat loan, payments of \$1,747.40 per month without interest, maturing October 9, 2021, secured by a Caterpillar 307E2 Hydraulic Excavator	33,302	54,327
Terrace Totem Ford, payments of \$960.80 per month without interest, maturing July 27, 2024, secured by a 2019 Ford F150	49,001	-
	\$ 2,376,394	\$ 2,496,445

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

2021	\$ 180,918
2022	142,566
2023	132,349
2024	134,442
2025 and thereafter	1,786,119
	\$ 2,376,394

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

13. TANGIBLE CAPITAL ASSETS

2020	Cost			Accumulated amortization				2020 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 45,000	\$ -	\$ -	\$ 45,000	\$ -	\$ -	\$ -	\$ 45,000
Buildings	23,064,246	-	-	23,064,246	4,680,914	576,605	5,257,519	17,806,727
Automotive equipment	1,245,812	57,648	-	1,303,460	1,095,475	86,103	1,181,578	121,882
Equipment	1,706,027	149,799	-	1,855,826	1,441,154	129,789	1,570,943	284,883
Roads and bridge	4,565,612	-	-	4,565,612	2,426,831	46,117	2,472,948	2,092,664
Water and sewer systems	13,408,612	360,716	-	13,769,328	6,638,932	138,668	6,777,600	6,991,728
Social Housing	4,672,155	-	-	4,672,155	1,118,807	116,803	1,235,610	3,436,545
	\$ 48,707,464	\$ 568,163	\$ -	\$ 49,275,627	\$ 17,402,113	\$ 1,094,085	\$ 18,496,198	\$ 30,779,429

2019	Cost			Accumulated amortization				2019 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 45,000	\$ -	\$ -	\$ 45,000	\$ -	\$ -	\$ -	\$ 45,000
Buildings	22,530,947	533,299	-	23,064,246	3,744,570	569,937	4,680,914	18,383,332
Automotive equipment	1,168,733	77,079	-	1,245,812	1,007,257	88,218	1,095,475	150,337
Equipment	1,658,257	47,770	-	1,706,027	1,282,382	158,772	1,441,154	264,873
Roads and bridge	4,565,612	-	-	4,565,612	2,403,773	23,058	2,426,831	2,138,781
Water and sewer systems	12,314,451	1,094,161	-	13,408,612	6,525,264	113,668	6,638,932	6,769,680
Social Housing	3,935,351	1,270,103	(533,299)	4,672,155	1,352,570	132,644	1,118,807	3,553,348
	\$ 46,218,351	\$ 3,022,412	\$ (533,299)	\$ 48,707,464	\$ 16,315,816	\$ 1,086,297	\$ 17,402,113	\$ 31,305,351

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

14. 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.

	2020	2019
Balance, beginning of year	\$ 333,374	\$ 311,899
Contributions, required during the year	38,850	36,500
Withdrawals	(52,420)	(19,519)
Interest	5,670	4,494
	\$ 325,474	\$ 333,374

15. ACCUMULATED SURPLUS

	2020	2019
Unrestricted		
Band Programs	\$ 2,583,397	\$ 1,771,495
Education	684,790	561,691
Social Development / Health	353,627	83,827
Capital Programs	(17,207)	490,772
Job Creation	(198,022)	(254,905)
Capital Fund	27,278,425	27,684,292
Enterprise Fund	144,379	140,134
	30,829,389	30,477,306
Restricted		
Social Housing Fund	1,646,678	1,611,733
Ottawa Trust Funds	1,448,429	1,420,952
	3,095,107	3,032,685
	\$ 33,924,496	\$ 33,509,991

16. 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 \$137,979.

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

17. COMPARATIVE AMOUNTS

Certain comparative figures for the year ended March 31, 2019 have been reclassified to conform with the current year's presentation.

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, 2020

18. SEGMENTED INFORMATION, continued

	Band Programs			Education			Social Development / Health		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Indigenous Services Canada	\$ 1,319,756	\$ 1,563,174	\$ 1,422,032	\$ 2,116,841	\$ 2,933,393	\$ 2,908,643	\$ 1,995,078	\$ 2,283,003	\$ 1,993,651
Community Partners - Legal Aid	-	20,411	20,411	-	-	-	-	-	-
Department of Justice	-	85,580	85,580	-	-	-	-	-	-
First Nations Education Steering Committee	-	-	-	19,236	75,024	29,629	-	-	-
First Nations Health Authority	-	5,000	-	-	-	-	803,612	1,321,984	1,336,988
Interest income	4,228	146,306	79,844	-	678	3,581	-	-	-
Rental Income	149,778	209,149	227,735	-	-	-	-	10,800	20,400
Other revenue	386,609	1,602,427	469,249	5,677	25,250	19,600	39,059	504,674	387,997
Total revenue	1,860,371	3,632,047	2,304,851	2,141,754	3,034,345	2,961,453	2,837,749	4,120,461	3,739,036
Expenses									
Administration fees	12,000	165	166	-	500	-	26,766	-	-
Contracted services	99,195	174,441	232,084	1,000	2,100	500	201,141	410,615	285,584
Honoraria	60	87,607	6,982	-	1,740	8,310	-	8,767	15,551
Professional fees	40,000	90,282	121,422	-	-	-	2,692	4,808	9,844
Travel	54,551	36,789	65,394	5,200	9,587	5,321	80,628	149,767	106,848
Utilities	117,953	219,602	245,204	2,500	5,004	4,996	9,590	53,176	32,942
Salaries, wages and benefits	862,303	1,299,507	1,299,559	103,223	135,968	113,936	733,491	950,937	859,699
Other expenses	734,702	1,104,714	1,013,176	1,903,821	2,547,740	2,964,897	2,138,320	2,143,997	1,936,367
Total expenses	1,920,764	3,013,107	2,983,987	2,015,744	2,702,639	3,097,960	3,192,628	3,722,067	3,246,835
Annual surplus (deficit)	\$ (60,393)\$	618,940 \$	(679,136)\$	126,010 \$	331,706 \$	(136,507)\$	(354,879)\$	398,394 \$	492,201

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

18. SEGMENTED INFORMATION, continued

	2020 Budget	Capital Programs 2020 Actual	2019 Actual	2020 Budget	Job Creation 2020 Actual	2019 Actual
Revenues						
Indigenous Services Canada	\$ 97,468	\$ 353,862	\$ 77,010	\$ 99,144	\$ 103,504	\$ 103,504
First Nations Education Steering Committee	-	-	-	10,615	15,652	16,785
Other revenue	-	23,078	1,095,472	17,004	17,242	166,242
Total revenue	97,468	376,940	1,172,482	126,763	136,398	286,531
Expenses						
Administration fees	-	-	-	-	-	3,450
Contracted services	-	(10,000)	-	4,000	11,176	5,687
Honoraria	-	-	-	1,850	-	-
Professional fees	-	280	990	-	30,742	11,390
Travel	-	-	150	6,000	9,511	4,193
Utilities	-	-	2,872	2,100	2,429	1,126
Salaries, wages and benefits	-	149,672	59,871	48,208	75,032	123,508
Other expenses	-	39,813	161,364	50,692	48,177	63,429
Total expenses	-	179,765	225,247	112,850	177,067	212,783
Other items	97,468	197,175	947,235	13,913	(40,669)	73,748
	-	(225,830)	-	-	-	-
Annual surplus (deficit)	\$ 97,468	\$ (28,655)	\$ 947,235	\$ 13,913	\$ (40,669)	\$ 73,748

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

18. SEGMENTED INFORMATION, continued

	Social Housing Fund				Capital Fund			Enterprise Fund	
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues									
Interest income	\$ -	\$ 1,974	\$ 3,152	-	\$ -	\$ -	\$ -	\$ -	\$ -
Rental Income	192,192	190,582	170,606	-	-	-	-	-	-
Other revenue	148,134	148,210	130,547	-	-	-	-	4,245	4,371
Total revenue	340,326	340,766	304,305	-	-	-	-	4,245	4,371
Expenses									
Amortization	-	141,507	132,644	-	952,578	923,661	-	-	-
Administration fees	25,000	-	-	-	-	-	-	-	-
Professional fees	6,000	5,726	5,075	-	-	-	-	-	-
Utilities	3,410	44	1,482	-	-	-	-	-	-
Other expenses	281,200	137,844	114,282	-	-	-	-	-	-
Total expenses	315,610	285,121	253,483	-	952,578	923,661	-	-	-
Other items	24,716	55,645	50,822	-	(952,578)	(923,661)	-	4,245	4,371
Annual surplus (deficit)	\$ 24,716	\$ 55,645	\$ 50,822	-	\$ (952,578)	\$ (923,661)	-	\$ 4,245	\$ 4,371

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

18. SEGMENTED INFORMATION, continued

	Ottawa Trust Funds			Consolidated totals		
	2020 Budget	2020 Actual	2019 Actual	2020 Budget	2020 Actual	2019 Actual
Revenues						
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 5,628,287	\$ 7,236,936	\$ 6,504,840
Community Partners - Legal Aid	-	-	-	-	20,411	20,411
Government of Canada - Department of Justice	-	-	-	-	85,580	85,580
First Nations Education Steering Committee	-	-	-	29,851	90,676	46,414
First Nations Health Authority	-	-	-	803,612	1,326,984	1,336,988
Interest income	-	22,888	31,772	4,228	171,846	118,349
Rental Income	-	-	-	341,970	410,531	418,741
Other revenue	-	4,589	4,591	596,483	2,329,715	2,278,069
Total revenue	-	27,477	36,363	7,404,431	11,672,679	10,809,392
Expenses						
Amortization	-	-	-	-	1,094,085	1,056,305
Administration fees	-	-	-	63,766	665	3,616
Contracted services	-	-	-	305,336	588,332	523,855
Honoraria	-	-	-	1,910	98,114	30,843
Professional fees	-	-	-	48,692	131,838	148,721
Travel	-	-	-	146,379	205,654	181,906
Utilities	-	-	-	135,553	280,255	288,622
Salaries, wages and benefits	-	-	-	1,747,225	2,611,116	2,456,573
Other expenses	-	-	-	5,108,735	6,022,285	6,253,515
Total expenses	-	-	-	7,557,596	11,032,344	10,943,956
Other items	-	27,477	36,363	(153,165)	640,335	(134,564)
	-	-	-	-	(225,830)	-
Annual surplus (deficit)	\$ -	\$ 27,477	\$ 36,363	\$(153,165)	\$ 414,505	\$(134,564)

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2020

19. PRIOR PERIOD RESTATEMENT

In previous years, the Housing Program reported the Replacement Reserve Fund as equity. In the current year, the Housing Program has adopted a policy of depreciation in compliance with the CMHC Operating Agreement.

As the change constitutes a change in accounting policy, the financial statements have been restated as follows:

	As previously stated	Adjustments Increase (Decrease)	As restated
<hr/>			
Consolidated Statement of Financial Position			
Liabilities			
Replacement Reserve	\$ -	\$ 333,374	\$ 333,374
Accumulated surplus - opening	33,956,454	(311,899)	33,644,555
Accumulated surplus - closing	33,843,365	(333,374)	33,509,991
Consolidated Statement of Operations			
Current year surplus (deficit)	\$ (113,089)	\$ (21,475)	\$ (134,564)