



Consolidated Financial Statements

Pictou Landing Band Council

March 31, 2019

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Pictou Landing Band Council and all the information in this annual report 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. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. 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 Band Council 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 Band Council's assets are appropriately accounted for and adequately safeguarded.

The Band 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 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 consolidated financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Grant Thornton LLP has full and free access to the Council.

Chief Financial Officer

A handwritten signature in black ink, appearing to read 'Gord Jones', written over a horizontal line.

Gord Jones, CFO

Independent Auditor's Report

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To the Chief and Councillors of the
Pictou Landing Band Council

Qualified opinion

We have audited the accompanying consolidated financial statements of the Pictou Landing Band Council (the "Band Council"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Pictou Landing Band Council as at March 31, 2019, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for qualified opinion

The statement of financial position includes intangible assets in the amount of \$5,385,021 (2018 - \$5,015,021) for fishing licenses and permits purchased by the Band Council. Recording intangible assets is a departure from Canadian public sector accounting standards. Accordingly, both the purchased licenses and permits and accumulated surplus are overstated by \$5,385,021 (2018 - \$5,015,021) as at March 31, 2019.

If intangible assets were not recorded in order to be in compliance with Canadian public sector accounting standards, purchased licenses and permits and accumulated surplus would both decrease by \$5,385,021 (2018 - \$5,015,021) and excess of revenues over expenditures would decrease by \$370,000.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Band Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matters

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2018 has been restated. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance 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 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 Band Council's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Band Council or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Band Council's financial reporting process.

Auditor's 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 auditor's 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 consolidated 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 Band Council'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 Band Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Band Council 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 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 Band Council and the organizations it controls 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.

Sydney, Nova Scotia

August 2, 2019

Grant Thornton LLP
Chartered Professional Accountants
Licensed Public Accountants

Pictou Landing Band Council

Consolidated Statement of Operations

| Year ended March 31 | Budget | 2019 | 2018 (Restated- Note 2) |
|---|---------------------|-----------------------------|-------------------------------|
| Revenue | | | |
| Government transfers (Note 15) | \$ 6,373,523 | \$ 10,434,910 | \$ 7,978,406 |
| Commercial | 7,151,100 | 8,282,263 | 9,072,858 |
| A' Se'K Seven Generations Trust | 2,512,200 | 1,085,336 | - |
| Boat Harbour remediation funds | 182,600 | 333,506 | 144,210 |
| Housing rent | 699,600 | 781,479 | 713,368 |
| Miscellaneous | 1,923,904 | 920,372 | 647,371 |
| Gain on disposal of assets | - | 30,535 | - |
| | <u>19,117,927</u> | <u>21,868,401</u> | <u>18,556,213</u> |
| Expenditure | | | |
| Administrative | 276,000 | 407,249 | 317,721 |
| Community expenses | 465,195 | 968,830 | 1,020,457 |
| Core funding | - | 252,407 | 250,855 |
| Depreciation | - | 948,763 | 950,902 |
| Education and training | 133,784 | 458,931 | 419,911 |
| Fishing | 480,785 | 1,295,205 | 484,154 |
| Health programs | 218,627 | 424,896 | 435,636 |
| Interest | 49,000 | 73,900 | 91,586 |
| Operations and maintenance | 1,940,424 | 1,705,920 | 1,796,668 |
| Other | 2,350,776 | 904,848 | 588,244 |
| Professional fees | 205,350 | 329,454 | 587,289 |
| Purchases | 2,761,000 | 3,345,827 | 3,000,886 |
| Salaries and benefits | 4,989,540 | 5,588,882 | 5,445,714 |
| Social | 2,129,160 | 2,178,032 | 2,080,010 |
| | <u>15,999,641</u> | <u>18,883,144</u> | <u>17,470,033</u> |
| Excess of revenue over expenditure | <u>\$ 3,118,286</u> | <u>\$ 2,985,256</u> | <u>\$ 1,086,180</u> |
| Accumulated surplus, beginning of year, as previously stated | | 16,330,280 | 14,486,973 |
| Restatement (Note 2) | | <u>22,097,985</u> | <u>22,855,112</u> |
| Accumulated surplus, beginning of year, as restated | | <u>38,428,265</u> | <u>37,342,085</u> |
| Accumulated surplus, ending balance (Note 13) | | <u>\$ 41,413,521</u> | <u>\$ 38,428,265</u> |

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council

Consolidated Statement of Financial Position

March 31

2019

2018
(Restated-
Note 2)

Financial assets

| | | |
|---|-------------------|-------------------|
| Cash | \$ 23,842,036 | \$ 23,325,740 |
| Receivables (Note 3) | 2,224,143 | 2,020,614 |
| Inventory | 53,668 | 51,619 |
| Restricted funds (Note 4) | 331,775 | 391,183 |
| Investment in Mi'kmaq Wind4All Communities LP | 427,290 | 495,692 |
| | <u>26,878,910</u> | <u>26,284,848</u> |

Financial liabilities

| | | |
|--------------------------------|------------------|------------------|
| Payables and accruals (Note 6) | 1,984,232 | 522,650 |
| Deferred revenue (Note 7) | 3,491 | 214,976 |
| Long term debt (Note 8) | 6,630,252 | 6,593,201 |
| Long term payable (Note 9) | 112,000 | 168,000 |
| | <u>8,729,975</u> | <u>7,498,827</u> |

Net financial assets (Page 6) **18,148,935** 18,786,020

Non-financial assets

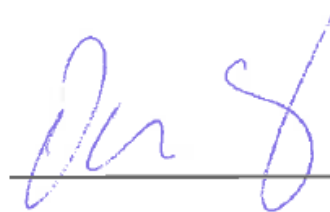
| | | |
|--|-------------------|-------------------|
| Capital assets (Note 10) | 17,877,197 | 14,614,803 |
| Purchased fishing licenses and permits (Note 11) | 5,385,021 | 5,015,021 |
| Prepays | 2,368 | 12,421 |
| | <u>23,264,586</u> | <u>19,642,245</u> |

Accumulated surplus (Page 4) **\$ 41,413,521** **\$ 38,428,265**

Contingencies (Note 11)

On behalf of the Band Council

 Chief

 Councillor

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council
Consolidated Statement of Changes in Net Financial
Assets

| Year ended March 31 | Budget | 2019 | 2018 (Restated- Note 2) |
|--|---------------------|--------------------------|-------------------------------|
| Net revenues | \$ 3,118,286 | \$ 2,985,256 | \$ 1,086,180 |
| Depreciation | - | 948,763 | 950,902 |
| Licenses and permits acquired | - | (370,000) | (1,822,921) |
| Gain on sale of assets | - | (25,360) | - |
| Proceeds on sale of assets | - | 57,825 | - |
| Capital assets acquired | - | (4,243,622) | (972,891) |
| | <u>3,118,286</u> | <u>(647,138)</u> | <u>(758,730)</u> |
| Acquisition of prepaids, net of usage | - | 10,053 | (12,421) |
| Change in net financial assets | <u>\$ 3,118,286</u> | (637,085) | (771,151) |
| Net financial assets, beginning of year, as previously reported | | (3,311,935) | (3,297,941) |
| Restatement (Note 2) | | <u>22,097,985</u> | <u>22,855,112</u> |
| Net financial assets, beginning of year as restated | | <u>18,786,020</u> | <u>19,557,171</u> |
| Net financial assets, end of year | | \$ 18,148,935 | <u>\$18,786,020</u> |

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council

Consolidated Statement of Cash Flows

Year ended March 31

2019

2018
(Restated
Note 2)

| | | |
|--|-----------------------------|-----------------------------|
| Operating | | |
| Excess of revenue over expenditures | \$ 2,985,256 | \$ 1,086,180 |
| Share of partnership income | (93,347) | (116,225) |
| Gain on disposal of assets | (25,360) | - |
| Depreciation | <u>948,763</u> | <u>950,902</u> |
| | 3,815,312 | 1,920,857 |
| Change in non-cash operating working capital | | |
| Receivables | (203,528) | (838,586) |
| Prepays | 10,053 | (12,421) |
| Inventory | (2,049) | (11,091) |
| Payables and accruals | 1,461,582 | (90,625) |
| Deferred revenue | <u>(211,485)</u> | <u>96,785</u> |
| | 4,869,885 | 1,064,919 |
| Financing | | |
| Repayment of long term payable | (56,000) | (56,000) |
| Receipt of long term debt | 658,185 | 2,183,510 |
| Repayment of long term debt | <u>(621,134)</u> | <u>(522,308)</u> |
| | (18,949) | 1,605,202 |
| Investing | | |
| Withdrawals from Mi'kmaq Wind4All Communities LP | 161,750 | 310,045 |
| Licenses and permits acquired | (370,000) | (1,822,921) |
| Proceeds on sale of assets | 57,825 | - |
| Capital assets acquired | <u>(4,243,622)</u> | <u>(972,891)</u> |
| | (4,394,047) | (2,485,767) |
| Net increase (decrease) in cash and cash equivalents | 456,889 | 184,354 |
| Cash and cash equivalents, beginning of year | <u>23,716,922</u> | <u>23,532,568</u> |
| Cash and cash equivalents, end of year | <u>\$ 24,173,811</u> | <u>\$ 23,716,922</u> |
| Cash and cash equivalents consist of: | | |
| Cash | \$ 23,842,036 | \$ 23,325,740 |
| Restricted cash | <u>331,775</u> | <u>391,182</u> |
| | <u>\$ 24,173,811</u> | <u>\$ 23,716,922</u> |

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2019

1. Summary of significant accounting policies

Reporting entity and principles of financial reporting

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards. The consolidated financial statements of the Pictou Landing Band Council are the representations of management prepared in accordance with Canadian generally accepted accounting principles for public sector entities, as required by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The focus of PSAB financial statements is on the financial position of the Band Council and the changes thereto. The consolidated statement of financial position includes all the assets and liabilities of the Band Council.

Significant aspects of the accounting policies adopted by the Band Council are as follows:

Principles of consolidation

The consolidated financial statements include the accounts of all funds and operations in which the Band Council has a controlling interest, after the elimination of inter-fund transactions and balances. The entities include the following Pictou Landing Band Council, Pictou Landing Housing Fund, and the Victoria Corner Market.

Revenue recognition

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

Revenue from housing is recognized on a monthly basis as rents are received. Rents are based on the Band Council's established market rent for on reserve housing programs.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and term deposits net of bank overdraft.

Purchased fishing licenses and permits

Purchased fishing licenses and permits assets are intangible assets. These indefinite-lived fishing licenses and permits are recognized at cost and are not amortized. The capitalization of intangible assets is a departure from Canadian public sector accounting standards.

The Band Council evaluates the carrying value of its licenses and permits annually for impairment. Should a permanent impairment be identified, the impairment will be recognized as a reduction in the carrying value and as a charge against income on the statement of operations in the period the impairment occurred.

The Band Council also owns other communal fishing licenses and permits which were not purchased by the Band Council but were given to or granted to the Band Council.

Capital assets

Capital assets are recorded at cost less accumulated amortization and impairment.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2019

1. Summary of significant accounting policies (continued)

Depreciation

Rates and bases of depreciation applied to write off the cost of property and equipment over their estimated lives are as follows:

| | |
|--------------------------------|-----------------------|
| Buildings | 4% declining balance |
| Housing properties | 25 year straight line |
| Infrastructure | 4% declining balance |
| Fishing vessels | 15% declining balance |
| Equipment | 20% declining balance |
| Motor vehicles | 30% declining balance |
| Computer hardware and software | 30% declining balance |
| Fencing/compound | 10% declining balance |

Use of estimates

In preparing the Band Council's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Income taxes

The Band Council is exempt from income taxes under Section 149(l) (c) of the *Canadian Income Tax Act*.

Inventory

The cost of inventories is comprised of directly attributable costs and includes the purchase price plus other costs incurred in bringing the inventories to their present location and condition, such as freight. The cost is reduced by the value of rebates and allowances received from vendors. The Band Council estimates net realizable value as the amount that inventories are expected to be sold. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to obsolescence, damage, or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed. Costs that do not contribute to bringing inventories to their present location and condition, such as storage and administrative overheads, are specifically excluded from the cost of inventories and are expensed in the period incurred.

The cost of inventory recognized as an expense during fiscal 2019 was \$3,345,827 (2018 - \$3,000,886). No write-down of inventories below their cost to their net realizable value was made in fiscal 2019. There were no reversals of inventories written down previously that are no longer estimated to sell below cost.

Net debt

The Band Council's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Band Council is determined by its liabilities less its financial assets.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2019

1. Summary of significant accounting policies (continued)

Moveable Capital Asset Reserve

The Band Council is required to maintain a Moveable Capital Asset Reserve in accordance with the consolidated contribution agreement with Health Canada. The reserve is for the maintenance or replacement of capital assets transferred to the Band Council by Health Canada. Expenditures of capital funds under the reserve are restricted to expenditures on these assets only and there can be no transfer of these funds to the operating budget.

2. Restatement

The Band Council has identified a number of internally restricted funds related to the A'Se'K Seven Generations Trust that were previously recorded as restricted funds. In accordance with Section 3400 Revenue, when a public sector entity receives revenue from transactions with no performance obligations, the entity should recognize revenue when the amounts are received or receivable. As these funds were not externally restricted, the receipt of funds should have been recognized as revenue in full at the time they were received from the Boat Harbour Settlement Trust in 2015. Subsequent to this, any investment income earned or expenses incurred on these funds should also have been recognized in the consolidated financial statements of the Band Council.

As a result of the restatement, the following financial statement items as at March 31, 2018 have been increased (decreased) by the following amounts:

| | Previously reported | Adjustments | As restated |
|---|------------------------|---------------|---------------|
| <u>March 31, 2018</u> | | | |
| Consolidated statement of operations | | | |
| Revenues | \$ 19,264,085 | \$ (707,872) | \$ 18,556,213 |
| Expenses | 17,420,778 | 49,255 | 17,470,033 |
| Excess of revenues over expenses | 1,843,307 | (757,127) | 1,086,180 |
| Consolidated statement of financial position | | | |
| Cash | \$ 1,227,755 | \$ 22,097,985 | \$ 23,325,740 |
| Restricted cash | 22,489,168 | (22,097,985) | 391,183 |
| Restricted fund liability | 22,097,985 | (22,097,985) | - |
| Accumulated surplus | 16,330,280 | 22,097,985 | 38,428,265 |
| Statement of cash flows | | | |
| Cash flows from operating activities | \$ 1,822,046 | (757,127) | 1,064,919 |
| Cash flows from financing activities | 848,075 | 757,127 | 1,605,202 |

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2019

| 3. Receivables | <u>2019</u> | <u>2018</u> |
|--|----------------------------|----------------------------|
| Department of Indigenous Services Canada | \$ 161,630 | \$ 339,504 |
| Department of Fisheries and Oceans | 359,900 | 687,200 |
| Commodity taxes receivable | 192,214 | 150,839 |
| Loans to fishers | 3,285 | 7,612 |
| Federal government departments | 167,720 | 59,513 |
| Province of Nova Scotia | 93,267 | 244,737 |
| Mi'kmaq Employment Training Secretariat | 35,318 | 73,322 |
| Mi'kmaw Kina'matnewey | 927,101 | 187,179 |
| Trade | 261,780 | 200,927 |
| Sundry | <u>24,878</u> | <u>72,731</u> |
| | 2,227,093 | 2,023,564 |
| Less: allowance for doubtful accounts | <u>(2,950)</u> | <u>(2,950)</u> |
| | <u>\$ 2,224,143</u> | <u>\$ 2,020,614</u> |

| 4. Restricted funds | <u>2019</u> | <u>2018</u> |
|---|--------------------------|--------------------------|
| Funds on deposit with Department of Indigenous Services Canada (a) | \$ 5,054 | \$ 4,939 |
| CMHC funds held in trust (b) | 10,151 | 10,151 |
| Replacement reserve (c) | <u>316,570</u> | <u>376,092</u> |
| | <u>\$ 331,755</u> | <u>\$ 391,182</u> |

- a) Funds on deposit with the Department of Indigenous Services Canada refers to monies that were derived from capital revenue sources as outlined in Section 32 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 and restricted for specific purposes.
- b) Funds on deposit with Canada Mortgage and Housing Corporation that are to be applied as principal repayments when certain mortgages are renewed.
- c) Under the terms of the agreement with the Canada Mortgage and Housing Corporation (CMHC), replacement reserve funds are required to be set aside for housing repairs or replacements. The funds may only be used as approved by the CMHC.
-

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2019

5. Bank indebtedness

The Band Council has an established line of credit of \$400,000, plus \$100,000 overdraft limit, which is secured by Band Council Resolutions. The lines of credit bear interest at prime plus 1%. At the year end, the line of credit had a balance outstanding of \$nil (2018 – \$nil).

| 6. Payables and accruals | <u>2019</u> | <u>2018</u> |
|---------------------------------|----------------------------|--------------------------|
| Trade payables | \$ 1,892,040 | \$ 367,684 |
| Government remittances | 13,739 | 16,861 |
| Accrued liabilities | <u>78,453</u> | <u>138,105</u> |
| | <u>\$ 1,984,232</u> | <u>\$ 522,650</u> |

| 7. Deferred revenue | <u>2019</u> | <u>2018</u> |
|----------------------------|------------------------|--------------------------|
| Indigenous Services Canada | | |
| School replacement | \$ - | \$ 89,976 |
| Housing | - | 75,000 |
| Waste water | - | 50,000 |
| Health Canada | <u>3,491</u> | <u>-</u> |
| | <u>\$ 3,491</u> | <u>\$ 214,976</u> |

| 8. Long term debt | <u>2019</u> | <u>2018</u> |
|--|--------------------|--------------------|
| Canada Mortgage and Housing Corporation | | |
| .98% - 2.41% mortgages, repayable under various terms by 2044. | \$ 2,092,348 | \$ 2,222,494 |
| Royal Bank of Canada | | |
| 1.94 – 2.9% mortgages, repayable under various terms by 2021. | 366,023 | 125,959 |

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2019

8. Long term debt (continued)

Bank of Montreal

| | | |
|--|----------------------------|---------------------|
| Prime plus .75% demand loan, repayable in annual principal instalments of \$291,667, plus interest paid monthly, maturing in September 2026. | 1,925,000 | 2,216,667 |
| 2.84 – 3.89% mortgages, repayable under various terms by 2032. | 688,549 | 328,081 |
| Prime plus .75% demand loan, repayable in annual principal instalments of \$141,672 plus interest paid monthly, maturing in 2030. | <u>1,558,332</u> | <u>1,700,000</u> |
| | 6,630,252 | 6,593,201 |
| Current portion of long term debt | <u>701,411</u> | <u>650,000</u> |
| | <u>\$ 5,928,842</u> | <u>\$ 5,943,201</u> |

As security for all mortgages, the Band Council has provided a Band Council Resolution providing an irrevocable authorization to the Department of Indigenous Services Canada to assign all funding until all loans are repaid to the bank and a floating charge on the assets of the Band Council. As security for the Bank of Montreal demand loan, the Band Council has provided a Band Council Resolution and pledged all related fishing licenses, gear, and equipment.

Repayments in each of the next five (5) years are as follows:

| | |
|------------|--------------|
| 2020 | \$ 701,411 |
| 2021 | \$ 699,377 |
| 2022 | \$ 744,851 |
| 2023 | \$ 685,069 |
| 2024 | \$ 674,102 |
| Thereafter | \$ 3,088,390 |

9. Long term payable

The long term payable consists of an outstanding account owed to Chignecto Regional School Board. The Band Council is committed to annual minimum principal repayments of \$56,000, plus interest, at prime minus 1.625%.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2019

10. Capital assets

| | <u>Land</u> | <u>Buildings</u> | <u>Computer equipment</u> | <u>Equipment</u> | <u>Fencing</u> | <u>Fishing vessels</u> |
|----------------------------------|-------------------|---------------------|-------------------------------|-------------------|------------------|------------------------|
| Cost | | | | | | |
| Balance, beginning of year | \$ 454,334 | \$22,239,153 | \$ 156,215 | \$ 2,114,493 | \$ 130,515 | \$ 1,932,028 |
| Additions | - | 118,600 | 4,010 | 51,452 | - | - |
| Transfers | - | 157,256 | - | - | - | - |
| Disposals | - | - | - | - | - | (172,986) |
| Balance, end of year | <u>454,334</u> | <u>22,515,009</u> | <u>160,225</u> | <u>2,165,945</u> | <u>130,515</u> | <u>1,759,043</u> |
| Accumulated amortization: | | | | | | |
| Balance, beginning of year | - | 10,977,503 | 99,214 | 1,709,017 | 77,357 | 1,277,415 |
| Amortization | - | 647,198 | 17,993 | 79,438 | 5,316 | 98,192 |
| Amortization on disposals | - | - | - | - | - | (140,522) |
| Balance, end of year | <u>-</u> | <u>11,624,701</u> | <u>117,207</u> | <u>1,788,455</u> | <u>82,673</u> | <u>1,235,085</u> |
| Net book value | \$ 454,334 | \$10,890,308 | \$ 43,018 | \$ 377,490 | \$ 47,842 | \$ 523,957 |

| | <u>Infrastructure</u> | <u>Vehicle</u> | <u>Assets under construction</u> | <u>Total 2019</u> | <u>Total 2018</u> |
|----------------------------------|-----------------------|------------------|--------------------------------------|---------------------|---------------------|
| Cost | | | | | |
| Balance, beginning of year | \$ 2,951,902 | \$ 431,398 | \$ 12,567 | 30,422,606 | 29,449,715 |
| Additions | - | - | 4,069,560 | 4,243,622 | 1,388,689 |
| Transfers | - | - | (157,256) | - | - |
| Disposals | - | - | - | (172,986) | 415,798 |
| Balance, end of year | <u>2,951,902</u> | <u>431,398</u> | <u>3,924,872</u> | 34,493,242 | <u>30,422,606</u> |
| Accumulated amortization: | | | | | |
| Balance, beginning of year | 1,310,097 | 357,200 | - | 15,807,803 | 14,856,902 |
| Amortization | 78,366 | 22,261 | - | 948,763 | 950,901 |
| Amortization on disposals | - | - | - | (140,522) | - |
| Balance, end of year | <u>1,388,463</u> | <u>379,461</u> | <u>-</u> | 16,616,045 | <u>15,807,803</u> |
| Net book value | \$ 1,563,439 | \$ 51,937 | \$ 3,924,872 | \$17,877,197 | \$14,614,803 |

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2019

| | | |
|---|----------------------------|----------------------------|
| 11. Purchased fishing licenses and permits | <u>2019</u> | <u>2018</u> |
| Purchased fishing licenses and permits | <u>\$ 5,385,021</u> | <u>\$ 5,015,021</u> |

The Band Council records all purchased commercial fishing licenses and permits as intangible assets. All other permits and licenses owned by Pictou Landing Band Council have been granted for a nil consideration and therefore have not been capitalized.

12. Contingencies

- a) As a result of certain deficiencies in its working capital position, the Band Council is also party to a Remedial Management Plan agreement (RMP) with the Department of Indigenous Services Canada which expires March 31, 2022. Under the terms of the RMP agreement, funding from the arrangement with the Department of Indigenous Services Canada can be suspended if the terms of the RMP are not complied with by the Band Council.
- b) The Band Council has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the Band Council fails to comply with the terms and conditions of the agreements.
- c) The Band Council has pledged to Ultramar Ltd. an \$8,000 letter of credit with the Bank of Montreal as security for inventory.
-

13. Accumulated surplus

The Band Council segregates its accumulated surplus into the following categories:

| | <u>2019</u> | <u>2018</u> (Restated- Note 2) |
|--|-----------------------------|---|
| Unallocated | \$ 18,316,691 | \$ 15,858,180 |
| Funds on deposit with Department of Indigenous Services Canada | 5,054 | 4,939 |
| A'Se'K Seven Generations Trust | 22,560,967 | 22,097,985 |
| Moveable capital asset reserve (Health Canada) | 169,834 | 156,056 |
| Replacement reserve | <u>360,975</u> | <u>311,105</u> |
| | <u>\$ 41,413,521</u> | <u>\$ 38,428,265</u> |

The funds on deposits have been set aside to be spent on specific projects.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2019

14. Pension plan

Pictou Landing Band Council maintains a registered pension plan on behalf of eligible employees. The plan is a defined contribution plan for all permanent employees. The plan is funded at the rate of 8.1% of the annual earnings for Native employees and 5.5% for non-native employees.

Pictou Landing Band Council matches these contributions. Upon cessation of employment, employees are required to withdraw the plan balance or are given the option to convert to a personal plan. Total contributions during the year amounted to \$156,715 (2018 - \$157,919).

15. Government transfers

| | 2019 | | | 2018 | | |
|--|---------------------|---------------------|----------------------|---------------------|-------------------|---------------------|
| | Operating | Capital | Total | Operating | Capital | Total |
| Department of Indigenous Services Canada | \$ 3,659,590 | \$ - | \$ 3,659,590 | \$ 3,765,005 | \$ - | \$ 3,765,005 |
| Health Canada | 1,115,697 | - | 1,115,697 | 991,203 | - | 991,203 |
| Canada Mortgage and Housing Corporation | 233,755 | - | 233,755 | 209,474 | - | 209,474 |
| Mikmaw Kina'matnewey | 1,613,638 | 2,906,837 | 4,520,475 | 1,760,374 | - | 1,760,374 |
| Other | 386,211 | 300,030 | 686,241 | 519,580 | 614,005 | 1,133,585 |
| | 7,008,891 | 3,206,867 | 10,215,758 | 7,245,636 | 614,005 | 7,859,641 |
| Province of Nova Scotia | 219,151 | - | 219,151 | 118,765 | - | 118,765 |
| Total | \$ 7,228,042 | \$ 3,206,867 | \$ 10,434,910 | \$ 7,364,401 | \$ 614,005 | \$ 7,978,406 |