

Consolidated Financial Statements of

ESKASONI BAND COUNCIL

Year ended March 31, 2019

ESKASONI BAND COUNCIL

Consolidated Financial Statements

Year ended March 31, 2019

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Eskasoni Band Council are the responsibility of management and have been approved by the Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control 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 consolidated financial statements and the external auditor's report.

The external auditors, MGM & Associates, Chartered Professional Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Eskasoni Band Council and meet when required.

On behalf of Eskasoni Band Council:

Chief

Band Manager




MGM & Associates
Chartered Professional Accountants
Commerce Tower
15 Dorchester Street Suite 500
PO Box 1
Sydney NS B1P 6G9

Telephone (902) 539-3900
Fax (902) 564-6062
Internet www.mgm.ca

INDEPENDENT AUDITORS' REPORT

To the Members of
Eskasoni First Nation

Opinion

We have audited the accompanying consolidated financial statements of Eskasoni Band Council which comprise the consolidated statement of financial position as at March 31, 2019 and the consolidated statements of operations, changes in accumulated surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Eskasoni Band Council as at March 31, 2019 and the results of its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Band Council in accordance with 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.

Responsibility 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing 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 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 but to do so.

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

Auditors' Responsibility 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 decision of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian



Eskasoni Band Council
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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 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 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

MGM & Associates

Chartered Professional Accountants

Licensed Public Accountants

Sydney, Canada

January 3, 2020

ESKASONI BAND COUNCIL

Consolidated Statement of Financial Position

March 31, 2019, with comparative figures for 2018

	2019	2018
FINANCIAL ASSETS		
Cash	\$ 5,853,804	\$ 11,514,093
Restricted cash and deposits (note 2)	5,873,844	5,563,660
Accounts receivable (note 3)	3,554,533	1,199,137
Due from Government of Canada (note 4)	5,456,886	2,182,425
Due from Province of Nova Scotia	450,529	508,133
Inventory held for resale	51,222	93,063
Investment in Crane Cove Seafoods Limited Partnership (note 5)	2,114,697	1,683,273
Investment in Incorporated business enterprises (note 6)	607,367	703,388
	23,762,482	23,427,172
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (note 7)	8,499,174	10,065,633
Deferred revenue (note 8)	4,911,681	5,122,940
Long-term debt (note 9)	18,182,657	13,794,666
Obligations under capital lease (note 10)	154,296	33,220
	31,747,808	29,016,459
NET DEBT	(7,985,326)	(5,589,287)
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11)	72,311,086	63,631,871
Prepaid expenses (note 12)	187,659	184,288
	72,498,745	63,816,159
ACCUMULATED SURPLUS	\$ 64,513,419	\$ 58,226,872
Accumulated surplus represented by		
Unrestricted		
Operating fund	\$ 622,329	\$ 499,516
Capital fund	46,698,959	43,643,284
Restricted		
Limited partnership fund	2,114,697	1,683,273
School capital replacement fund	4,604,037	3,432,637
Band community investment fund	4,104,621	2,754,643
Fishing license trust fund	4,605,486	4,579,583
Band trust fund	110,918	34,947
Housing replacement fund	1,504,832	1,451,447
Moveable capital asset replacement fund	147,542	147,542
Contingencies (note 16)	\$ 64,513,419	\$ 58,226,872

See accompanying notes to consolidated financial statements.

On behalf of Eskasoni Band Council:



Chief



Band Manager

ESKASONI BAND COUNCIL

Consolidated Statement of Operations

Year ended March 31, 2019, with comparative figures for 2018

		2019	2018
	Budget (Unaudited)	Actual	Actual
REVENUE			
Indigenous Services Canada (Schedule A)	\$ 19,051,804	\$ 19,595,851	\$ 19,227,975
Mi'kmaq Kina'matnewey	17,125,676	19,831,914	18,199,391
Indigenous Services Canada, FNIHB	7,383,857	7,972,050	9,034,563
Mi'kmaq Employment Training Secretariat	1,234,584	1,360,246	1,271,976
Canada Mortgage and Housing Corporation	1,300,000	1,077,049	1,343,474
Fisheries and Oceans Canada	285,000	286,022	467,898
Province of Nova Scotia	475,000	511,562	643,798
Other agencies and funds	3,366,689	5,937,133	4,637,218
Unincorporated enterprises revenue	17,406,484	18,286,556	17,236,913
	67,629,094	74,858,383	72,063,206
EXPENDITURE			
Health programs	5,778,905	6,299,664	6,298,849
Education	15,881,608	17,459,189	16,525,442
Social development	15,192,618	14,987,891	14,771,231
Housing and infrastructure	1,895,300	2,383,013	2,425,192
Operations and maintenance	2,338,194	2,506,574	2,473,774
Economic development	1,782,916	2,685,821	2,306,661
Fishery resource development	465,000	481,412	550,975
Band management	2,219,974	2,238,974	2,121,785
Canada Mortgage and Housing Corporation			
Section 95 housing	1,315,000	1,124,690	1,240,938
Other programs	2,211,137	2,237,592	2,096,457
Corporate division	300,000	379,221	442,713
Contribution to Eskasoni Supermarket Limited	320,000	454,675	357,150
Eskasoni Tobacco Shop	11,517,136	11,864,023	11,093,422
Eskasoni Gaming Centre	748,570	734,911	735,308
Eskasoni Gaming Commission	1,011,842	1,141,942	1,177,722
Eskasoni Recreation Centre	368,022	347,150	291,748
Sarah Denny Cultural Centre	160,369	182,231	248,705
Eskasoni Fitness Centre	200,355	235,638	167,179
Amortization of tangible capital assets	6,691,748	4,904,795	4,438,430
	70,398,694	72,649,406	69,763,681
Net revenue (expenditure) before the following	(2,769,600)	2,208,977	2,299,525
Other earnings			
Crane Cove Seafoods Limited Partnership (note 5)	2,769,600	3,931,424	3,161,172
EXCESS OF REVENUE OVER EXPENDITURE	\$ -	\$ 6,140,401	\$ 5,460,697

See accompanying notes to consolidated financial statements.

ESKASONI BAND COUNCIL

Consolidated Statement of Change in Accumulated Surplus

Year ended March 31, 2019, with comparative figures for 2018

	Operating Fund	Capital Fund	Limited Partnership Fund	School Capital Replacement Fund	Band Community Fund	Fisheries Trust Fund	Band Trust Fund	Housing Replacement Reserve	Movable Capital Asset Reserve	2019	2018
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	\$ 11,045,196	\$ (4,904,785)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,140,401	\$ 5,460,697	
FINANCING AND TRANSFERS											
Principal payments on term debt	(1,208,321)	1,208,321	-	-	-	-	-	-	-	-	
Principal payments on capital lease	(42,197)	42,197	-	-	-	-	-	-	-	-	
Transfer to Band capital investment funds	(1,349,978)	-	-	-	1,349,978	-	-	-	-	-	
Investment in shares of companies	-	-	-	-	-	-	-	-	-	-	
Transfer to (from) capital replacement funds	(1,171,400)	-	-	1,171,400	-	-	-	-	-	20	
Adjustment of prior year capital replacement fund	-	-	-	-	-	-	-	-	-	-	
Interest earned on Band Trust Funds	-	-	-	-	-	-	-	-	-	-	
Income earned on Band Trust Fund	-	-	-	-	-	-	-	-	-	-	
Transfer from (to) replacement funds	(45,276)	-	-	-	-	25,903	2,434	8,109	36,446	25,337	
Transfer to capital (for asset acquisition	(6,484,464)	6,484,464	-	-	-	-	73,535	-	73,535	6,510	
Net book value of asset disposals	(24,200)	(24,200)	-	-	-	-	-	-	-	-	
Prior year additions transfer to capital assets	90,165	-	-	-	-	-	-	-	90,165	-	
Transfer to Limited Partnership Fund	(54,000)	-	431,424	-	-	-	-	-	(54,000)	-	
Transfer to housing capital – Section 95	(159,523)	159,523	-	-	-	-	-	-	-	-	
	(10,922,383)	7,960,470	431,424	1,171,400	1,349,978	25,903	75,969	53,385	-	146,146	
										31,867	
ANNUAL SURPLUS	\$ 122,813	\$ 3,055,675	431,424	1,171,400	1,349,978	25,903	75,969	53,385	-	6,286,567	
BALANCE, BEGINNING OF YEAR	\$ 499,516	\$ 43,643,284	1,683,273	3,432,637	2,754,543	4,579,583	34,947	1,451,447	147,542	58,226,872	
ACCUMULATED SURPLUS, END OF YEAR	\$ 622,329	\$ 46,694,959	\$ 2,114,697	\$ 4,584,037	\$ 4,104,621	\$ 4,605,495	\$ 110,916	\$ 1,594,932	\$ 147,542	\$ 64,513,419	
										\$ 58,226,872	
Accumulated surplus (deficit) is as follows											
Eskasoni General Account	\$ 349,659	\$ 24,704,711	\$ 2,114,697	\$ -	\$ 3,654,621	\$ 4,605,495	\$ 110,916	\$ 317,000	\$ 147,542	\$ 36,057,090	
Eskasoni Health Centre	166,172	6,917,179	-	-	250,000	-	-	-	-	\$ 32,874,578	
Eskasoni School Board	145,919	10,815,241	-	4,504,037	-	-	-	-	-	5,072,645	
CMHC Section 95 Projects	-	4,261,828	-	-	-	-	-	-	-	14,188,635	
Eskasoni Gaming Commission	(33,682)	-	-	-	-	-	-	-	-	5,449,880	
Eskasoni Tobacco Commission	(7,134)	-	-	-	-	-	-	-	-	6,151,744	
Other	1,405	-	-	-	-	-	-	-	-	(56,846)	
										(2,286)	
										1,405	
ACCUMULATED SURPLUS, END OF YEAR	\$ 622,329	\$ 46,694,959	\$ 2,114,697	\$ 4,584,037	\$ 4,104,621	\$ 4,605,495	\$ 110,916	\$ 1,594,932	\$ 147,542	\$ 64,513,419	
										\$ 58,226,872	

ESKASONI BAND COUNCIL

Consolidated Statement of Change in Net Debt

Year ended March 31, 2019, with comparative figures for 2018

	2019	2018
ANNUAL SURPLUS	\$ 6,286,547	\$ 5,492,564
Tangible capital assets		
Increase in tangible capital assets	(13,584,010)	(11,360,856)
Amortization of tangible capital assets	4,904,795	4,438,430
	(8,679,215)	(6,922,426)
Other non-financial assets		
Decrease (increase) in prepaid expenses	(3,371)	19,743
INCREASE IN NET DEBT	(2,396,039)	(1,410,119)
NET DEBT, BEGINNING OF YEAR	(5,589,287)	(4,179,168)
NET DEBT, END OF YEAR	\$ (7,985,326)	\$ (5,589,287)

See accompanying notes to consolidated financial statements.

ESKASONI BAND COUNCIL

Consolidated Statement of Cash Flows

Year ended March 31, 2019, with comparative figures for 2018

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenditure	\$ 6,140,401	\$ 5,460,697
Items not involving cash		
Amortization of tangible capital assets	4,904,795	4,438,430
Gain on disposal of tangible capital assets	(103,675)	(297,720)
	10,941,521	9,601,407
Change in non-cash items		
Decrease (increase) in accounts receivable	(2,355,396)	226,450
Increase in due from Government of Canada	(3,294,261)	(112,264)
Decrease (increase) in due from Province of Nova Scotia	57,604	(69,738)
Decrease (increase) in inventory held for resale	41,841	(70,305)
Decrease (increase) in prepaid expenses	(3,371)	19,743
Increase (decrease) in accounts payable and accrued liabilities	(1,566,459)	3,580,060
Increase (decrease) in deferred revenue	(211,259)	1,434,628
	3,610,220	14,609,981
FINANCING ACTIVITIES		
Proceeds of long-term debt	5,596,312	988,385
Principal payments on long-term debt	(1,208,321)	(1,396,517)
Repayment in obligation under capital lease	(42,197)	(29,362)
	4,345,794	(437,494)
INVESTING ACTIVITIES		
Additions to tangible capital assets	(13,420,737)	(11,360,856)
Proceeds on disposal of tangible capital assets	103,675	297,740
Income earned on Band Trust Fund	75,969	7,478
Interest earned on Housing Reserve Replacement Fund	8,109	6,355
Interest earned on Fisheries Trust Fund	25,903	18,014
Increase in investment in limited partnership for operations	(431,424)	(53,892)
Decrease (increase) in investment in business enterprises	96,021	(149,852)
Adjustment of prior year school capital fund	90,165	—
Transfer to housing equity	(54,000)	—
	(13,506,319)	(11,235,013)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,550,305)	2,937,474
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,077,753	14,140,279
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 11,527,448	\$ 17,077,753
Cash and cash equivalents consist of		
Cash	\$ 5,853,804	\$ 11,514,093
Restricted cash and deposits	5,673,644	5,563,660
	\$ 11,527,448	\$ 17,077,753
Supplemental cash flow information		
Capital assets acquired through capital lease	\$ 163,273	\$ —

See accompanying notes to consolidated financial statements.

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

NATURE OF OPERATIONS

Eskasoni Band Council is comprised of a Chief and twelve councilors under the Indian Act of Canada. The Council is accountable to the local Mi'kmaq community members for the delivery of programs and services, management of all financial resources and planning to support future community-based self-government.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These consolidated financial statements of Eskasoni Band Council have been prepared in accordance with Canadian public sector accounting standards.

(b) Principles of consolidation

These consolidated financial statements include the accounts of the Eskasoni Band Council's Operating Fund, Capital Fund, Limited Partnership Fund, School Capital Replacement Fund, Band Community Fund, Fishing License, Trust Fund, Housing Replacement Reserve and Health Moveable Capital Asset Replacement Reserve and Band Trust Fund. The Eskasoni Band Council includes all organizations accountable to the Band Council for the administration of their financial affairs and that are owned or controlled by the Band Council. The interfund accounts and interfund transfers are eliminated in the consolidation.

Incorporated business enterprises which are controlled by the Eskasoni Band Council are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the Band Council records in earnings its share of the earnings of the business enterprise. The accounting principles of the government business enterprises are not adjusted to conform to those of the Band Council.

(c) Fund accounting

The resources and operations of Eskasoni Band Council are comprised of the operating, capital and trust funds. Transfers between these funds are recorded as adjustments to the appropriate fund balance. Supporting schedules to the consolidated financial statements are included to show the financial activities and changes in the balance of each fund.

(d) Cash and cash equivalents

Eskasoni Band Council considers cash on deposit net of outstanding cheques and restricted cash and deposits to be cash and cash equivalents.

(e) Inventory for resale

Inventory for resale consists of tobacco products and is stated at the lower of cost and net realizable value. Cost is determined using purchase price and delivery, if applicable. Net realizable value is the estimated selling price in the ordinary course of business.

(f) Investment in limited partnerships

Investments in limited partnerships are recorded using the modified equity basis of accounting.

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment in incorporated business enterprises

Investments in incorporated business enterprises are recorded using the modified equity basis of accounting.

(h) Service awards and retirement benefits

Service awards and retirement benefits are recognized as an expenditure in the year in which the awards and benefits are paid to the employee with the exception of those fixed by contract where the policy is to accrue the liability in the year the award or benefit is earned.

(i) Replacement reserves

In accordance with agreements signed with Canada Mortgage and Housing Corporation (CMHC), the Band Council is required to establish funded replacement reserves on Section 95 housing projects. These reserves are to be increased by transfers from the operating fund in amounts as determined in annual budgets approved by CMHC plus interest earned in the reserve fund bank accounts.

(j) Tangible capital assets

Tangible capital assets acquired after March 31, 1988 are stated on the Statement of Financial Position at their cost net of accumulated amortization. All tangible capital assets acquired prior to 1988 have been written off. Interest during construction for projects financed with external debt is added to the cost of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. 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 contracts and Eskasoni Band Council's incremental cost of borrowing.

Amortization on capital assets is charged against operations of the capital fund using the following methods and annual rates:

Asset	Basis	Rate
Community infrastructure – water, sewer, roads	Straight-line	2.5%
Buildings	Straight-line	4.0%
Housing properties	Straight-line	3.33% - 4.0%
Portable classrooms	Straight-line	6.7%
Fence and parking lots	Straight-line	6.7%
Equipment, furniture and fixtures	Straight-line	14.3%
Fishing vessels and non-fishing vessels	Straight-line	10.0%
Wharf	Straight-line	10.0%

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Reserve funds

Certain amounts are set aside in reserve funds for future operating and capital purposes.

(l) Revenue recognition

Funding received under the terms of agreements is recognized as revenue when related expenditures are made. Funding received or receivable but not yet used for its intended purpose is included in the consolidated balance sheet as deferred revenue.

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. Government transfers are recorded 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.

Gaming revenue from video lottery net of corresponding direct expenses are recognized at the time of play and are recorded net of commissions and credits paid out. Other gaming revenues are recognized as earned when received or receivable as long as collection is reasonably assured.

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.

(m) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingencies and the reported amounts of revenues and expenditures in the consolidated financial statements and accompanying notes. Items requiring the use of significant estimates include the valuation of receivables, inventories, tangible capital assets and investments. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

(n) Contributed services and in-kind donations

It is not the Band Council's policy to record contributed services or donations in-kind.

(o) Financial instruments

i) Measurement of financial instruments

The Band Council initially measures its financial assets and financial liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost.

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net earnings. The write-down reflects the difference between the carrying amount and the higher of:

- (a) The present value of the cash flows expected to be generated by the asset or group of assets;
- (b) The amount that could be realized by selling the asset or group of assets;
- (c) The net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net earnings up to the previously recognized impairment.

iii) Transaction costs

The Band Council recognizes transaction costs in net earnings in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their originating issuance or assumption.

2. RESTRICTED CASH AND DEPOSITS

	2019	2018
Trust funds held by Government of Canada	\$ 110,916	\$ 34,947
CMHC replacement reserve funds	957,242	949,131
Fishing license funds in trust	4,605,486	4,579,582
	<hr/> \$ 5,673,644	<hr/> \$ 5,563,660

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

3. ACCOUNTS RECEIVABLE

	2019	2018
Mi'kmaw Kina'matnewey	\$ 2,150,521	\$ 782,933
Chief and Council honorariums prepaid	34,436	34,389
Nova Scotia Health Authority	—	37,237
Other Band Councils	82,363	38,433
Live Stor Sydney Limited	313,137	40,471
Other sundry receivables	974,076	265,674
	<hr/> \$ 3,554,533	<hr/> \$ 1,199,137

4. DUE FROM GOVERNMENT OF CANADA

	2019	2018
Indigenous Services Canada	\$ 2,815,753	\$ 975,864
Mi'kmaq Employment Training Secretariat	130,662	317,242
Canada Mortgage and Housing Corporation	784,149	441,536
Fisheries and Oceans Canada	409,000	192,690
Indigenous Services Canada - FNIHB	1,040,262	—
Harmonized Sales Tax receivable	172,027	129,398
Atlantic Canada Opportunities Agency	104,833	105,695
	<hr/> \$ 5,456,686	<hr/> \$ 2,162,425

5. INVESTMENT IN CRANE COVE SEAFOODS LIMITED PARTNERSHIP

The Band Council's investment in Crane Cove Seafoods Limited Partnership is as follows:

	2019	2018
Balance, beginning of year	\$ 1,683,273	\$ 1,629,381
Share of profits of Crane Cove Seafoods Limited Partnership	3,931,424	3,161,172
Transfer to Eskasoni Band Council	(3,500,000)	(3,107,280)
Balance, end of year	\$ 2,114,697	\$ 1,683,273

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

5. INVESTMENT IN CRANE COVE SEAFOODS LIMITED PARTNERSHIP (Continued)

The investment in the Limited Partnership consists of a 99.99% share of Crane Cove Seafoods Limited Partnership. The Limited Partnership Agreement became effective April 1, 2007 pursuant to the Limited Partnership Act of the Province of Nova Scotia.

The Crane Cove Seafoods Limited Partnership has as its principal business activity the operation of the Eskasoni commercial fishery carried out by an unincorporated division operating as Crane Cove Seafoods.

Summary audited financial information for Crane Cove Seafoods Limited Partnership as at and for the year ended March 31, 2019 and 2018 is as follows:

STATEMENT OF FINANCIAL POSITION

	2019	2018
ASSETS		
Current assets	\$ 944,631	\$ 616,511
Property, plant and equipment, net book value	3,267,529	3,295,280
	<hr/>	<hr/>
	\$ 4,212,160	\$ 3,911,791
LIABILITIES		
Current liabilities	\$ 272,681	\$ 296,404
DEFERRED GOVERNMENT ASSISTANCE	1,821,719	1,929,444
EQUITY		
Limited partner's equity	2,114,697	1,683,273
General partner's equity	3,063	2,670
	<hr/>	<hr/>
	2,117,760	1,685,943
	<hr/>	<hr/>
	\$ 4,212,160	\$ 3,911,791

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

5. INVESTMENT IN CRANE COVE SEAFOODS LIMITED PARTNERSHIP (Continued)

STATEMENT OF EARNINGS AND PARTNERS' EQUITY

	2019	2018
REVENUE		
Commercial fishing operations		
Sales	\$ 11,954,057	\$ 11,447,692
Cost of sales	6,751,079	6,745,118
	5,202,978	4,702,574
Other revenue	97,959	91,968
	5,300,937	4,794,542
EXPENSES		
Operating expenses	1,369,120	1,633,054
NET INCOME	3,931,817	3,161,488
Partners' equity, beginning of year	1,685,943	1,631,735
Partners' withdrawals	(3,500,000)	(3,107,280)
PARTNERS' EQUITY, END OF YEAR	\$ 2,117,760	\$ 1,685,943

6. INVESTMENT IN INCORPORATED BUSINESS ENTERPRISES

The investment in business enterprises consists of ownership as follows:

	% Ownership	2019	2018
Eskasoni Fish & Wildlife Commission Incorporated	100	\$ 1	\$ 1
Crane Cove Seafoods Limited	100	1	1
Eskasoni Supermarket Limited	100	1	1
Eskasoni Corporate Division Inc.	100	441,773	523,955
Eskasoni Land Development Limited	100	1	1
Eskasoni Kipu Security Limited	51	15,567	29,406
Memski Projects Inc.	50	1	1
Eskasoni Wind Company Limited	100	1	1
3302008 Nova Scotia Limited	50	150,000	150,000
3312394 Nova Scotia Limited	100	10	10
Live Stor Sydney Limited	100	1	1
Eskasoni Leasing Corporation Limited	100	10	10
		\$ 607,367	\$ 703,388

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

6. INVESTMENT IN INCORPORATED BUSINESS ENTERPRISES (Continued)

a) Eskasoni Fish & Wildlife Commission Incorporated

In 2019, Eskasoni Fish & Wildlife Commission Incorporated was inactive.

b) Crane Cove Seafoods Limited

In 2019, Crane Cove Seafoods Limited was inactive.

c) Eskasoni Supermarket Limited

During the year, the Eskasoni Band Council contributed \$454,675 to the Eskasoni Supermarket Limited (\$357,150 in 2018).

d) Eskasoni Corporate Division Inc.

Eskasoni Corporate Division Inc. changed its name from the Eskasoni Economic Development Corporation on December 14, 2012.

e) Eskasoni Land Development Limited

Eskasoni Land Development Limited was incorporated on February 25, 2013 and its principal business activity is the purchase of land for the development of the Eskasoni Band.

f) Eskasoni Kiptu Security Limited

Eskasoni Kiptu Security Limited was incorporated on June 6, 2013 and its principal business activity is providing security services. As at September 30, 2018 the Company had assets of \$166,059, liabilities of \$66,700 and shareholders' equity of \$99,359.

g) Memski Projects Inc.

Memski Projects Inc. was incorporated on January 29, 2013 and its principal business activity is providing fabricated steel products to industry. As at March 31, 2019, the Company had shareholders equity of \$Nil.

h) Eskasoni Wind Company Limited

Eskasoni Wind Company Limited owns 25% of a wind farm in Truro, Nova Scotia. The investment of \$441,773 represents the funds invested for the Band Council's 25% share of the project. The project began active operations in November, 2014.

i) 3302008 Nova Scotia Limited

3302008 Nova Scotia Limited owns 50% of a cold storage facility on Keltic Drive in Sydney River, Nova Scotia. The business started operations in 2018.

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

6. INVESTMENT IN INCORPORATED BUSINESS ENTERPRISES (Continued)

j) 3312394 Nova Scotia Limited

3312394 Nova Scotia Limited acts as a limited partner for the cold storage business operated by Live Stor Sydney Limited in Sydney River, Nova Scotia.

k) Live Stor Sydney Limited

Live Stor Sydney Limited operates a cold storage business in Sydney River, Nova Scotia. The business started operations in 2018.

l) Eskasoni Leasing Corporation Limited

Eskasoni Leasing Corporation Limited will handle property leases for Band owned properties in Eskasoni, Nova Scotia.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Administration payables	\$ 4,280,489	\$ 6,530,908
Housing payables	493,367	480,402
Education payables	2,816,635	2,297,510
Health Centre payables	855,542	704,872
Eskasoni Gaming Commission payables	23,683	32,483
Tobacco payables	29,458	19,458
	<hr/> \$ 8,499,174	<hr/> \$10,065,633

8. DEFERRED REVENUE

	2019	2018
Mi'kmaw Kina'matnewey	\$ 150,000	\$ 160,550
Indigenous Services Canada	4,142,811	2,219,559
Indigenous Services Canada, FNIHB	519,374	2,656,376
Other	99,496	86,455
	<hr/> \$ 4,911,681	<hr/> \$ 5,122,940

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

9. LONG-TERM DEBT

	2019	2018
Canada Mortgage and Housing Corporation (Schedule D) Mortgages payable in total monthly instalments of \$78,112 on account of principal and interest, secured by Indigenous Services Canada Ministerial loan guarantees.	\$ 10,154,602	\$ 10,900,801
Bank of Montreal (Schedule D) Mortgages payable in monthly instalments of \$22,778 on account of principal and interest, secured by Indigenous Services Canada Ministerial loan guarantees.	2,558,201	2,889,067
4.37% loan, repayable in monthly instalments of \$22,769 on account of principal and interest, maturing October, 2038, secured by promissory note and resolution of the Council. The rate is fixed to October, 2025	3,590,843	-
3.89% loan, repayable in monthly instalments of \$9,793 on account of principal and interest, maturing March, 2043, secured by promissory note and resolution of the Council. The rate is fixed to April, 2023	1,835,449	-
Bank of Nova Scotia 4.99% loan, repayable in monthly instalments of \$847 on account of principal and interest, maturing January 2024, secured by a motor vehicle with a net book value of \$38,475	43,562	-
RBC Royal Bank Repaid during the year	-	4,798
	<u>\$ 18,182,657</u>	<u>\$ 13,794,666</u>

The aggregate maturities of long-term debt for each of the next five years subsequent to March 31, 2019, assuming maturing debt is renewed under the same terms and conditions currently in effect, are as follows:

2020	\$ 2,034,298
2021	3,517,188
2022	1,889,660
2023	2,017,144
2024	5,284,947

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

10. OBLIGATIONS UNDER CAPITAL LEASE

	2019	2018
Photocopier lease, Xerox Canada Ltd., bearing interest at 5.99%, payable in blended quarterly amounts of \$983 to maturity in February, 2020	\$ 3,790	\$ 7,361
Photocopier lease, Xerox Canada Ltd., bearing interest at 5.99%, payable in blended quarterly amounts of \$539 to maturity in March, 2020	2,079	4,039
Photocopier lease, Xerox Canada Ltd., bearing interest at 5.99%, payable in blended quarterly amounts of \$1,825 to maturity in March, 2021	13,659	19,868
Photocopier lease, Xerox Canada Ltd., bearing interest at 5.99%, payable in blended quarterly amounts of \$166 to maturity in April, 2021	1,357	1,952
Two photocopier leases, Xerox Canada Ltd., bearing interest at 5.0%, each payable in blended quarterly amounts of \$1,044 to maturity in May, 2022	24,921	—
Photocopier lease, Xerox Canada Ltd., bearing interest at 5.0%, payable in blended quarterly amounts of \$1,929 to maturity in May, 2022	23,011	—
Photocopier lease, Xerox Canada Ltd., bearing interest at 5.0%, payable in blended quarterly amounts of \$1,926 to maturity in May, 2022	22,972	—
Photocopier lease, Xerox Canada Ltd., bearing interest at 5.0%, payable in blended quarterly amounts of \$949 to maturity in May, 2022	11,319	—
Photocopier lease, Xerox Canada Ltd., bearing interest at 5.0%, payable in blended quarterly amounts of \$1,842 to maturity in May, 2022	21,970	—
Carry forward	125,078	33,220

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

10. OBLIGATIONS UNDER CAPITAL LEASE (CONTINUED)

	2019	2018
Carry forward	\$ 125,078	\$ 33,220
Photocopier lease, Xerox Canada Ltd., bearing interest at 5.0%, payable in blended quarterly amounts of \$520 to maturity in June, 2022	6,207	—
Photocopier lease, Xerox Canada Ltd., bearing interest at 5.0%, payable in blended quarterly amounts of \$1,929 to maturity in June, 2022	23,011	—
	154,296	33,220
Current portion of obligation under capital lease	51,900	12,300
	<u>\$ 102,396</u>	<u>\$ 20,920</u>
Minimum lease payments required in the next four years are as follows:		
Year ended March 31		
2020	\$ 51,900	
2021	48,400	
2022	43,000	
2023	10,996	
	<u>\$ 154,296</u>	

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

11. TANGIBLE CAPITAL ASSETS

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 407,765	\$ —	\$ 407,765	\$ 407,765
Community infrastructure	16,415,987	5,725,337	10,690,650	10,394,428
Buildings				
Band administration	1,418,089	1,418,089	—	—
Sewer treatment plant	3,031,146	2,554,734	476,412	598,134
Health Centre Complex	9,940,063	198,801	9,741,262	6,030,165
Family Services Office	6,122,080	244,883	5,877,197	1,540,613
Health Centre	1,883,800	1,429,688	454,112	529,464
Police Station	2,351,587	1,244,813	1,106,774	1,200,837
Recreation Centre	2,960,224	1,528,490	1,431,734	1,363,127
Cultural Centre	1,884,805	1,146,605	738,200	714,475
Ambulance Station	220,338	105,768	114,570	123,384
Strip mall	1,585,241	607,194	978,047	1,041,457
Youth at Risk	200,638	95,601	105,037	113,063
Elder Centre	160,550	96,138	64,412	70,834
Fire station	1,660,514	176,403	1,484,111	1,542,711
Senior High School	7,878,500	5,758,267	2,120,233	2,435,373
Junior High School	7,911,167	7,057,678	853,489	1,169,936
Immersion School	3,680,142	1,342,689	2,237,453	2,274,045
Training Education Centre	134,130	118,034	16,096	21,461
School Administration	1,134,518	174,492	960,026	99,743
Other school building	39,195	14,176	25,019	26,588
School Gym	4,397,234	879,446	3,517,788	3,693,677
Health trailers	256,084	164,123	91,961	117,569
Other Community buildings	537,833	148,129	389,704	98,403
	59,287,878	26,504,241	32,783,637	24,805,059
Housing properties				
Section 95	22,861,463	7,475,244	15,376,219	16,437,091
Section 10	9,035,048	3,419,194	5,615,854	5,974,361
Multi-unit apartment	1,716,815	889,221	827,694	913,540
Other housing	11,159,110	8,784,971	2,374,139	1,242,860
	44,762,536	20,568,630	24,193,906	24,567,852
Motor vessels				
Fishing vessels	188,870	135,700	53,170	65,638
Equipment and furniture	7,045,310	6,172,007	873,303	1,136,739
Fencing and paving	6,141,965	3,635,005	2,506,960	1,460,894
Wharfs	562,164	274,014	288,150	196,700
Motor vehicles	112,500	67,500	45,000	56,250
	3,854,694	3,386,149	468,545	540,546
	17,905,503	13,670,375	4,235,128	3,456,767
	\$ 138,779,669	\$ 66,468,583	\$ 72,311,086	\$ 63,631,871

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

12. PREPAID EXPENSES

	2019	2018
Social development costs	\$ 61,586	\$ 82,799
Student tuitions and other	126,073	101,489
	<hr/> \$ 187,659	<hr/> \$ 184,288

13. REPLACEMENT RESERVE FUNDS

a) Housing Replacement Reserve

Under the terms of agreements with Canada Mortgage and Housing Corporation (CMHC), the Replacement Reserves account is to be increased by annual charges against equity. 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. The funds in the account may only be used as approved by CMHC. As at March 31, 2019, the balance of the reserve is \$1,179,721 (2018 - \$1,134,447) and the Band Council has set aside \$949,131 in separate bank deposits.

From time to time the Band Council will transfer funds to the Replacement Reserves for non-CMHC housing. As at March 31, 2019 the balance of the reserve is \$317,000 (2018 - \$317,000).

b) Moveable Capital Asset Reserve

Under the terms of the funding agreement with Health Canada, the Band can create a replacement reserve for moveable equipment. The balance in the replacement reserve as at March 31, 2019 is \$147,542 (2018 - \$147,542).

14. RELATED PARTY TRANSACTIONS

- a) During the year, the Band Council expensed Chief and Council honorariums totaling \$737,000 (2018 - \$734,712). The Band Council also expensed Council pension and group insurance contributions of \$102,084 (2018 - \$116,003). The honorariums and Council pension and group insurance are included in Band management expenditure.
- b) The Band Council has, in the current year, provided prepaid honorariums to some Councillors. No interest is charged on the balances. At March 31, 2019, the balance owed by Councillors totaled \$34,436 (2018 - \$34,389) for prepaid honorariums.

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

14. RELATED PARTY TRANSACTIONS (Continued)

- c) During the year, the Band Council provided fishing vessels and fishing licenses owned by the Band Council to Crane Cove Seafoods Limited Partnership who carried out the commercial fishing activities of the Band Council. The vessels and licenses were provided with no financial remuneration.
- d) During the year, the Band Council sold tobacco products under a quota system to certain members of the Band Council. The total sales were \$942,037 (2018 - \$838,799) and sales were made under the same terms and conditions as sales to other customers.
- e) During the year, the Band Council social development paid rental fees to certain members and family members of the Band Council in the amount of \$153,998 (2018 - \$159,092). These fees were for accommodations for Band members and under the same terms and conditions as rental fees to other landlords.
- f) During the year, the Band Council paid \$130,036 (2018 - \$68,688) to a contractor who was a member of the Band Council. These fees were under the same terms and conditions as payments to other contractors.

15. RETIREMENT PLAN

Eskasoni Band Council provides a defined contribution registered pension plan (RPP) for eligible employees. Eskasoni Band Council matches employee contributions to the plan. The employer contribution to the plan was \$843,907 in 2019 (2018 - \$974,107).

16. CONTINGENCIES

- a) Eskasoni Band Council has entered into contribution agreements with the Government of Canada. This funding is subject to repayment if the Band Council fails to comply with the terms and conditions of the agreement.
- b) Eskasoni Band Council, in prior years, participated in a Gifting Initiative Donation Program with a company external to the Band. Such gifting programs are under review by the Canada Revenue Agency and the allowable deductibility of donations by taxpayers. The Band has discontinued their relationship with the company. They are not in a position to assess any further potential claims that may arise from past transactions. The management of the Band Council will defend any legal action taken. Any claims that may arise pertaining to its involvement in the donation program could have a material effect on its consolidated financial position.
- c) The Band Council has been named a defendant in a legal matter. The outcome of the matter is not determinable and settlement, if any, will be accounted for as a charge to operations in the period of settlement.

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

17. GOVERNMENT TRANSFERS

	Operating	Capital	2019	2018
			Total	Total
Federal government				
Indigenous Services Canada	\$ 18,466,403	\$ 1,129,448	\$ 19,595,851	\$ 19,227,975
Mi'kmaq Kina'matnewey	19,447,169	384,745	19,831,914	18,199,391
Indigenous Services Canada - FNIHB	5,458,149	2,513,901	7,972,050	9,034,563
Mi'kmaq Employment Training Secretariat	1,360,246	—	1,360,246	1,271,976
Canada Mortgage and Housing Corporation	1,077,049	—	1,077,049	1,343,474
Fisheries and Oceans Canada	286,022	—	286,022	467,898
Atlantic Canada Opportunities Agency	49,780	324,987	374,767	135,995
Total federal government	46,144,818	4,353,081	50,497,899	49,681,272
Provincial government				
Province of Nova Scotia	495,529	16,033	511,562	643,798
	\$ 46,640,347	\$ 4,369,114	\$ 51,009,461	\$ 50,325,070

18. EXPENDITURES BY OBJECT

	2019	2018
Salaries and employee benefits	\$ 21,037,982	\$ 19,906,532
Interest on long-term debt	427,297	303,366
Administrative costs	2,984,459	2,693,622
Direct program costs	43,294,873	42,421,731
Amortization of capital assets	4,904,795	4,438,430
	\$ 72,649,406	\$ 69,763,681

19. FINANCIAL INSTRUMENTS

The Band Council is exposed to various risks through its financial instruments. The following analysis provides a measure of the Band Council's risk exposure and concentrations at the statement of financial position date March 31, 2019.

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019

19. FINANCIAL INSTRUMENTS (Continued)

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Band Council's main credit risk is related to accounts receivable. The Band Council monitors the components of accounts receivable on an ongoing basis and records an allowance for doubtful accounts based on its assessment of individual accounts and their eventual collectability.

b) Liquidity risk

Liquidity risk is the risk that the Band Council will encounter difficulty in meeting obligations associated with financial liabilities. The Band Council manages its liquidity risk by constantly monitoring forecasted and actual cash flow and expenditures and maintains a credit facility that can be drawn upon if unforeseen circumstances were to develop.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Currency rate risk

Currency risk is the risk that the fair value of a financial instrument or related future cash flow will fluctuate because of change in foreign exchange rates. The Band Council is not exposed to currency risk.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Band Council's exposure to interest rate risk is reduced as the majority of its debt is at fixed rates with varying maturity dates.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The Band Council is not exposed to other price risk.

20. COMPARATIVE FIGURES

Certain of the 2019 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2018.

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31 2019 with comparative figures for 2018

21. SEGMENT DISCLOSURE

REVENUE	Social Development				Housing and Capital				Operations and Maintenance		
	Budget 2019		2018		Budget 2019		2018		Budget 2019		2018
	(unaudited)		(unaudited)		(unaudited)		(unaudited)		(unaudited)		2018
Indigenous Services Canada	\$ 13,210,926	\$ 13,210,914	\$ 13,156,944	\$ 3,076,720	\$ 3,377,821	\$ 2,805,580	\$ 858,881	\$ 870,685	\$ 882,616		
Mi'kmaq Kina matnewey Employment Training Secretariat	—	—	—	—	—	—	—	—	—	—	
Indigenous Services Canada - FNIHB	—	—	—	—	—	—	—	—	—	—	
Atlantic Canada Opportunities Agency	—	—	—	—	—	—	—	—	—	—	
Province of Nova Scotia	—	—	—	—	—	—	—	—	—	—	
Fisheries and Oceans Canada	—	—	—	—	—	—	—	—	—	—	
Canada Mortgage and Housing Corp.	250,000	250,000	250,000	1,300,000	1,062,049	1,310,119	—	—	—	—	
Net earnings of limited partnership	—	—	—	393,000	747,124	577,150	100,000	100,000	100,000	90,000	
Unincorporated enterprises revenue	—	—	—	1,284,800	1,702,665	1,716,273	29,300	99,994	99,994	35,824	
Other revenue	13,460,926	13,460,914	13,386,944	6,054,320	6,889,659	6,460,400	988,181	1,070,678	1,008,440		
EXPENDITURE											
Salaries and employee benefits	406,363	465,920	404,158	2,526,500	2,876,199	3,064,684	595,894	574,942	570,138		
Direct program costs	14,707,055	14,463,027	14,298,930	380,000	361,563	296,102	1,742,000	1,931,345	1,903,050		
Interest on long-term debt	79,200	58,944	78,143	303,800	269,921	305,344	—	287	586		
Administrative costs	—	—	—	—	—	—	—	—	—	—	
Amortization of capital assets	15,192,618	14,987,891	14,771,231	3,210,300	3,507,703	3,666,130	2,338,194	2,506,574	2,473,774		
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE											
	\$ (1,731,582)	\$ (1,526,977)	\$ (1,384,287)	\$ 2,844,020	\$ 3,381,956	\$ 2,794,270	\$ (1,350,013)	\$ (1,435,895)	\$ (1,465,334)		

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019, with comparative figures for 2018

21. SEGMENT DISCLOSURE (Continued)

REVENUE	Economic Development				Band Management				Fishery Resource Development		
	Budget 2019		2018		Budget 2019		2018		Budget 2019		2018
	(unaudited)		(unaudited)		(unaudited)		(unaudited)		(unaudited)		2018
Indigenous Services Canada	\$ 631,357	\$ 818,197	\$ 838,892	\$ 1,273,920	\$ 1,318,234	\$ 1,280,218	\$ —	\$ —	\$ —	\$ —	\$ 33,725
Mi'kmaq Employment Training Secretariat	984,616	45,133	41,748	285,200	290,310	286,573	—	—	—	—	—
Indigenous Services Canada - FNIB	—	1,110,278	1,013,808	—	—	—	—	—	—	—	—
Atlantic Canada Opportunities Agency	—	49,870	30,300	—	—	—	—	—	—	—	—
Province of Nova Scotia	—	—	27,387	—	—	—	—	—	285,000	286,022	343,898
Fisheries and Oceans Canada	—	—	33,355	—	—	—	—	—	—	—	—
Canada Mortgage and Housing Corp.	—	15,000	30,000	—	9,900	10,200	100,000	100,000	—	—	100,000
Unincorporated enterprises revenue	—	7,500	—	—	—	—	—	—	—	—	—
Other revenue	236,500	885,467	419,423	57,134	353,222	78,891	80,000	94,340	—	—	368,840
	1,852,473	2,931,445	2,434,913	1,626,254	1,971,666	1,655,882	465,960	480,362	—	—	846,463
EXPENDITURE											
Salaries and employee benefits	206,295	206,440	206,308	2,031,174	2,030,280	1,937,937	340,000	345,693	336,603	—	—
Direct program costs	1,485,086	2,402,592	2,008,519	—	—	—	125,000	135,719	214,372	—	—
Interest on long-term debt	—	—	—	—	—	—	—	—	—	—	—
Administrative costs	91,535	76,789	91,834	188,800	208,694	183,846	—	—	—	—	—
Amortization of capital assets	—	—	—	—	—	—	—	—	—	—	—
	1,782,916	2,685,821	2,306,661	2,219,974	2,238,974	2,121,783	485,900	481,412	550,975	—	—
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	\$ 69,557	\$ 245,624	\$ 128,252	\$ (593,720)	\$ (267,308)	\$ (465,901)	\$ —	\$ (1,050)	\$ 295,488	—	—

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019, with comparative figures for 2018

21. SEGMENT DISCLOSURE (Continued)

	Education			Health			Band Business Enterprises			
	Budget 2019 (unaudited)	2019 2018	Budget 2019 (unaudited)	2019 2018	Budget 2019 (unaudited)	2019 2018	Budget 2019 (unaudited)	2019 2018	Budget 2019 (unaudited)	2018
REVENUE										
Indigenous Services Canada	\$ 16,830,476	\$ 19,441,971	\$ 17,871,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mi'kmaq Employment Training Secretariat	249,968	249,968	258,168	-	7,383,857	7,972,050	9,034,563	-	-	-
Indigenous Services Canada - FNIB	-	-	-	-	-	-	-	-	-	-
Atlantic Canada Opportunities Agency	-	-	-	-	-	-	-	-	-	-
Province of Nova Scotia	-	-	-	-	-	-	-	-	-	-
Fisheries and Oceans Canada	-	-	-	-	-	-	-	-	-	-
Canada Mortgage and Housing Corp.	-	-	-	-	-	-	-	-	-	-
Net earnings of limited partnership	-	-	-	-	-	-	-	-	-	-
Unincorporated enterprises revenue	129,283	373,338	301,910	-	903,048	1,047,234	960,219	-	17,406,384	18,286,556
Other revenue	17,203,727	20,065,277	18,431,148	8,286,905	9,019,284	9,994,782	17,406,384	18,286,556	17,276,913	-
EXPENDITURE										
Salaries and employee benefits	11,324,057	12,752,749	12,128,319	3,435,080	3,407,976	3,144,782	929,741	890,804	846,475	
Direct program costs	4,079,451	4,225,620	4,035,616	1,607,785	2,311,638	2,734,097	12,205,378	12,695,102	11,985,105	
Interest on long-term debt	-	-	6,678	-	65,427	-	-	-	-	-
Administrative costs	478,100	480,820	354,829	536,040	514,623	419,970	1,190,175	1,374,668	1,259,656	
Amortization of capital assets	15,881,608	17,459,189	16,525,442	5,778,905	6,289,664	6,298,849	14,326,294	14,960,574	14,071,236	
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	\$ 1,328,119	\$ 2,606,098	\$ 1,905,706	\$ 2,508,000	\$ 2,719,620	\$ 3,695,933	\$ 3,080,190	\$ 3,325,982	\$ 3,205,677	

ESKASONI BAND COUNCIL

Notes to Consolidated Financial Statements

Year ended March 31, 2019, with comparative figures for 2018

21. SEGMENT DISCLOSURE (Continued)

REVENUE	Corporate Division				Other Programs				Budget 2019 (unaudited)	Budget 2019 (unaudited)	Budget 2019 (unaudited)	Total
	Budget 2019	2019 (unaudited)	2018	Budget 2019 (unaudited)	2019	2018						
Indigenous Services Canada	\$ —	\$ —	\$ 250,000	\$ —	\$ 54,500	\$ —	\$ —	\$ 19,051,804	\$ 19,595,851	\$ 19,227,975	\$ 18,199,391	
Mi'kmaq Kina matnewey	—	—	—	—	—	—	—	17,125,676	19,831,914	1,271,976	1,380,246	
Mi'kmaq Employment Training Secretariat	—	—	—	—	—	—	—	1,234,584	9,034,563	7,972,050	7,383,857	
Indigenous Services Canada - FNIB	—	—	—	—	—	—	—	—	—	—	—	374,767
Atlantic Canada Opportunities Agency	—	324,897	105,695	475,000	511,562	525,133	475,000	—	511,562	643,798	51,1562	643,798
Province of Nova Scotia	—	—	124,000	—	—	—	—	285,000	286,022	467,898	—	—
Fisheries and Oceans Canada	—	—	—	—	—	—	—	1,300,000	1,077,049	1,343,474	3,931,424	3,161,172
Canada Mortgage and Housing Corporation	300,000	325,000	543,600	1,626,600	2,391,900	1,560,222	2,769,600	—	17,406,484	18,286,556	17,236,913	5,562,366
Net earnings of limited partnership	—	—	—	—	—	—	—	—	—	—	—	4,501,223
Unincorporated enterprises revenue	—	377,286	148,013	646,824	628,840	471,830	3,386,659	—	—	—	—	—
Other revenue	—	300,000	1,027,163	1,171,308	2,748,424	3,586,802	2,557,185	70,398,694	78,789,807	75,224,378	—	—
EXPENDITURE												
Salaries and employee benefits	217,600	237,994	222,248	117,117	125,184	109,564	19,603,321	21,037,982	19,906,532	42,421,731	43,294,873	
Direct program costs	82,400	141,227	220,465	2,094,020	2,112,404	1,986,893	40,855,675	380,300	427,297	303,366	2,984,459	2,693,622
Interest on long-term debt	—	—	—	—	—	—	—	—	—	—	—	—
Administrative costs	—	—	—	—	—	—	—	—	—	—	—	—
Amarization of capital assets	—	—	—	6,891,748	4,904,795	4,438,430	6,691,748	—	—	—	—	4,438,430
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	\$ —	\$ 647,942	\$ 728,595	\$ (6,154,461)	\$ (3,555,581)	\$ (3,977,702)	\$ —	\$ 6,140,401	\$ 5,460,697			

ESKASONI BAND COUNCIL

Schedule A – Indigenous Services Canada Contributions

Year ended March 31, 2019, with comparative figures for 2018

		2019	2018
	Budget (Unaudited)	Actual	Actual
REVENUE			
Social development			
Income assistance	\$ 12,658,231	\$ 12,658,233	\$ 12,589,001
Assisted living	515,640	515,626	512,806
Family violence prevention	37,055	37,055	35,137
Housing and infrastructure			
Core funding	1,398,720	1,398,728	1,391,078
Pumphouse and well	300,000	150,000	–
Emergency measures - recovery	–	505,543	607,438
Lot service and mini homes	–	222,638	–
Generators	205,000	205,000	–
Construction of multi-units	453,000	433,495	358,720
Renovations and addition	300,000	164,909	32,913
Fire protection	–	–	178,562
Flood mitigation	300,000	134,612	221,928
Jordan's Principal fences	120,000	118,315	14,941
Roads and bridges	–	44,581	–
Operations and maintenance			
Core funding	770,081	770,028	765,816
Sewer and water systems	88,800	90,665	88,800
Fire training	–	–	28,000
Engineering study	–	9,992	–
Economic development			
Planning and operations	271,357	271,337	269,853
Skills Link program	360,000	327,587	414,807
Tourism development	–	30,532	75,188
Economic development opportunities	–	53,845	71,325
Solid waste education	–	84,896	7,719
Community Opportunity Readiness Program	–	–	250,000
Planning and feasibility studies	–	–	33,725
Community plan	–	50,000	–
Band management			
Band government support	1,168,320	1,138,456	1,162,585
Registration and membership	48,000	47,542	47,282
Lands management	21,600	21,656	21,656
Lands – other	–	–	11,264
Housing capacity development	36,000	110,580	37,431
TOTAL REVENUE	\$ 19,051,804	\$ 19,595,851	\$ 19,227,975

ESKASONI BAND COUNCIL

Schedule B – Health Programs

Year ended March 31, 2019, with comparative figures for 2018

		2019	2018
	Budget (Unaudited)	Actual	Actual
REVENUE			
Indigenous Services Canada - FNIHB	\$ 7,383,857	\$ 7,972,050	\$ 9,034,563
Eskasoni Band Council	310,000	250,000	310,000
Canadian Institute for Health Research and Graham Boeckh Foundation	260,948	278,625	260,948
Union of Nova Scotia Indians	22,000	130,446	22,000
Rent	137,900	153,500	137,900
Other revenue and recoveries	172,200	234,663	229,371
	8,286,905	9,019,284	9,994,782
EXPENDITURE			
Mental Health programs	1,070,775	1,182,595	1,149,857
Youth Crisis Centre	293,200	385,200	278,386
Nursing program	407,117	276,196	339,859
Home care nursing program	869,000	986,357	907,408
Prenatal and other nutrition	27,720	24,712	26,908
Maternal Child Health	166,349	158,276	153,427
Health administration and building costs	813,040	869,107	736,743
Interest on long-term debt	66,000	65,427	—
Renovations and capital	—	—	11,306
Jordan's Principal	—	330,153	679,260
Health information technology	104,100	107,372	92,099
Out of country insurance	30,000	30,000	30,000
Health liaison worker	36,280	35,804	36,111
Diabetes nursing and activities	110,624	106,125	68,032
Primary care	334,660	303,714	365,432
Head Start program	229,124	236,918	214,423
Early intervention (FASD)	73,400	59,875	75,830
Medical transportation	956,400	939,210	955,544
Immunization and disease control	75,324	71,638	68,866
Other Health projects	115,792	130,985	109,358
	5,778,905	6,299,664	6,298,849
Net revenue before the following	2,508,000	2,719,620	3,695,933
FINANCING AND TRANSFERS			
Transfer to loan repayment fund	—	—	(250,000)
Principal payment on bank loan	(48,000)	(48,418)	—
Transfer for capital assets	(2,460,000)	(2,589,376)	(3,394,140)
	(2,508,000)	(2,637,794)	(3,644,140)
EXCESS OF REVENUE OVER EXPENDITURE	\$ —	\$ 81,826	\$ 51,793

ESKASONI BAND COUNCIL

Schedule C – Eskasoni Gaming Commission

Year ended March 31, 2019, with comparative figures for 2018

	2019	2018
REVENUE		
Wager	\$ 13,319,860	\$ 12,797,913
COST OF SALES		
Atlantic Lottery Corporation	446,316	462,555
Prizes	10,687,342	10,287,491
Siteholder commission	1,093,101	1,023,933
	<u>12,226,759</u>	<u>11,773,979</u>
Net revenue before expenditures	1,093,101	1,023,934
EXPENDITURE		
Wages and benefits	89,441	85,740
Travel and training	10,802	6,980
Office and telephone	9,741	8,732
Audit fees	—	3,500
Rent	12,000	12,000
Interest and bank charges	446	405
Band member support		
Comfort allowance and other donations	664,246	670,386
Youth programs	319,778	355,183
Police liaison program	30,000	30,000
Advertising and promotion	5,488	4,796
	<u>1,141,942</u>	<u>1,177,722</u>
Net expenditure before transfers	(48,841)	(153,788)
FINANCING AND TRANSFERS		
Transfer from Eskasoni Gaming Centre	75,000	150,000
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	\$ 26,159	\$ (3,788)

ESKASONI BAND COUNCIL

Schedule D – Mortgages Payable

Year ended March 31, 2019, with comparative figures for 2018

	Loan Type	Interest Rate	Monthly Payment	Maturity Date	Rate Fixed to Date	2019	2018
Canada Mortgage and Housing Corporation							
Mortgage	3.89%	\$ 3,192	December 2020	\$ 61,723	\$ 96,896		
Mortgage	1.11%	\$ 6,637	November 2020	\$ 131,457	209,177		
Mortgage	1.05%	1,997	February 2025	137,417	159,812		
Mortgage	1.03%	1,333	July 2026	112,960	127,715		
Mortgage	1.30%	1,270	June 2027	119,159	132,756		
Mortgage	1.30%	742	May 2027	69,003	76,962		
Mortgage	2.22%	1,254	November 2028	130,857	142,929		
Mortgage	1.86%	2,530	May 2029	281,067	305,876		
Mortgage	1.14%	4,014	May 2031	547,083	588,774		
Mortgage	1.44%	2,635	January 2032	370,333	396,429		
Mortgage	1.44%	310	January 2032	43,506	46,572		
Mortgage	2.49%	3,045	July 2022	116,790	150,042		
Mortgage	2.58%	751	September 2022	July 2022	28,775	37,018	
Mortgage	2.68%	2,270	July 2023	July 2023	111,341	136,050	
Mortgage	1.97%	5,008	October 2032	December 2022	715,998	761,556	
Mortgage	2.52%	4,026	July 2033	September 2023	581,135	614,652	
Mortgage	2.14%	1,140	January 2034	March 2024	173,802	183,741	
Mortgage	1.85%	2,540	July 2034	August 2019	406,803	429,559	
Mortgage	1.17%	4,627	October 2035	January 2021	836,640	882,103	
Mortgage	1.08%	2,671	August 2035	August 2020	482,037	508,736	
Mortgage	1.03%	689	September 2036	October 2021	132,336	139,203	
Mortgage	1.43%	2,148	March 2037	April 2022	409,046	428,839	
Mortgage	2.39%	776	February 2038	February 2023	141,735	147,601	
Mortgage	2.50%	5,359	April 2038	June 2023	976,233	1,016,645	
Mortgage	1.12%	4,664	May 2021	December 2020	96,951	151,503	
Mortgage	2.70%	786	September 2023	September 2023	39,916	48,197	
Mortgage	2.22%	3,707	December 2038	January 2024	711,399	740,270	
Mortgage	2.52%	976	September 2038	September 2023	180,549	187,715	
Mortgage	1.08%	1,727	August 2040	August 2020	396,220	412,580	
Mortgage	0.94%	644	September 2040	September 2020	150,351	156,633	
Mortgage	1.03%	651	November 2041	November 2021	157,824	163,976	
Mortgage	1.43%	1,400	April 2042	April 2022	330,545	307,223	
Mortgage	2.41%	2,593	April 2043	April 2023	511,792	—	
Mortgage Advances					461,814	988,384	
Repaid during the year					—	24,677	
							\$ 78,112
							\$ 10,154,602
							\$ 10,900,801

ESKASON BAND COUNCIL

Schedule D – Mortgages Payable (Continued)

Year ended March 31, 2019, with comparative figures for 2018

	Loan Type	Interest Rate	Monthly Payment	Maturity Date	Rate Fixed to Date	2019	2018
Bank of Montreal							
Mortgage	4.02%	\$ 13,263	April 2030	August 2023	\$ 1,423,704	\$ 1,524,549	
Mortgage	3.76%	7,562	December 2022	January 2024	323,531	401,166	
Mortgage	5.41%	11,953	December 2025	December 2020	810,966	907,868	
Repaid during the year							55,484
		\$ 32,778			\$ 2,558,201	\$ 2,889,067	