



GrantThornton

Consolidated Financial Statements

Pictou Landing Band Council

March 31, 2015

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Pictou Landing Band Council and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

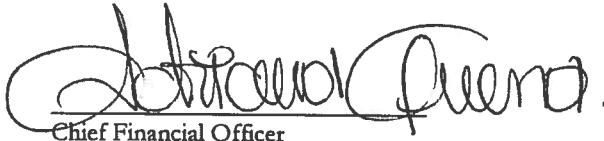
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, and the Band's assets are appropriately accounted for and adequately safeguarded.

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

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

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



Chief Financial Officer



To the Chief and Councillors of the
Pictou Landing Band Council

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We have audited the accompanying consolidated statement of financial position of the Pictou Landing Band Council (the “Band Council”) as at March 31, 2015, 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, 2015, 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

September 1, 2015



Chartered accountants

Pictou Landing Band Council

Consolidated Statement of Operations

Year ended March 31 Schedule Budget 2015 2014

Revenue

Aboriginal Affairs and Northern				
Development Canada	B	\$ 3,198,357	\$ 3,486,738	\$ 3,112,255
Boat Harbour negotiations and MOU funds	D	-	-	20,000
Rent and miscellaneous	D, E	201,055	305,453	25,160
Housing	E	-	6,933	14,881
CMHC – Housing operations	F	-	15,103	62,330
Economic development	G	-	107,314	105,380
Education	H	789,682	1,266,629	1,146,580
Employment development	I	317,707	605,799	377,937
Health Canada programs	J	730,072	772,876	693,665
Pictou Landing Housing Projects	L	604,800	399,391	413,589
Pictou Landing Non-Subsidized Housing	M	-	315,975	383,370
Pictou Landing Commercial Fishing	N	2,116,500	2,556,206	1,721,620
Victoria Corner Market	O	3,640,000	3,826,659	3,618,222
Boat Harbour Trust	P	-	3,762,723	-
Miscellaneous	K	-	6,500	13,333
		11,519,899	17,434,299	11,708,322

Expenditure

Aboriginal Affairs and Northern				
Development Canada	B	3,774,960	3,735,423	4,002,149
Economic development	G	-	31,810	89,019
Education	H	1,089,682	1,266,364	1,117,277
Employment development	I	317,887	601,983	407,290
Health Canada programs	J	730,072	693,290	762,529
Pictou Landing Housing Projects	L	-	379,279	395,700
Pictou Landing Non-Subsidized Housing	M	-	432,415	307,223
Pictou Landing Commercial Fishing	N	1,593,505	2,115,639	1,423,991
Victoria Corner Market	O	3,128,500	3,434,574	3,198,554
Boat Harbour Trust	P	-	481,234	-
Miscellaneous	K	191,100	228,163	259,876
Amortization		-	593,818	613,799
		10,825,706	13,993,992	12,577,407

Excess of (expenditure over revenue)

revenue over expenditure \$ 694,193 \$ 3,440,307 \$ (869,085)

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council

Consolidated Statement of Financial Position

March 31

2015

2014

Financial assets

Cash (Note 2)	\$ 1,676,778	\$ 119,527
Receivables (Note 3)	1,396,504	1,374,021
Restricted cash (Note 4)	289,206	166,657
Band funds in trust (Note 5)	4,699	4,522
Restricted funds (Note 6)	22,971,100	-
Investments	613,210	-
Deposits		7,500
	<u>26,951,497</u>	<u>1,672,227</u>

Financial liabilities

Bank indebtedness (Note 8)	977,718	668,658
Payables and accruals (Note 9)	516,913	811,759
Demand loans (Note 10)	57,629	900,870
Deferred revenue (Note 11)	49,717	259,668
Long term debt (Note 12)	2,603,933	2,704,545
Long term payable (Note 13)	336,000	392,000
Restricted funds (Note 6)	<u>22,971,100</u>	<u>-</u>
	<u>27,513,010</u>	<u>5,737,500</u>

Net financial liabilities (Page 6)

(561,513) (4,065,273)

Non-financial assets

Capital assets (Note 6)	13,674,025	13,761,480
Prepays	8,955	677
Inventory	70,194	78,685
	<u>13,753,174</u>	<u>13,840,842</u>

Net assets

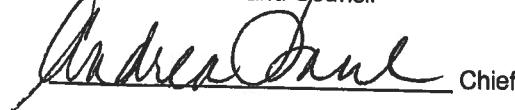
\$ 13,191,661 \$ 9,775,569

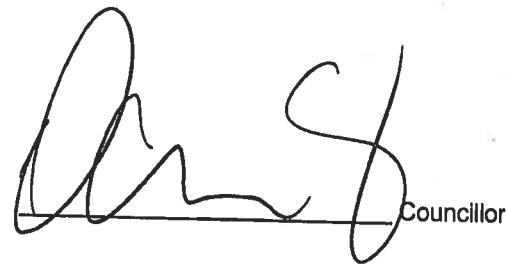
Fund balances (Page 7)

\$ 13,191,661 \$ 9,775,569

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

<u>Year ended March 31</u>	<u>Budget</u>	<u>2015</u>	<u>2014</u>
Net revenues	\$ 694,193	\$ 3,440,307	\$ (869,085)
Amortization		996,542	998,896
Capital assets acquired		(909,087)	(399,595)
	<u>3,271,793</u>	<u>3,527,762</u>	<u>(269,784)</u>
Interest earned on funds held with INAC	-	177	112
Net appropriation to Movable Capital Asset Reserve Fund	-	10,260	10,260
Net appropriation from Replacement Reserve Fund	-	(34,652)	-
Acquisition of prepaids, net of usage	-	(8,278)	(677)
Acquisition of inventory, net of usage	<u>-</u>	<u>8,491</u>	<u>(18,603)</u>
	<u>(24,002)</u>	<u>(8,908)</u>	
Change in net financial liabilities	694,193	3,503,760	(278,692)
Net financial liabilities, beginning of year	<u>(4,065,273)</u>	<u>(4,065,273)</u>	<u>(3,786,581)</u>
Net financial liabilities, end of year	<u>\$ (3,371,080)</u>	<u>\$ (561,513)</u>	<u>\$ (4,065,273)</u>

Pictou Landing Band Council
Consolidated Statement of Fund Balances
Year ended March 31

2015 2014

	Net assets - externally restricted					<u>Total</u>
	<u>Investment in capital assets</u>	<u>Unrestricted fund</u>	<u>Funds on deposit with INAC</u>	<u>Replacement reserve</u>	<u>Subsidy Surplus reserve</u>	
Opening balance	\$ 10,956,066	\$ (1,628,412)	\$ 4,522	\$ 322,862	\$ 9,910	\$ 110,621
Excess of revenue over expenditures (Page 4)	(996,542)	4,436,849	-	-	-	\$ 9,775,569
Purchase of capital assets	909,087	(909,087)	-	-	-	3,440,307
Repayment of long term debt	252,853	(252,853)	-	-	-	-
New long term debt	(109,000)	109,000	-	-	-	-
Current year allocations	-	(43,500)	-	43,500	-	10,260
Withdrawals	-	-	-	(34,652)	-	(34,652)
Transfers (to) from other reserves	-	2,910	-	-	(2,910)	-
Interest earned	-	-	177	-	-	177
Ending balance	\$ 11,012,464	\$ 1,714,907	\$ 4,699	\$ 331,710	\$ 7,000	\$ 120,881
						\$ 9,775,569

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council

Consolidated Statement of Cash Flows

Year ended March 31

2015

2014

Increase in cash and cash equivalents

Operating

Excess of (expenditures over revenue) revenue over expenditures	\$ 3,440,307	\$ (869,085)
Amortization	<u>996,542</u>	<u>998,896</u>
	<u>4,436,849</u>	<u>129,811</u>
Change in non-cash operating working capital		
Receivables	(22,483)	(223,990)
Prepays	(8,278)	(677)
Inventory	8,491	(18,603)
Payables and accruals	(294,846)	(133,014)
Deferred revenue	<u>(209,951)</u>	<u>111,579</u>
	<u>3,909,782</u>	<u>(134,894)</u>

Financing

Withdrawals from (contributions to) replacement reserve	(34,652)	-
Moveable Capital Asset Reserve (net of capital acquisitions)	10,260	10,260
Trust contributions	177	112
Repayment of long term payable	(56,000)	(56,000)
Repayment of demand loan	(843,241)	(55,316)
Deposit on land purchase	7,500	(2,500)
New long term debt	109,000	-
Repayment of long term debt	<u>(209,612)</u>	<u>(218,046)</u>
	<u>(1,016,568)</u>	<u>(321,490)</u>

Investing

Capital assets acquired	<u>(909,087)</u>	<u>(399,595)</u>
Net (decrease) increase in cash and cash equivalents	1,984,127	(855,979)
Cash and cash equivalents, beginning of year	<u>(377,952)</u>	478,027
Cash and cash equivalents, end of year	<u>\$ 1,606,175</u>	<u>\$ (377,952)</u>

Cash and cash equivalents consist of:

Cash	\$ 1,676,778	\$ 119,527
Investments	613,210	-
Bank indebtedness	(977,718)	(668,658)
Funds in trust	4,699	4,522
Restricted cash	<u>289,206</u>	<u>166,657</u>
	<u>\$ 1,606,175</u>	<u>\$ (377,952)</u>

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2015

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 Bank'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, 2015

1. Summary of significant accounting policies (continued)

Depreciation

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

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

Use of estimates

In preparing the Band'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 2015 was \$3,008,110 (2014 - \$2,812,674). No write-down of inventories below their cost to their net realizable value was made in fiscal 2015. 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, 2015

	<u>2015</u>	<u>2014</u>
2. Cash		
Operating	\$ 22,058	\$ 60
Victoria Corner Market	97,878	40,188
Housing	225,200	79,279
Boat harbour	<u>1,331,642</u>	—
	<u>\$ 1,676,778</u>	<u>\$ 119,527</u>
 3. Receivables		
Aboriginal Affairs and Northern Development Canada	206,263	892,426
Commodity taxes receivable	167,550	31,894
Loans to band members	21,548	20,801
Loans to fishers – band members	43,743	68,875
Federal government departments	526,857	85,072
Province of Nova Scotia	212,395	105,640
Mi'kmaq Employment Training Secretariat	50,742	49,964
Mi'Kmaw Kina'matnewey	12,572	93,937
Sundry	<u>225,791</u>	<u>96,369</u>
	<u>1,467,461</u>	<u>1,444,978</u>
Less: allowance for doubtful accounts	<u>(70,957)</u>	<u>(70,957)</u>
	<u>\$ 1,396,504</u>	<u>\$ 1,374,021</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 (2014 - \$43,500). 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, 2015, there was a surplus of \$186,371 (2014 shortfall - \$242,462) in the replacement reserve account. Accordingly, the projects are in compliance with the operating agreement.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2015

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>2015</u>	<u>2014</u>
Net assets, beginning of year	\$ 4,522	\$ 4,410
Interest earned	<u>177</u>	<u>112</u>
Net assets, end of year	<u><u>\$ 4,699</u></u>	<u><u>\$ 4,522</u></u>

6. Restricted funds

In July 1993, the First Nation reached a settlement agreement with Aboriginal Affairs and Northern Development Canada. This agreement established the Boat Harbour Trust Fund, which contained funds that were to be used for continuing compensation of band members, band compensation and development, and community development. To access these funds, the First Nation was required to hold a referendum with residents to approve the disbursement of such funds.

In July 2014, the Trust expired and the funds were allocated as follows: the band member compensation was paid directly from the Trust to individual band members, the band compensation and development funds which are accessible via a Band Council Resolution were recorded as revenue in Schedule O of the consolidated financial statements, and the community development funds remained in a separate investment accounting in the name of the First Nation. It is the Band Council's opinion, that they must receive approval from the AANDC to access these funds, as they were originally intended to be used for any required moving of the community associated with the environment concerns around the use of Boat Harbour. As such, these funds have been recorded as restricted funds with an offsetting trust fund liability in the statement of financial position.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2015

7. Capital assets

		<u>2015</u>	<u>2014</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
Land	\$ 226,289	-	\$ 226,289
Buildings	19,229,571	9,111,926	10,117,645
Computer hardware/software	81,721	49,208	32,513
Equipment	1,888,492	1,418,795	469,697
Fencing/compound	130,515	57,596	72,919
Fishing vessels	1,663,284	962,051	701,233
Infrastructure	2,951,902	1,047,641	1,904,261
Motor vehicles	334,449	295,880	38,569
Assets under construction	<u>110,899</u>	<u>-</u>	<u>110,899</u>
	<u><u>\$ 26,617,122</u></u>	<u><u>\$ 12,943,097</u></u>	<u><u>\$ 13,674,025</u></u>
			<u><u>\$ 13,761,480</u></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.

8. Bank Indebtedness

The First Nation has an established line of credit of \$400,000, plus \$100,000 overdraft limit, which is secured by Band Council Resolutions. The lines of credit bear interest at prime plus 1%. At the year end, the line of credit had a balance outstanding of \$437,609 (2014 – \$317,558).

9. Payables and accruals

	<u>2015</u>	<u>2014</u>
Aboriginal Affairs and Northern Development Canada	\$ -	\$ 6,172
Trade payables	437,758	720,037
Government remittances	1,429	14,656
Accrued liabilities	<u>77,726</u>	<u>70,894</u>
	<u><u>\$ 516,913</u></u>	<u><u>\$ 811,759</u></u>

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2015

10. Demand loans	<u>2015</u>	<u>2014</u>
Bank of Montreal		
Prime + 1% demand loan, repaid during the year	\$ -	\$ 800,000
Prime + 1% demand loan, repayable in monthly instalments of \$2,200, plus interest, maturing in 2018.	57,629	81,225
Prime + 1% demand loan, repaid during the year	-	8,750
Prime + 1% demand loan, repaid during the year	-	8,333
4.79% demand loan, repaid during the year	<u>-</u>	<u>2,562</u>
	57,629	900,870
Current portion of long term debt		
Principal payments due within one year	26,400	126,046
Callable debt	<u>31,229</u>	<u>774,824</u>
	<u>\$ -</u>	<u>\$ -</u>

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

Repayments in each of the next three (3) years are as follows:

2016	\$ 26,400
2017	\$ 26,400
2018	\$ 4,829

11. Deferred revenue	<u>2015</u>	<u>2014</u>
Aboriginal Affairs and Northern Development Canada		
School replacement	\$ 30,854	\$ 30,854
Fire protection	-	1,921
Water	-	139,959
Department of Fisheries	10,105	10,105
Health Canada	-	4,566
Mi'Kmaw Kina'matnewey	-	60,455
Province of Nova Scotia	-	4,500
Miscellaneous	<u>8,758</u>	<u>7,308</u>
	<u>\$ 49,717</u>	<u>\$ 259,668</u>

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2015

12. Long term debt	<u>2015</u>	<u>2014</u>
Canada Mortgage and Housing Corporation .98% - 2.69% mortgages, repayable under various terms by 2040.	\$ 2,052,437	\$ 2,058,744
Royal Bank of Canada 3.2% - 5.49% mortgages, repayable under various terms by 2016.	138,143	208,323
Bank of Montreal 3.39% - 6.3% mortgages, repayable under various terms by 2032.	413,353 2,603,933	437,478 2,704,545
Current portion of long term debt Principal payments due within one year	188,930	209,811
	<u>\$ 2,415,003</u>	<u>\$ 2,494,734</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:

2016	\$ 188,930
2017	\$ 180,071
2018	\$ 184,437
2019	\$ 187,332
2020	\$ 175,541
Thereafter	\$ 1,687,622

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, 2015

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.

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 \$129,433 (2014 - \$122,627).

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, 2015, required balances have been paid.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2015

17. 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, 2015, are outlined in Note 11.

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.

18. Government transfers

	2015		2014		
	Operating	Capital	Total	Operating	Capital
Aboriginal Affairs and Northern					
Development Canada	\$ 3,392,818	\$ 139,760	\$ 3,532,578	\$ 3,129,755	\$ 10,041
Health Canada	730,072		730,072	673,619	
Canada Mortgage and Housing					
Corporation	136,081		136,081	192,960	
Mi'kmaq Kina'matnewey	1,217,566		1,217,566	1,135,549	
Other	619,407	32,000	651,407	281,986	217,794
Total	6,095,943	171,760	6,267,703	5,413,869	227,835
Province of Nova Scotia	172,977		172,977	144,991	
	\$ 6,268,920	\$ 171,760	\$ 6,440,680	\$ 5,558,860	\$ 227,835
					\$ 5,786,695

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2015

19. Expenses by object	<u>2015</u>	<u>2014</u>
Administrative	\$ 409,831	\$ 51,971
Capital projects	38,143	399,597
Community expenses	440,277	259,301
Core funding	187,729	172,378
Depreciation	996,542	998,896
Education and training	562,194	623,220
Fishing	823,713	784,404
Health programs	193,325	254,577
Interest	115,282	125,887
Operations and maintenance	737,547	1,067,313
Other	219,478	168,096
Professional fees	428,527	192,295
Purchases	3,008,111	2,812,674
Salaries and benefits	3,522,050	2,887,408
Social	<u>2,505,417</u>	<u>2,570,125</u>
	<u>14,188,166</u>	<u>13,368,142</u>
Less: transfers	(194,174)	(391,138)
Less: capital expenses	<u>-</u>	<u>(399,597)</u>
	<u>\$ 13,993,992</u>	<u>\$ 12,577,407</u>

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2015

20. 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.
- Boat Harbour Trust – income and expenditures related to the settlement of the Boat Harbour Trust.

See financial data on Pages 36 – 38.

21. Comparative figures

Certain of the 2014 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2015.

22. Subsequent events

On April 1, 2015 Pictou Landing Band Council was advanced \$3.5 million from the Bank of Montreal. This money was subsequently transferred to a trust to cover the purchase of fishing vessels and licenses.

Pictou Landing Band Council
Schedule A – Aboriginal Affairs and Northern Development
Canada
Statement of Revenue

Year ended March 31	Schedule	Budget	2015	2014
Social development	C			
Basic and special needs		\$ 1,978,840	\$ 1,978,840	\$ 2,088,619
Adult care		240,119	344,826	262,050
2013/2014 deficit		389,160	159,245	–
		<u>2,608,119</u>	<u>2,482,911</u>	<u>2,350,669</u>
Band government	D			
Government support		303,163	303,163	305,078
Financial management		37,499	37,499	27,586
Governance development		–	38,675	10,847
Capacity development		–	–	46,292
		<u>340,662</u>	<u>379,337</u>	<u>389,803</u>
Capital projects	E			
Renovations		78,182	78,182	153,922
Water		–	78,274	10,041
Fire protection		–	141,880	–
Wind project		–	139,760	–
		<u>78,182</u>	<u>438,096</u>	<u>163,963</u>
Operations and maintenance	F	<u>171,394</u>	<u>186,394</u>	<u>207,820</u>
Education	H			
Science and technology		–	6,000	7,500
Skills link		–	–	2,041
		<u>–</u>	<u>6,000</u>	<u>9,541</u>
Employment development	I			
Strategic plan		–	19,840	–
Summer work experience		–	20,000	18,000
		<u>–</u>	<u>39,840</u>	<u>18,000</u>
Less transfers to other programs				
Education	H	–	6,000	9,541
Employment development	I	–	39,840	18,000
		<u>–</u>	<u>45,840</u>	<u>27,541</u>
		<u>\$ 3,198,357</u>	<u>\$ 3,486,738</u>	<u>\$ 3,112,255</u>

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council
Schedule B – Aboriginal Affairs and Northern
Development Canada
Statement of Revenue and Expenditure

Year ended March 31	Schedule	Budget	2015	2014
Revenue				
Aboriginal Affairs and Northern Development Canada	A	<u>\$ 3,198,357</u>	<u>\$ 3,486,738</u>	<u>\$ 3,112,255</u>
Expenditure				
Social development	C	2,768,880	2,601,262	2,667,817
Band government	D	557,560	463,225	695,446
Capital projects	E	282,580	468,798	290,232
Operations and maintenance	F	<u>165,940</u>	<u>202,138</u>	<u>348,654</u>
		<u>3,774,960</u>	<u>3,735,423</u>	<u>4,002,149</u>
Excess of (expenditure over revenue) revenue over expenditure		<u>\$ (576,603)</u>	<u>\$ (248,685)</u>	<u>\$ (889,894)</u>

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council
Schedule C – Social Development
Statement of Revenue and Expenditure

Year ended March 31	Budget	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada			
Basic and special needs	\$ 1,978,840	\$ 1,978,840	\$ 2,088,619
Adult care	240,119	344,826	262,050
2013/2014 Deficit	<u>389,160</u>	<u>159,245</u>	<u>-</u>
	<u>2,608,119</u>	<u>2,482,911</u>	<u>2,350,669</u>
Expenditure			
Administration	87,220	95,845	97,692
Adult care	230,960	334,290	262,050
Basic and special needs	<u>2,450,700</u>	<u>2,171,127</u>	<u>2,308,075</u>
	<u>2,768,880</u>	<u>2,601,262</u>	<u>2,667,817</u>
Excess of (expenditure over revenue) revenue over expenditure	\$ (160,761)	\$ (118,351)	\$ (317,148)

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council
Schedule D – Band Government
Statement of Revenue and Expenditure

Year ended March 31	Budget	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada			
Government support	\$ 303,163	\$ 303,163	\$ 305,078
Financial management	37,499	37,499	27,586
Capacity development	-	-	46,292
Governance development	-	38,675	10,847
Miscellaneous income	122,781	274,024	25,160
Boat Harbour negotiations and MOU funds	-	-	20,000
	<u>463,443</u>	<u>653,361</u>	<u>434,963</u>
Expenditure			
Administration salaries and benefits	289,120	340,365	341,919
Capacity development	-	1,200	47,711
Core funding	186,720	187,729	164,000
Employee benefits	18,200	20,376	38,270
Governance development	-	46,505	11,764
Interest and bank charges	20,400	28,502	14,094
Interest on long term debt	36,000	19,423	38,922
Miscellaneous	20,300	11,930	4,388
Office supplies and cleaning	16,500	41,987	27,310
Pension fees and group insurance	24,720	27,200	22,594
Professional services	58,000	39,983	158,965
Property taxes	1,500	2,122	1,585
Travel	9,000	24,522	15,126
Utilities and insurance	<u>29,500</u>	<u>38,414</u>	<u>28,721</u>
	<u>709,960</u>	<u>830,258</u>	<u>915,369</u>
Less: capital expenditures	-	(7,859)	(4,190)
Less: transferred to other programs	<u>(152,400)</u>	<u>(359,174)</u>	<u>(215,733)</u>
	<u>557,560</u>	<u>463,225</u>	<u>695,446</u>
Excess of expenditure over revenue	<u>\$ (94,117)</u>	<u>\$ 190,136</u>	<u>\$ (260,483)</u>

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council
Schedule E – Capital Projects
Statement of Revenue and Expenditure

Year ended March 31	Budget	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada			
Housing renovations/infrastructure	\$ 78,182	\$ 78,182	\$ 153,922
Water 2013/2014	-	78,274	10,041
Fire protection administration fees	-	141,880	-
Wind project	-	139,760	-
Fire protection administration fees	-	31,429	-
Housing	-	6,933	14,881
	<u>78,182</u>	<u>476,458</u>	<u>178,844</u>
Expenditure			
Housing/infrastructure	282,580	283,706	180,962
Water/sewer treatment plant	-	-	43,796
Water/wastewater	-	32,040	10,041
Wind project	-	4,343	-
Housing repairs reallocated from Schedule M	-	146,948	175,405
Less: capital expenditures	-	1,761	(119,972)
	<u>282,580</u>	<u>468,798</u>	<u>290,232</u>
Excess of revenue over expenditure	<u>\$ (204,398)</u>	<u>\$ 7,660</u>	<u>\$ (111,388)</u>

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council
Schedule F – Operations and Maintenance
Statement of Revenue and Expenditure

Year ended March 31	Budget	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada			
Facilities – operations and maintenance	\$ 249,668	\$ 186,394	\$ 207,820
CMHC Housing – operations	<u>–</u>	<u>15,103</u>	<u>62,330</u>
	<u>249,668</u>	<u>201,497</u>	<u>270,150</u>
Expenditure			
Community buildings	45,900	67,860	100,519
Fire prevention	18,000	14,009	64,678
Road maintenance	50,100	34,195	61,456
Water and sewer	51,940	86,074	149,697
Less: capital expenditures	<u>–</u>	<u>–</u>	<u>(27,696)</u>
	<u>165,940</u>	<u>202,138</u>	<u>348,654</u>
Excess of (expenditure over revenue) revenue over expenditure			
	<u>\$ 83,728</u>	<u>\$ (641)</u>	<u>\$ (78,504)</u>

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council
Schedule G – Economic Development
Statement of Revenue and Expenditure

Year ended March 31	Budget	2014	2013
Revenue			
Province of Nova Scotia	\$ _____ -	\$ 107,314	\$ 105,380
Expenditure			
Province of Nova Scotia		31,810	105,380
Less: capital expenditures	_____ -	_____ -	(16,361)
		31,810	89,019
Excess of revenue over expenditure	\$ _____ -	\$ 75,504	\$ 16,361

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council
Schedule H – Education
Statement of Revenue and Expenditure

Year ended March 31	Budget	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada			
Skills Link	\$ -	\$ 6,000	\$ 7,500
Science and Technology			
Mi'kmaq Kina'matnewey band support	789,682	1,217,566	1,135,549
Miscellaneous		<u>43,063</u>	<u>1,490</u>
	<u>789,682</u>	<u>1,266,629</u>	<u>1,146,580</u>
Expenditure			
Band operated school			
Administration		165,000	-
After school care		130	2,537
Ancillary services		3,623	24,411
Boat Harbour project		-	20,000
Equipment	3,100	2,120	136
Indian Studies Support Program		50	9,492
Language enhancement (Speech Language Pathologist)	1,500	1,120	1,256
Math tutoring		51,982	48,559
Mentoring		26,640	2,725
Miscellaneous		7,159	1,616
Operation and maintenance	55,060	41,121	49,140
Recreation		328	1,844
Salaries and benefits – special education	109,000	77,288	126,726
Salaries and benefits – new paths	37,000	36,233	41,900
Salaries and benefits – student support	18,525	-	272
School instructional services	723,697	703,412	630,794
Science technology		-	2,039
Skills link		6,108	7,509
Student allowance	17,300	15,500	19,230
Supplies	13,500	23,017	19,746
Transportation	111,000	105,533	110,109
Less: capital expenditures		-	(2,764)
	<u>1,089,682</u>	<u>1,266,364</u>	<u>1,117,277</u>
Excess of revenue over expenditure	\$ (300,000)	\$ 265	\$ 29,303

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council
Schedule I – Employment Development
Statement of Revenue and Expenditure

Year ended March 31	Budget	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada			
Strategic Plan	\$ -	\$ 19,840	\$ -
Summer work experience	- -	20,000	18,000
Confederacy of Mainland Mi'Kmaq	63,466	262,675	61,617
Province of Nova Scotia	37,960	65,663	39,611
Mi'kmaq employment training secretariat	216,281	217,443	203,489
Northern Paper program	- -	- -	32,760
Connections Career	- -	- -	17,171
Other	- -	20,178	5,289
	<u>317,707</u>	<u>605,799</u>	<u>377,937</u>
Expenditure			
Administration	- -	22,778	- -
Active measures	- -	5,403	12,171
Connections Career	- -	- -	17,515
Child care initiative	- -	- -	49,272
Economic development officer			
– salaries and benefits, travel	63,586	66,704	64,993
Enhanced early learning and child care	- -	49,432	18,430
Province of NS GED – focus program	37,840	90,503	32,612
Mi'kmaq employment training secretariat	193,421	270,417	120,528
Native employment officer – salaries			
- and benefits	23,040	45,126	36,534
Northern Paper program	- -	- -	32,806
Strategic Plan	- -	31,620	- -
Summer work experience	- -	20,000	18,000
Summer students	- -	- -	6,639
Less: capital expenditures	- -	- -	(2,210)
	<u>317,887</u>	<u>601,983</u>	<u>407,290</u>
Excess of revenue over expenditure	<u>\$ (180)</u>	<u>\$ 3,816</u>	<u>\$ (29,353)</u>

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council
Schedule J – Health Canada Programs
Statement of Revenue and Expenditure

Year ended March 31	Budget	2015	2014
Revenue			
Health Canada			
Block Funding	\$ 402,971	\$ 402,971	\$ 459,541
Flexible Funding	273,428	273,428	171,258
Set Funding	53,673	53,673	45,986
Other	<u> </u>	<u>42,804</u>	<u>16,880</u>
	<u>730,072</u>	<u>772,876</u>	<u>693,665</u>
Expenditure			
Block Funding	402,971	360,141	512,329
Flexible Funding	273,428	254,594	195,496
Set Funding	53,673	53,673	26,405
Other	<u> </u>	<u>24,882</u>	<u>5,925</u>
	<u>730,072</u>	<u>693,290</u>	<u>740,154</u>
Add: repayment of prior years funding	<u> </u>	<u> </u>	<u>22,375</u>
	<u>730,072</u>	<u>693,290</u>	<u>762,529</u>
Excess of expenditure over revenue	<u> </u>	<u>79,586</u>	<u>(68,864)</u>

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council

**Schedule Q - Segment Disclosure
Year ended March 31, 2015**

Pictou Landing Band Council
 Schedule P - Segment Disclosure
 Year ended March 31, 2015

	Education										Employment Development				Health Canada Programs				Miscellaneous				Canada Mortgage & Housing			
	Budget 2015	Actual 2015	Actual 2014	Budget 2015	Actual 2014	Budget 2015	Actual 2014	Budget 2015	Actual 2014	Budget 2015	Actual 2014	Budget 2015	Actual 2014	Budget 2015	Actual 2014	Budget 2015	Actual 2014	Budget 2015	Actual 2014	Budget 2015	Actual 2014	Budget 2015	Actual 2014			
Revenues																										
Federal government operating transfers	\$ 815,682	\$ 1,217,566	\$ 1,145,090	\$ 279,747	\$ 540,136	\$ 283,106	\$ 730,072	\$ 676,785										\$ 237,600	\$ 115,582	\$ 115,749						
Federal government capital transfers																										
Provincial government operating transfers																										
Provincial government capital transfers																										
Contributed assets																										
Economic activities																										
Income from investment in GBE's																										
Other																										
	815,682	1,266,629	1,146,580	317,707	605,799	377,937	730,072	772,876	693,685	-	42,804	16,880	-	6,500	13,333	367,200	283,809	297,840								
Expenses																										
Salaries and benefits	537,820	661,045	855,760	133,961	393,019	126,166	730,072	668,408	175,571																	
Amortization																										
Interest																										
Other	551,862	605,319	261,517	183,926	208,964	281,124		24,882	586,958	191,100		228,163		259,301												
	1,089,682	1,265,364	1,117,277	317,887	601,983	407,280	730,072	693,280	782,529	191,100	228,163	259,301	-	79,586	\$ (29,353)	\$ (191,100)	\$ (221,663)	\$ (245,968)	\$ 604,800	\$ 20,112	\$ 17,889	355,700				
	\$ (274,000)	\$ 265	\$ 29,303	\$ (180)	\$ 3,816	\$ (29,353)	\$ 3,816	\$ (180)	\$ (29,353)	\$ -	\$ 79,586	\$ (191,100)	\$ (221,663)	\$ (245,968)	\$ 604,800	\$ 20,112	\$ 17,889	355,700								
Surplus (deficit) for the year																										

Pictou Landing Band Council

**Schedule Q - Segment Disclosure
Year ended March 31, 2015**



Review Engagement Report

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To the Chief and Councillors of the
Pictou Landing First Nation

We have reviewed the schedules of honoraria, salaries, travel expenses, and other remuneration for elected officials and senior unelected officials of the Pictou Landing First Nation as at March 31, 2015. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures, and discussion related to information supplied to us by the Band.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these schedules are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Sydney, Canada

September 1, 2015

Grant Thornton LLP

Chartered accountants