



Consolidated Financial Statements

Pictou Landing Band Council

March 31, 2014

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To the Chief and Councillors of the

Pictou Landing Band Council

We have audited the accompanying consolidated statement of financial position of the Pictou Landing Band Council (the "Band Council") as at March 31, 2014, and the consolidated statement of operations, changes in net financial liabilities, statement of fund balances, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Band Council's management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Band Council's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Band Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Band Council's management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Pictou Landing Band Council as at March 31, 2014, and the results of its operations, changes in its net financial liabilities, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Sydney, Canada

October 15, 2014

Grant Thornton LLP
Chartered accountants

Pictou Landing Band Council

Consolidated Statement of Operations

Year ended March 31 Schedule Budget 2014 2013

Revenue

Aboriginal Affairs and Northern Development Canada	B	\$ 2,893,411	\$ 3,112,255	\$ 3,940,685
Boat Harbour negotiations and MOU funds	D	-	20,000	29,001
Rent and miscellaneous	D	16,800	25,160	12,503
Housing	E	86,335	14,881	24,196
CMHC – Housing operations	F	-	62,330	93,156
Economic development	G	120,000	105,380	102,785
Education	H	1,071,222	1,146,580	1,179,842
Employment development	I	314,286	377,937	411,423
Health Canada programs	J	685,900	693,665	688,654
Pictou Landing Housing Projects	L	420,200	413,589	526,187
Pictou Landing Non-Subsidized Housing	M	375,000	383,370	308,000
Pictou Landing Commercial Fishing	N	1,819,397	1,721,620	1,837,231
Victoria Corner Market	O	3,360,000	3,618,222	3,359,534
Miscellaneous	K	-	13,333	113,195
		<u>11,162,551</u>	<u>11,708,322</u>	<u>12,626,392</u>

Expenditure

Aboriginal Affairs and Northern Development Canada	B	3,574,162	4,002,724	3,446,232
Economic development	G	24,700	89,019	102,785
Education	H	1,136,532	1,117,277	1,067,620
Employment development	I	310,878	407,290	447,331
Health Canada programs	J	695,703	762,529	691,134
Pictou Landing Housing Projects	L	420,000	395,700	506,190
Pictou Landing Non-Subsidized Housing	M	375,000	307,223	295,063
Pictou Landing Commercial Fishing	N	1,545,189	1,423,991	1,226,760
Victoria Corner Market	O	3,031,622	3,198,554	2,941,800
Miscellaneous	K	216,000	259,301	148,106
Amortization		-	613,799	605,660
		<u>11,329,786</u>	<u>12,577,407</u>	<u>11,478,681</u>

Excess of (expenditure over revenue)
revenue over expenditure

\$ (167,235) \$ (869,085) \$ 1,147,711

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council

Consolidated Statement of Financial Position

March 31

2014

2013

Financial assets

Cash (Note 2)	\$ 119,527	\$ 484,193
Receivables (Note 3)	1,374,021	1,150,031
Restricted cash (Note 4)	166,657	74,996
Band funds in trust (Note 5)	4,522	4,410
Deposits (Note 6)	7,500	5,000
	<u>1,672,227</u>	<u>1,718,630</u>

Financial liabilities

Bank indebtedness (Note 8)	668,658	85,572
Payables and accruals (Note 9)	811,759	944,773
Demand loans (Note 10)	900,870	956,186
Deferred revenue (Note 11)	259,668	148,089
Long term debt (Note 12)	2,704,545	2,922,591
Long term payable (Note 13)	392,000	448,000
	<u>5,737,500</u>	<u>5,505,211</u>

Net financial liabilities (Page 6)

(4,065,273) (3,786,581)

Non-financial assets

Capital assets (Note 7)	13,761,480	14,360,781
Prepays	677	-
Inventory	78,685	60,082
	<u>13,840,842</u>	<u>14,420,863</u>

Net assets

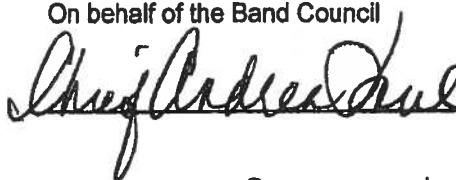
\$ 9,775,569 \$ 10,634,282


Fund balances (Page 7)

\$ 9,775,569 \$ 10,634,282

Contingencies (Note 14)

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 Liabilities

Year ended March 31	Budget	2014	2013
Net revenues	\$ (167,235)	\$ (869,085)	\$ 1,147,711
Amortization	795,000	998,896	998,462
Capital assets acquired	<u>-</u>	<u>(399,595)</u>	<u>(1,383,009)</u>
	<u>627,765</u>	<u>(269,784)</u>	<u>763,164</u>
Interest earned on funds held with INAC	-	112	105
Net appropriation to Movable Capital Asset Reserve Fund	-	10,260	9,981
Net appropriation from Replacement Reserve Fund	-	-	(11,048)
Acquisition of prepaids, net of usage	-	(677)	-
Acquisition of inventory, net of usage	<u>-</u>	<u>(18,603)</u>	<u>(29,946)</u>
	<u>-</u>	<u>(8,908)</u>	<u>(30,928)</u>
Change in net financial liabilities	627,765	(278,692)	732,236
Net financial liabilities, beginning of year	<u>(3,786,581)</u>	<u>(3,786,581)</u>	<u>(4,518,817)</u>
Net financial liabilities, end of year	<u>\$ 3,158,816</u>	<u>\$ (4,065,273)</u>	<u>\$ (3,786,581)</u>

Pictou Landing Band Council

Consolidated Statement of Cash Flows

Year ended March 31

2014

2013

Increase in cash and cash equivalents

Operating		
Excess of (expenditures over revenue)		
revenue over expenditures	\$ (869,085)	\$ 1,147,711
Amortization	<u>998,896</u>	<u>998,462</u>
	129,811	2,146,173
Change in non-cash operating working capital		
Receivables	(223,990)	(130,732)
Prepays	(677)	-
Inventory	(18,603)	(29,946)
Payables and accruals	(133,014)	(306,920)
Deferred revenue	<u>111,579</u>	<u>67,330</u>
	<u>(134,894)</u>	<u>1,745,905</u>
Financing		
Withdrawals from (contributions to) replacement reserve	-	(11,048)
Moveable Capital Asset Reserve (net of capital acquisitions)	10,260	9,961
Trust contributions	112	105
Repayment of long term payable	(56,000)	(56,000)
Repayment of demand loan	(55,316)	(123,310)
Deposit on land purchase	(2,500)	(5,000)
Proceeds on demand loan	-	800,000
Repayment of long term debt	<u>(218,046)</u>	<u>(273,211)</u>
	<u>(321,490)</u>	<u>341,497</u>
Investing		
Capital assets acquired	<u>(399,595)</u>	<u>(1,383,009)</u>
Net (decrease) increase in cash and cash equivalents	(855,979)	704,393
Cash and cash equivalents, beginning of year	<u>478,027</u>	<u>(226,366)</u>
Cash and cash equivalents, end of year	<u>\$ (377,952)</u>	<u>\$ 478,027</u>

Cash and cash equivalents consist of:

Cash	\$ 119,527	\$ 484,193
Bank indebtedness	(668,658)	(85,572)
Funds in trust	4,522	4,410
Restricted cash	<u>166,657</u>	<u>74,996</u>
	<u>\$ (377,952)</u>	<u>\$ 478,027</u>

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2014

1. Summary of significant accounting policies

Reporting entity and principles of financial reporting

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 local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

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

Significant aspects of the accounting policies adopted by the First Nation are as follows:

Principles of consolidation

The consolidated financial statements include the accounts of all funds and operations in which the First Nation has a controlling interest, after the elimination of inter-fund transactions and balances. The entities include the following Pictou Landing Band Council Funds - Operating Fund, Housing Fund, Capital Fund, Economic Development Fund, Employment Development Fund, Health Fund, Social Fund, and Education Fund, as well as, the Victoria Corner Market and the Pictou Landing Commercial Fisheries.

Revenue recognition

Pictou Landing Band Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses or capital expenditures are incurred. Unrestricted contributions are recognized as revenue when recovered or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from housing is recognized on a monthly basis as rents are received. Rents are based on the First Nation'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.

Net debt

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

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2014

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	10%, declining balance

Use of estimates

In preparing the Band'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*.

Moveable Capital Asset Reserve

The Band 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 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.

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 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 2014 was \$2,812,674 (2013 - \$2,553,179). No write-down of inventories below their cost to their net realizable value was made in fiscal 2014. There were no reversals of inventories written down previously that are no longer estimated to sell below cost.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2014

2. Cash	2014	2013
Operating	\$ 60	\$ 21,998
Victoria Corner Market	40,188	292,633
Housing	<u>79,279</u>	<u>169,562</u>
	<u>\$ 119,527</u>	<u>\$ 484,193</u>

3. Receivables	2014	2013
Aboriginal Affairs and Northern Development Canada		
Receivable per AANDC confirmation	\$ 963,515	\$ 511,351
Add:		
Funds received after year end (Fire Protection)	-	29,617
Less:		
Funds not expended during the year (Special Needs)	<u>(71,089)</u>	<u>(61,351)</u>
Aboriginal Affairs and Northern Development Canada	892,426	479,617
Commodity taxes receivable	31,894	118,828
Loans to band members	20,801	74,916
Loans to councillors	-	2,733
Loans to fishers – band members	68,875	85,447
Federal government departments	85,072	278,069
Province of Nova Scotia	105,640	101,490
Mi'kmaq Employment Training Secretariat	49,964	23,180
Mi'kmaq Kina'matnewey	93,937	2,668
Sundry	<u>96,369</u>	<u>53,465</u>
	1,444,978	1,220,413
Less: allowance for doubtful accounts	<u>(70,957)</u>	<u>(70,382)</u>
	<u>\$ 1,374,021</u>	<u>\$ 1,150,031</u>

4. Replacement reserve fund

Under the terms of the agreement with the CMHC, the replacement reserve account is to be increased by annual charges to equity. The charge in the current year is \$43,500 (2013 - \$49,340). 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 the CMHC from time to time. The funds in the account may only be used as approved by the CMHC. Withdrawals are credited to interest first and then principal.

As of March 31, 2014, there was a shortfall of \$242,462 (2013 - \$232,846) in the replacement reserve account. Accordingly, the projects are not in compliance with the operating agreement. Subsequent to year end, this balance was fully funded by the Band.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2013

5. Band funds in trust

The Trust Fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

The changes in net assets of the Trust Fund during the year are as follows:

	<u>2014</u>	<u>2013</u>
Net assets, beginning of year	\$ 4,410	\$ 4,305
Interest earned	<u>112</u>	<u>105</u>
Net assets, end of year	<u>\$ 4,522</u>	<u>\$ 4,410</u>

6. Deposits

The deposit of \$7,500 represents a non-refundable deposit on a parcel of land.

7. Capital assets

			<u>2014</u>	<u>2013</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Buildings	\$ 19,026,759	\$ 8,465,258	\$ 10,561,501	\$ 11,103,688
Computer hardware/software	81,721	35,274	46,447	55,225
Equipment	1,838,547	1,307,953	530,594	504,051
Fencing/compound	130,515	49,494	81,021	90,023
Fishing vessels	1,489,536	853,635	635,901	607,783
Infrastructure	2,796,464	955,589	1,840,875	1,921,298
Vehicle	334,449	279,349	55,100	78,713
Assets under construction	<u>10,041</u>	<u>-</u>	<u>10,041</u>	<u>-</u>
	<u>\$ 25,708,032</u>	<u>\$ 11,946,552</u>	<u>\$ 13,761,480</u>	<u>\$ 14,360,781</u>

The Band Council has assumed mortgages (Note 12) in connection with construction of these units. Payments on the mortgages are subsidized by Canada Mortgage and Housing Corporation. These subsidies are recorded as revenue in the statement of revenue and expenditure.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2014

8. Bank Indebtedness

The First Nation has an established line of credit of \$400,000, plus \$100,000 overdraft limit (2013 - \$300,000), 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 \$318,658 (2013 - \$85,572).

9. Payables	2014	2013
Aboriginal Affairs and Northern Development Canada	\$ 6,172	\$ 12,343
Trade payables	720,037	870,869
Government remittances	14,656	-
Accrued liabilities	<u>70,894</u>	<u>61,561</u>
	<u>\$ 811,759</u>	<u>\$ 944,773</u>

10. Demand loans

Bank of Montreal

Prime + 1% demand loan, repayable in annual instalments of principal and interest by 2019. Repayable in full if trust funds are released in 2014.	\$ 800,000	\$ 800,000
Prime + 1% demand loan, repayable in monthly instalments of \$2,200, plus interest, maturing in 2018.	81,225	106,082
Prime + 1% demand loan, repayable in monthly instalments of \$1,250, plus interest, maturing in 2015.	8,750	25,000
Prime + 1% demand loan, repayable in monthly instalments of \$833, plus interest, maturing in 2014.	8,333	19,167
4.79% demand loan, repayable in monthly instalments of principal and interest of \$281, maturing in 2015	<u>2,562</u>	<u>5,937</u>
	<u>900,870</u>	<u>956,186</u>
Current portion of long term debt		
Principal payments due within one year.	126,046	133,727
Callable debt	<u>774,824</u>	<u>822,459</u>
	<u>\$ -</u>	<u>\$ -</u>

All demand loans with terms are secured by Band Council Resolutions.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2013

10. Demand loans (continued)

Repayments in each of the next four (4) years are as follows:

2015	\$ 846,046
2016	\$ 29,560
2017	\$ 29,178
2018	\$ 2,026

11. Deferred revenue	<u>2014</u>	<u>2013</u>
Aboriginal Affairs and Northern Development Canada		
Financial management governance capacity development	\$ -	\$ 46,292
School replacement	30,854	30,854
Fire protection	1,921	29,616
Water	139,959	-
Science and technology	-	2,041
Department of Fisheries	10,105	10,105
Health Canada		
Health plan update	4,566	18,282
Capital projects	-	5,122
Mi'Kmaq Kina'matnewey	60,455	-
Province of Nova Scotia	4,500	-
Miscellaneous	<u>7,308</u>	<u>5,777</u>
	<u>\$ 259,668</u>	<u>\$ 148,089</u>

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2014

12. Long term debt	<u>2014</u>	<u>2013</u>
Canada Mortgage and Housing Corporation		
1.53% - 2.69% mortgages, repayable under various terms by 2040	\$ 2,058,744	\$ 2,171,627
Royal Bank of Canada		
3% - 5.49% mortgages, repayable under various terms by 2016.	208,323	289,993
Bank of Montreal		
3.39% - 6.3% mortgages, repayable under various terms by 2032.	<u>437,478</u>	<u>460,971</u>
	<u>2,704,545</u>	<u>2,922,591</u>
Current portion of long term debt		
Principal payments due within one year	<u>209,811</u>	<u>207,271</u>
	<u>\$ 2,494,734</u>	<u>\$ 2,715,320</u>

As security, the band has provided a Band Council Resolution providing an irrevocable authorization to the Aboriginal Affairs and Northern Development Canada to assign all funding until all loans are repaid to the bank and a floating charge on the assets of the Band Council.

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

2015	\$ 209,811
2016	\$ 177,840
2017	\$ 168,951
2018	\$ 173,432
2019	\$ 178,106
Thereafter	\$ 1,796,405

13. Long term payable

The long term payable consists of an outstanding account owed to Chignecto Regional School Board. The Band 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, 2014

14. Contingencies

- a) As a result of certain deficiencies in its working capital position, the First Nation is also party to a Remedial Management Plan agreement (RMP) with Indian and Northern Affairs Canada which expires March 31, 2022. Under the terms of the RMP agreement, funding from the arrangement with Indian and Northern Affairs Canada can be suspended if the terms of the RMP are not complied with by the First Nation.
- b) The Band has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the band fails to comply with the terms and conditions of the agreements.
- c) The Band has pledged to Ultramar Ltd. a \$8,000 letter of credit with the Bank of Montreal as security for inventory
- d) The Band is also being sued by a former employee for wrongful dismissal. The total liability is projected to not exceed \$60,000.

15. Pension plan

Pictou Landing First Nation 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 First Nation 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 \$122,627 (2013 - \$108,349)

16. Band employee benefits

Under the terms of the Pension Benefits Standards Act, 1985 and the Income Tax Act, payroll deductions and pension withholdings are to be retained in a separate trust bank account pending remittance. Pictou Landing Band Council was in compliance with the provisions of the above acts in that the trust accounts were in existence and that all March 31, 2014, required balances have been paid.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2014

17. Capital management

Pictou Landing Band Council's objectives when managing capital are: i) ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans, ii) to minimize the cost of capital while taking into consideration current and future industry, market and economic risks and conditions and iii) to maintain an optimal capital structure that provides necessary financial flexibility and returns to the Pictou Landing Band Council, while also ensuring compliance with any financial covenants.

Pictou Landing Band Council monitors and makes adjustments to its capital structure when necessary, in light of changes to economic conditions, the objectives of the Pictou Landing Band Council and the cash requirements of the entity.

Pictou Landing Band Council considers its total capitalization to include all interest-bearing debt including long term debt and the current portion thereof, equity, net of cash. The calculation is set out in the following table:

	<u>2014</u>	<u>2013</u>
Long term debt	\$ 2,704,545	\$ 2,922,591
Demand loans	900,870	956,186
Long term payable	392,000	448,000
Bank indebtedness	<u>668,658</u>	<u>85,572</u>
Net funded debt	4,666,073	4,412,349
Equity	<u>9,775,569</u>	<u>10,516,499</u>
Capital under management	<u>\$ 14,441,642</u>	<u>\$ 14,928,848</u>

Although Pictou Landing Band Council does not include operating leases in its definition of capital, the entity does give consideration to its obligations under operating leases when assessing its total capitalization.

The primary investments undertaken by Pictou Landing Band Council include improvements and additions to housing properties, buildings, and infrastructure. The entity relies largely on its cash flow from operations to fund its capital investment program. The cash flow is supplemented, when necessary, through the borrowing of additional debt. No changes were made to these objectives in the current period.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2014

18. Financial Instruments

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Band's financial instruments that are exposed to concentrations of credit risk are primarily accounts receivable.

The Band's maximum exposure to credit risk corresponds to the carrying amount for all receivables

Liquidity risk

Liquidity risk is the risk that the Band may not have cash available to satisfy its liabilities as they come due. The Band actively maintains a committed credit facility to ensure that it has sufficient available funds to meet current and foreseeable future financial requirements at a reasonable cost.

The Band monitors capital markets and the related conditions. Market conditions allowing, the Band will access debt capital markets for various long-term debt maturities and as other liabilities come due or as assessed to be appropriate in order to minimize risk and optimize pricing

The contractual maturities of the principal portion of significant financial liabilities as at March 31, 2014, are outlined in Note 12.

Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that the Band would receive or pay to settle the financial assets and financial liabilities at the reporting date

The book values of cash and cash equivalents, receivables, and payables and accruals approximate fair values at the balance sheet date due to their short term to maturity. The fair value of the long term debt approximates its carrying amount.

19. Government transfers

	Operating	2014 Capital	Total	Operating	2013 Capital	Total
Aboriginal Affairs and Northern Development Canada	\$ 3,129,755	\$ 10,041	\$ 3,139,796	\$ 3,280,822	\$ 704,616	\$ 3,985,438
Health Canada	673,619		673,619	659,654	13,965	673,619
Canada Mortgage and Housing Corporation	192,960		192,960	276,589		276,589
Mi'kmaw Kina'matnewey	1,135,549		1,135,549	1,168,492		1,168,492
Other	281,986	217,794	499,780	318,536	217,794	536,330
Total	5,413,869	227,835	5,641,704	5,704,093	936,375	6,640,468
Province of Nova Scotia	144,991		144,991	124,534		124,534
	\$ 5,558,860	\$ 227,835	\$ 5,786,695	\$ 5,828,627	\$ 936,375	\$ 6,765,002

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2014

20. Expenses by object	<u>2014</u>	<u>2013</u>
Administrative	\$ 51,971	\$ 46,082
Band office relocation	-	106,985
Capital projects	399,597	1,383,010
Community expenses	259,301	250,891
Core funding	172,378	161,002
Depreciation	998,896	998,462
Education and training	623,220	588,812
Fishing	784,404	908,900
Health programs	254,577	407,720
Interest	125,887	162,814
Operations and maintenance	1,067,313	588,849
Other	168,096	185,863
Professional fees	192,295	114,764
Purchases	2,812,674	2,553,179
Salaries and benefits	2,887,408	2,225,320
Social	<u>2,570,125</u>	<u>2,406,883</u>
	13,368,142	13,089,536
Less: transfers	(391,138)	(227,845)
Less: capital expenses	<u>(399,597)</u>	<u>(1,383,010)</u>
	<u>\$ 12,577,407</u>	<u>\$ 11,478,681</u>

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2014

21. Segmented Information

Pictou Landing Band Council provides a wide range of services to its members, including training, education, social, health care and housing. For management reporting purposes Pictou Landing Band Council's operations and activities are organized and reported by Divisions. The Divisions were created for the purpose of recording activities to comply with specific regulations and requirements.

Divisions that have been separately disclosed in the consolidated schedules of revenues and expenditures on the following pages are:

- Social Development – social assistance provided to qualifying members.
 - Band Government – all associated with the administration of the Band operations
 - Capital Projects – provides capital construction projects for the community.
 - Operations and Maintenance – repairs and maintenance carried out during the year to the community buildings.
 - Economic Development – specified development projects undertaken by the Band
 - Education – providing elementary, secondary and post-secondary tuition for qualifying members along with related programs and support
 - Employment Development – activities related to job training and skills.
 - Health Canada – activity of the Health Centre which provides a variety of health care programs and support.
 - Miscellaneous – all other items not reported in a specified division.
 - Canada Mortgage and Housing Projects Fund – Section 95 housing operations.
 - Non-Subsidized Housing – Non-subsidized housing operations.
 - Commercial Fishing – encompasses the fisheries activities of the Band.
 - Victoria Corner Market – gas bar operation
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