

LYTTON FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

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CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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INDEPENDENT AUDITOR'S REPORT

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LYTTON FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2017

The accompanying consolidated financial statements of Lytton First Nation and all the information in this annual report for the year ended March 31, 2017 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.

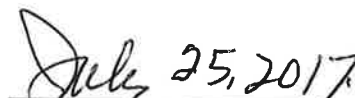
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

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



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, 2017, 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, 2017, 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 25, 2017

LYTTON FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash	\$ 1,906,862	\$ 2,524,078
Restricted cash (Note 5)	1,902,932	1,752,182
Accounts receivable (Note 6)	301,761	745,033
Loans receivable (Note 7)	125,851	125,001
Rents receivable	915,123	857,958
Long-term investments (Note 8)	2,076,344	2,990,884
	7,228,873	8,995,136
LIABILITIES		
Accounts payable (Note 10)	2,019,980	2,221,299
Long-term debt (Note 11)	1,734,049	1,876,316
	3,754,029	4,097,615
NET FINANCIAL ASSETS	3,474,844	4,897,521
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	32,084,924	32,672,045
Prepaid expenses	92,422	106,352
Inventory	-	7,242
	32,177,346	32,785,639
ACCUMULATED SURPLUS (Note 13)	\$ 35,652,190	\$ 37,683,160
MEMBERS' EQUITY		
Equity in Operating Fund	\$ 1,209,224	\$ 2,019,886
Equity in Social Housing	2,949,293	2,778,610
Equity in Capital Fund	28,124,080	28,705,713
Equity in Enterprise Fund	2,019,644	2,946,548
Equity in Ottawa Trust Fund	1,349,949	1,232,403
ACCUMULATED SURPLUS	\$ 35,652,190	\$ 37,683,160

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, 2017

	2017	2016
ANNUAL SURPLUS (DEFICIT)	\$ (2,030,970)	\$ 2,028,587
Acquisition of tangible capital assets	(242,460)	(3,256,054)
Amortization of tangible capital assets	826,615	1,008,330
Disposition of tangible capital assets	2,966	-
	587,121	(2,247,724)
Acquisition of prepaid asset	(92,422)	(106,352)
Use of prepaid asset	106,352	98,016
	13,930	(8,336)
Acquisition of inventory	-	(7,242)
Use of inventory	7,242	11,065
	7,242	3,823
DECREASE IN NET FINANCIAL ASSETS	(1,422,677)	(223,650)
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	4,897,521	5,121,171
NET FINANCIAL ASSETS, END OF YEAR	\$ 3,474,844	\$ 4,897,521

LYTTON FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2017

	2017 Budget	2017 Actual	2016 Actual
REVENUE			
Indigenous and Northern Affairs Canada	\$ 3,798,134	\$ 6,082,091	\$ 5,899,678
Administration fee	151,184	163,088	245,363
B.C. Hydro	-	70,259	70,259
Canada Mortgage and Housing Corporation	-	118,472	151,060
Department of Justice	85,580	87,560	85,580
Community Partners - Legal Aid	20,411	20,411	20,411
First Nations Education Steering Committee	40,216	42,151	10,484
First Nations Health Authority	1,117,299	933,724	2,619,795
Interest Income	-	43,884	52,919
Interior Salish Employment & Training Society revenue	-	-	(2,003)
Province of British Columbia	123,596	181,405	100,580
Rental Income	61,220	392,424	383,605
Share of Income from First Nation controlled entities	-	(916,538)	(56,093)
Works Program	6,120	41,276	38,007
Other	317,460	957,521	646,021
	5,721,220	8,217,728	10,265,667
EXPENSES			
Band Programs	2,056,795	3,034,597	2,505,206
Education	897,471	2,589,092	2,764,161
Social Development	4,151,677	3,549,245	3,071,463
Capital Programs	-	22,126	1,674,224
Job Creation	97,852	271,819	331,429
Social Housing	-	284,753	228,013
Capital Fund	-	826,617	1,007,589
Enterprise Fund	-	55,177	90,933
	7,203,795	10,633,426	11,673,018
ANNUAL DEFICIT BEFORE OTHER	(1,459,075)	(2,415,698)	(1,407,351)
OTHER			
Tangible capital asset additions	-	242,460	3,256,054
Principal reduction of long-term debt	-	142,268	179,884
	-	384,728	3,435,938
ANNUAL SURPLUS (DEFICIT)	(1,459,075)	(2,030,970)	2,028,587
FUND BALANCE, BEGINNING OF YEAR	-	37,683,160	35,654,573
FUND BALANCE, END OF YEAR	\$ -	\$ 35,652,190	\$ 37,683,160

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, 2017

	2017	2016
OPERATING ACTIVITIES		
ANNUAL SURPLUS (DEFICIT)	\$ (2,030,970)	\$ 2,028,587
Items not affecting cash		
Amortization	826,615	1,008,330
Share of income (loss) of First Nation controlled entities	914,540	56,093
Disposition of capital assets to related entities	2,966	-
	(286,849)	3,093,010
Change in non-cash operating net assets	205,961	(480,795)
	(80,888)	2,612,215
FINANCING ACTIVITIES		
Principal repayment of capital asset loan	(28,012)	(46,630)
Proceeds from capital asset loan	25,488	-
Repayment of Social Housing Funds long-term debt	(139,744)	(133,255)
Due from Tikemcheen Economic Development LLP	(850)	(125,001)
	(143,118)	(304,886)
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(242,460)	(3,256,054)
CHANGES IN CASH DURING THE YEAR	(466,466)	(948,725)
CASH, BEGINNING OF YEAR	4,276,260	5,224,985
CASH, END OF YEAR	\$ 3,809,794	\$ 4,276,260
REPRESENTED BY:		
Cash	\$ 1,906,862	\$ 2,524,078
Restricted cash	1,902,932	1,752,182
	\$ 3,809,794	\$ 4,276,260

The accompanying notes are an integral part of the financial statements

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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, 2017

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, 2017

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.

	2017	2016
Replacement Reserve Fund - restricted cash	\$ 240,633	\$ 204,553
Operating Reserve Fund - restricted cash	36,031	36,066
Ottawa Trust Funds - restricted cash	1,349,949	1,232,403
Student Trust Funds - restricted cash	276,319	279,160
	\$ 1,902,932	\$ 1,752,182

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

6. ACCOUNTS RECEIVABLE

	2017	2016
Accounts receivable - general	\$ 91,277	\$ 64,434
Indigenous and Northern Affairs Canada	125,684	259,640
Canada Mortgage and Housing Corporation	9,800	20,061
First Nation Emergency Services Society	75,000	-
First Nations Health Authority	-	280,510
Province of BC	-	26,203
Village of Lytton	-	94,185
	\$ 301,761	\$ 745,033

7. LOANS RECEIVABLE

	2017	2016
Due from Tikemcheen Economic Development LLP	\$ 125,851	\$ 125,001

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

8. LONG-TERM INVESTMENTS

	2017	2016
Investment in Non-Controlled Entities		
All Nations Trust Company - shares at cost	\$ 56,700	\$ 56,700
Stein Valley Nlakapamux School Society	2,004,412	2,909,699
	2,061,112	2,966,399
Investment in Kumcheen Enterprises (100%)		
Shares	90	90
Advances	122,169	122,169
Accumulated equity in earnings	16,971	16,641
	139,230	138,900
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%)		
Contributions	(133,583)	9,999
Partner's deficit	9,584	(124,415)
	(123,999)	(114,416)
	\$ 2,076,344	\$ 2,990,884

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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, 2017	Lytton Development Corp. -year ended March 31, 2017	Stein Valley Nlakapamux School -year ended June 30, 2016	Tikemcheen Economic Development LLP -year ended March 31, 2017
Cash	\$ 13,280	\$ -	\$ 1,328,996	\$ 7,525
Accounts receivable	-	-	615	-
Tangible capital assets	129,478	-	350,250	-
Due from related parties	-	1	679,183	1
Other assets	-	-	55,816	-
Total assets	\$ 142,758	\$ 1	\$ 2,414,860	\$ 7,526
Accounts payable	\$ 3,528	\$ -	\$ 63,780	\$ 5,686
Due to related parties	122,169	-	-	125,851
Total liabilities	125,697	-	63,780	131,537
Share capital	90	2	-	-
Accumulated surplus	16,971	(1)	2,351,080	(124,011)
Total equity	17,061	1	2,351,080	(124,011)
Total liabilities and equity	\$ 142,758	\$ 1	\$ 2,414,860	\$ 7,526
	Kumcheen Enterprises Ltd. -year ended March 31, 2017	Lytton Development Corp. -year ended March 31, 2017	Stein Valley Nlakapamux School -year ended June 30, 2016	Tikemcheen Economic Development LLP -year ended March 31, 2017
Revenue	\$ 46,354	\$ -	\$ 2,198,817	\$ -
Expenses	46,024	-	1,952,487	9,584
Net income	\$ 330	\$ -	\$ 246,330	\$ (9,584)

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

10. ACCOUNTS PAYABLE

	2017	2016
Accounts payable - general	\$ 111,501	\$ 204,497
Receiver General - payroll deductions	83,466	191,789
Stein Valley Nlakapamux School Society	1,825,013	1,825,013
	\$ 2,019,980	\$ 2,221,299

11. LONG-TERM DEBT

	2017	2016
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	\$ 414,935	\$ 440,268
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	45,851	77,320
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	104,032	129,799
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	368,172	388,834
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	775,571	812,084
Scotiabank, 84 monthly payments of \$586.65 including interest at 4.98% per annum, maturing April 30, 2021, secured by a 2014 Chevrolet Silverado.	25,488	-
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
	\$ 1,734,049	\$ 1,876,316

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

2018	\$ 153,956
2019	112,600
2020	116,300
2021	116,300
2022 and thereafter	1,234,893
	\$ 1,734,049

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

12. TANGIBLE CAPITAL ASSETS

2017	Cost			Accumulated amortization				2017 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	-	-	22,530,947	2,784,715	396,580	3,181,295	19,349,652
Automotive equipment	952,445	216,288	-	1,168,733	811,990	62,150	874,140	294,593
Equipment	1,495,469	26,172	(2,966)	1,518,675	1,100,039	81,110	1,181,149	337,526
Roads and bridge	4,565,612	-	-	4,565,612	2,307,688	49,967	2,357,655	2,207,957
Water and sewer systems	12,314,451	-	-	12,314,451	6,162,798	236,808	6,399,606	5,914,845
Social Housing	3,935,351	-	-	3,935,351	-	-	-	3,935,351
	\$ 45,839,275	\$ 242,460	\$ (2,966)	\$ 46,078,769	\$ 13,167,230	\$ 826,615	\$ 13,993,845	\$ 32,084,924

2016	Cost			Accumulated amortization				2016 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	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
	\$ 42,583,218	\$ 3,256,057	\$ -	\$ 45,839,275	\$ 12,158,897	\$ 1,008,330	\$ 13,167,230	\$ 32,672,045

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

13. ACCUMULATED SURPLUS

	2017	2016
Unrestricted		
Operating Fund	\$ 1,209,224	\$ 2,019,886
Capital Fund	28,124,080	28,705,713
	29,333,304	30,725,599
Restricted		
Social Housing	2,949,293	2,778,610
Enterprise Fund	2,019,644	2,946,548
Ottawa Trust Fund	1,349,949	1,232,403
	6,318,886	6,957,561
	\$ 35,652,190	\$ 37,683,160

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 \$36,150 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 \$78,778 (2016 - \$107,256).

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 \$371,059 (2016 - \$347,687).

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

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 \$175,379.

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, 2017

18. SEGMENTED INFORMATION, continued

	2017 Budget	Band Programs 2017 Actual	2016 Actual	2017 Budget	Education 2017 Actual	2016 Actual	2017 Budget	Social Development 2017 Actual	2016 Actual
Revenues									
Indigenous and Northern Affairs Canada	\$ 1,411,753	\$ 1,747,828	\$ 1,550,231	\$ 636,777	\$ 2,606,606	\$ 2,559,502	\$ 1,645,194	\$ 1,629,962	\$ 1,685,807
Administration fee	73,900	86,175	147,347	56,747	56,747	77,551	20,537	20,166	20,466
Community Partners - Legal Aid	20,411	20,411	20,411	-	-	-	-	-	-
Department of Justice	85,580	87,560	85,580	-	-	-	-	-	-
First Nations Education Steering Committee	-	-	-	40,216	34,806	1,000	-	-	-
First Nations Health Authority	-	-	-	-	-	-	1,117,299	1,214,234	1,130,640
Interest income	-	17,557	26,959	-	1,292	1,097	-	-	-
Rental Income	61,220	174,973	206,650	-	-	-	-	37,644	-
Other revenue	(38,958)	309,511	477,317	-	10,121	6,935	486,134	667,955	88,483
Total revenue	1,613,906	2,444,015	2,514,495	733,740	2,709,572	2,646,085	3,269,164	3,569,961	2,925,396
Expenses									
Administration fees	33,501	20,318	19,711	75,287	56,747	140,523	61,079	60,319	54,624
Contracted services	103,000	276,338	201,165	-	-	300	437,415	349,885	306,567
Honoraria	-	1,764	6,325	1,000	1,604	1,330	2,000	2,457	940
Professional fees	60,000	349,653	62,857	-	-	-	2,240	2,240	2,692
Travel	66,000	43,104	29,499	6,100	5,888	5,041	123,675	136,912	118,105
Utilities	120,942	197,883	190,987	900	2,523	2,215	35,736	32,168	28,033
Salaries, wages and benefits	1,037,942	1,345,520	1,263,419	94,125	106,489	95,509	785,642	807,053	820,413
Other expenses	635,410	800,017	731,243	720,059	2,415,841	2,519,243	2,680,390	2,158,211	1,740,089
Total expenses	2,056,795	3,034,597	2,505,206	897,471	2,589,092	2,764,161	4,128,177	3,549,245	3,071,463
Annual surplus (deficit)	\$ (442,889)\$	(590,582)\$	9,289 \$	(163,731)\$	120,480 \$	(118,076)\$	(859,013)\$	20,716 \$	(146,067)

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

18. SEGMENTED INFORMATION, continued

	2017 Budget	Capital Programs 2017 Actual	2016 Actual	2017 Budget	Job Creation 2017 Actual	2016 Actual
Revenues						
Indigenous and Northern Affairs Canada	\$ -	\$ (6,715)	\$ -	\$ 104,410	\$ 104,410	\$ 104,138
First Nations Education Steering Committee	-	-	-	-	7,345	9,484
First Nations Health Authority	-	(280,510)	1,489,155	-	-	-
Rental Income	-	-	-	-	1,440	150
Other revenue	-	-	28,050	-	106,698	186,731
Total revenue	-	(287,225)	1,517,205	104,410	219,893	300,503
Expenses						
Administration fees	-	-	2,042	3,132	3,132	2,995
Contracted services	-	14,088	93,161	2,500	2,247	22,241
Honoraria	-	-	-	750	-	908
Professional fees	-	-	-	6,200	15,370	33,278
Travel	-	-	114	3,060	3,938	1,829
Utilities	-	-	-	4,131	3,203	3,374
Salaries, wages and benefits	-	-	-	61,405	121,444	93,688
Other expenses	-	8,038	1,578,907	16,674	122,485	173,116
Total expenses	-	22,126	1,674,224	97,852	271,819	331,429
Annual surplus (deficit)	\$ -	\$ (309,351)	(157,019)\$	6,558 \$	(51,926)\$	(30,926)

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

18. SEGMENTED INFORMATION, continued

	2017 Budget	Social Housing 2017 Actual	2016 Actual	2017 Budget	Capital Fund 2017 Actual	2016 Actual	2017 Budget	Enterprise Fund 2017 Actual	2016 Actual
Revenues									
Interest income	\$ -	\$ 20	\$ 18	-	\$ -	\$ -	\$ -	\$ -	\$ -
Rental Income	-	178,366	176,805	-	-	-	-	-	-
Other revenue	-	137,306	123,010	-	-	-	-	(871,727)	32,661
Total revenue	-	315,692	299,833	-	-	-	-	(871,727)	32,661
Expenses									
Amortization	-	-	-	-	826,617	1,007,589	-	-	742
Administration fees	-	20,700	20,711	-	-	-	-	-	-
Professional fees	-	6,000	4,825	-	-	-	-	-	-
Utilities	-	823	1,644	-	-	-	-	-	-
Other expenses	-	257,230	200,833	-	(244,984)	-	-	55,177	90,191
Total expenses	-	284,753	228,013	-	581,633	1,007,589	-	55,177	90,933
Other items	-	30,939	71,820	-	(581,633)	(1,007,589)	-	(926,904)	(58,272)
Annual surplus (deficit)	\$ -	\$ 30,939	\$ 205,075	-	\$ (581,633)	\$ 2,295,095	-	\$ (926,904)	\$ (58,272)

LYTTON FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2017

18. SEGMENTED INFORMATION, continued

	Ottawa Trust Fund			Consolidated totals		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues						
Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ -	\$ 3,798,134	\$ 6,082,091	\$ 5,899,678
Administration fee	-	-	-	151,184	163,088	245,363
Community Partners - Legal Aid	-	-	-	20,411	20,411	20,411
Government of Canada - Department of Justice	-	-	-	85,580	87,560	85,580
First Nations Education Steering Committee	-	-	-	40,216	42,151	10,484
First Nations Health Authority	-	-	-	1,117,299	933,724	2,619,795
Interest income	-	25,015	24,845	-	43,884	52,919
Rental Income	-	-	-	61,220	392,424	383,605
Other revenue	-	92,531	4,643	447,176	452,395	947,832
Total revenue	-	117,546	29,488	5,721,220	8,217,728	10,265,667
Expenses						
Amortization	-	-	-	-	826,617	1,008,331
Administration fees	-	-	-	172,999	161,216	240,606
Contracted services	-	-	-	542,915	642,558	623,434
Honoraria	-	-	-	3,750	5,825	9,503
Professional fees	-	-	-	68,440	373,263	103,652
Travel	-	-	-	198,835	189,842	154,588
Utilities	-	-	-	161,709	236,600	226,253
Salaries, wages and benefits	-	-	-	1,979,114	2,380,506	2,273,029
Other expenses	-	-	-	4,052,533	5,816,999	7,033,622
Total expenses	-	-	-	7,180,295	10,633,426	11,673,018
Other items	-	117,546	29,488	(1,459,075)	(2,415,698)	(1,407,351)
Annual surplus (deficit)	\$ -	\$ 117,546	\$ 29,488	\$(1,459,075)	\$(2,030,970)	2,028,587