



## Consolidated Financial Statements

Pictou Landing Band Council

March 31, 2015

## Contents

	<b><u>Page</u></b>
Management's Responsibility for Financial Reporting	1
Independent Auditor's Report	2 - 3
Consolidated Statement of Operations	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Net Financial Liabilities	6
Consolidated Statement of Fund Balances	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 - 19
Schedules:	
Schedule A – Aboriginal Affairs and Northern Development Canada – Statement of Revenue	20
Schedule B – Aboriginal Affairs and Northern Development Canada – Statement of Revenue and Expenditure	21
Schedule C - Social Development – Statement of Revenue and Expenditure	22
Schedule D - Band Government – Statement of Revenue and Expenditure	23
Schedule E - Capital Projects – Statement of Revenue and Expenditure	24
Schedule F - Operations and Maintenance – Statement of Revenue and Expenditure	25
Schedule G - Economic Development – Statement of Revenue and Expenditure	26
Schedule H - Education – Statement of Revenue and Expenditure	27
Schedule I - Employment Development – Statement of Revenue and Expenditure	28
Schedule J - Health Canada Programs – Statement of Revenue and Expenditure	29
Schedule K - Miscellaneous – Statement of Revenue and Expenditure	30
Schedule L - Canada Mortgage and Housing Projects Fund - Statement of Revenue and Expenditure	31
Schedule M - Non-Subsidized Housing - Statement of Revenue and Expenditure	32
Schedule N - Commercial Fishing - Statement of Revenue and Expenditure	33
Schedule O - Victoria Comer Market - Statement of Revenue and Expenditure	34
Schedule P – Boat Harbour Trust	35
Schedule Q – Segment Disclosure	36-38



Grant Thornton

## 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



# Grant Thornton

Grant Thornton LLP  
Suite 200  
500 George Place  
Sydney, NS  
B1P 1K6  
T (902) 562-5581  
F (902) 562-0073  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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, 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

*Grant Thornton LLP*  
Chartered accountants

# Pictou Landing Band Council

## Consolidated Statement of Operations

Year ended March 31	Schedule	Budget	2015	2014
<b>Revenue</b>				
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
		<u>11,519,899</u>	<u>17,434,299</u>	<u>11,708,322</u>
<b>Expenditure</b>				
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
		<u>10,825,706</u>	<u>13,993,992</u>	<u>12,577,407</u>
Excess of (expenditure over revenue) revenue over expenditure		<u>\$ 694,193</u>	<u>\$ 3,440,307</u>	<u>\$ (869,085)</u>

See accompanying notes to the consolidated financial statements.

# Pictou Landing Band Council

## Consolidated Statement of Financial Position

March 31

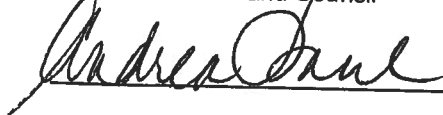
2015

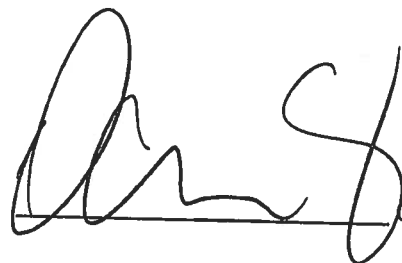
2014

<b>Financial assets</b>		
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>
<b>Financial liabilities</b>		
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)	22,971,100	-
	<u>27,513,010</u>	<u>5,737,500</u>
<b>Net financial liabilities (Page 6)</b>	<b>(561,513)</b>	<b>(4,065,273)</b>
<b>Non-financial assets</b>		
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>
<b>Net assets</b>	<b>\$ 13,191,661</b>	<b>\$ 9,775,569</b>
<b>Fund balances (Page 7)</b>		
	<b>\$ 13,191,661</b>	<b>\$ 9,775,569</b>

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**

<b>Year ended March 31</b>	<b>Budget</b>	<b>2015</b>	<b>2014</b>
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	-	8,491	(18,603)
	-	<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

	Investment in capital assets	Unrestricted fund	Net assets - externally restricted				Total
			Funds on deposit with INAC	Replacement reserve	Subsidy Surplus reserve	Moveable capital asset reserve	
Opening balance	\$ 10,956,066	\$ (1,628,412)	\$ 4,522	\$ 322,862	\$ 9,910	\$ 110,621	\$ 9,775,569
Excess of revenue over expenditures (Page 4)	(996,542)	4,436,849	-	-	-	-	3,440,307
Purchase of capital assets	909,087	(909,087)	-	-	-	-	-
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	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	\$ 13,191,661
							\$ 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>
	4,436,849	129,811
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>	<u>478,027</u>
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

<b>2. Cash</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Operating	\$ 22,058	\$ 60
Victoria Corner Market	97,878	40,188
Housing	225,200	79,279
Boat harbour	<u>1,331,642</u>	<u>-</u>
	<b><u>\$ 1,676,778</u></b>	<b><u>\$ 119,527</u></b>

<b>3. Receivables</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
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>
	1,467,461	1,444,978
Less: allowance for doubtful accounts	<u>(70,957)</u>	<u>(70,957)</u>
	<b><u>\$ 1,396,504</u></b>	<b><u>\$ 1,374,021</u></b>

### 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>\$ 4,699</u>	<u>\$ 4,522</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>	<u>Net book value</u>
Land	\$ 226,289	-	\$ 226,289	\$ -
Buildings	19,229,571	9,111,926	10,117,645	10,561,501
Computer hardware/software	81,721	49,208	32,513	46,447
Equipment	1,888,492	1,418,795	469,697	530,594
Fencing/compound	130,515	57,596	72,919	81,021
Fishing vessels	1,663,284	962,051	701,233	635,901
Infrastructure	2,951,902	1,047,641	1,904,261	1,840,875
Motor vehicles	334,449	295,880	38,569	55,100
Assets under construction	110,899	-	110,899	10,041
	<u>\$ 26,617,122</u>	<u>\$ 12,943,097</u>	<u>\$ 13,674,025</u>	<u>\$ 13,761,480</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>\$ 516,913</u>	<u>\$ 811,759</u>

# Pictou Landing Band Council

## Notes to the Consolidated Financial Statements

March 31, 2015

<b>10. Demand loans</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Bank of Montreal</b>		
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	-	2,562
	<u>57,629</u>	<u>900,870</u>
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

<b>11. Deferred revenue</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Aboriginal Affairs and Northern Development Canada</b>		
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>
<b>Canada Mortgage and Housing Corporation</b>		
.98% - 2.69% mortgages, repayable under various terms by 2040.	\$ 2,052,437	\$ 2,058,744
<b>Royal Bank of Canada</b>		
3.2% - 5.49% mortgages, repayable under various terms by 2016.	138,143	208,323
<b>Bank of Montreal</b>		
3.39% - 6.3% mortgages, repayable under various terms by 2032.	<u>413,353</u>	<u>437,478</u>
	<u>2,603,933</u>	<u>2,704,545</u>
Current portion of long term debt		
Principal payments due within one year	<u>188,930</u>	<u>209,811</u>
	<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	Total
Aboriginal Affairs and Northern Development Canada	\$ 3,392,818	\$ 139,760	\$ 3,532,578	\$ 3,129,755	\$ 10,041	\$ 3,139,796
Health Canada	730,072		730,072	673,619		673,619
Canada Mortgage and Housing Corporation	136,081		136,081	192,960		192,960
Mi'kmaw Kina'matnewey	1,217,566		1,217,566	1,135,549		1,135,549
Other	619,407	32,000	651,407	281,986	217,794	499,780
Total	6,095,943	171,760	6,267,703	5,413,869	227,835	5,641,704
Province of Nova Scotia	172,977		172,977	144,991		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

---

<b>19. Expenses by object</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
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>
	14,188,166	13,368,142
Less: transfers	(194,174)	(391,138)
Less: capital expenses	<u>-</u>	<u>(399,597)</u>
	<b><u>\$ 13,993,992</u></b>	<b><u>\$ 12,577,407</u></b>

---

---

# **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
<b>Revenue</b>				
Aboriginal Affairs and Northern Development Canada	A	<u>\$ 3,198,357</u>	<u>\$ 3,486,738</u>	<u>\$ 3,112,255</u>
<b>Expenditure</b>				
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**

<b>Year ended March 31</b>	<b>Budget</b>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>			
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>
<b>Expenditure</b>			
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	<u>\$ (160,761)</u>	<u>\$ (118,351)</u>	<u>\$ (317,148)</u>

See accompanying notes to the consolidated financial statements.



# **Pictou Landing Band Council**

## **Schedule D – Band Government**

### **Statement of Revenue and Expenditure**

<b>Year ended March 31</b>	<b>Budget</b>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>			
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>
<b>Expenditure</b>			
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	29,500	38,414	28,721
	<u>709,960</u>	<u>830,258</u>	<u>915,369</u>
Less: capital expenditures	-	(7,859)	(4,190)
Less: transferred to other programs	(152,400)	(359,174)	(215,733)
	<u>557,560</u>	<u>463,225</u>	<u>695,446</u>
Excess of expenditure over revenue	\$ (94,117)	\$ 190,136	\$ (260,483)

See accompanying notes to the consolidated financial statements.

# **Pictou Landing Band Council**

## **Schedule E – Capital Projects**

### **Statement of Revenue and Expenditure**

<b>Year ended March 31</b>	<b>Budget</b>	<b>2014</b>	<b>2013</b>
<b>Revenue</b>			
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>
<b>Expenditure</b>			
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	\$ (204,398)	\$ 7,660	\$ (111,388)

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
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada			
Facilities – operations and maintenance	\$ 249,668	\$ 186,394	\$ 207,820
CMHC Housing – operations	-	15,103	62,330
	<u>249,668</u>	<u>201,497</u>	<u>270,150</u>
<b>Expenditure</b>			
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	-	-	(27,696)
	<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.

Year ended March 31	Budget	2015	2014
---------------------	--------	------	------

See accompanying notes to the consolidated financial statements.

Year ended March 31	Budget	2015	2014
---------------------	--------	------	------

See accompanying notes to the consolidated financial statements.

# **Pictou Landing Band Council**

## **Schedule J – Health Canada Programs**

### **Statement of Revenue and Expenditure**

<b>Year ended March 31</b>	<b>Budget</b>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>			
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	-	42,804	16,880
	<u>730,072</u>	<u>772,876</u>	<u>693,665</u>
<b>Expenditure</b>			
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	-	24,882	5,925
	<u>730,072</u>	<u>693,290</u>	<u>740,154</u>
Add: repayment of prior years funding	-	-	22,375
	<u>730,072</u>	<u>693,290</u>	<u>762,529</u>
Excess of expenditure over revenue	\$ -	\$ 79,586	\$ (68,864)

See accompanying notes to the consolidated financial statements.

Schedule Q - Segment Disclosure  
Year ended March 31, 2015

**Surplus (deficit) for the year**



# 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 2014	Budget 2015	Actual 2014	Budget 2015	Actual 2014	Budget 2015	Actual 2014	Budget 2015	Actual 2014
<b>Revenues</b>										
Federal government operating transfers	\$ 815,682	\$ 1,217,566	\$ 279,747	\$ 283,106	\$ 730,072	\$ 676,785			\$ 237,600	\$ 115,749
Federal government capital transfers										
Provincial government operating transfers			37,960	65,663						
Provincial government capital transfers										
Contributed assets										
Economic activities										
Income from investment in GBE's										
Other										
		49,063	1,490	55,220	42,804	16,880				
	815,682	1,266,629	317,707	377,937	730,072	693,665	6,500	13,333	367,200	297,840
									604,800	413,589
<b>Expenses</b>										
Salaries and benefits	537,820	661,045	133,961	393,019	126,166	730,072	668,408	175,571	28,947	17,450
Amortization									196,656	194,984
Interest									44,871	49,510
Other	551,862	605,319	183,926	208,964	281,124	24,882	586,958	191,100	108,805	133,756
	1,089,682	1,266,364	317,887	601,983	407,290	762,529	228,163	259,301	379,279	395,700
	\$ (274,000)	\$ 265	\$ (180)	\$ 3,616	\$ (29,353)	\$ -	\$ (221,663)	\$ (245,968)	\$ 604,800	\$ 17,889
<b>Surplus (deficit) for the year</b>										

# Pictou Landing Band Council

Schedule O - Segment Disclosure

Year ended March 31, 2015

	Non-Subsidized Housing			Commercial Fishing			Victoria Corner Market			Boat Harbour Trust and Other			Consolidated	
	Budget 2015	Actual 2015	Actual 2014	Budget 2015	Actual 2015	Actual 2014	Budget 2015	Actual 2015	Actual 2014	Budget 2015	Actual 2015	Actual 2014	Budget 2015	Actual 2014
<b>Revenues</b>														
Federal government operating transfers		\$ -	\$ -	\$ 163,575	\$ 132,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	6,095,943	\$ 5,322,944
Federal government capital transfers		-	-	-	32,000	372,764	-	-	-	-	-	-	171,760	382,805
Provincial government operating transfers		-	-	-	-	-	-	-	-	-	-	-	172,977	144,991
Provincial government capital transfers		-	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-
Economic activities		-	-	-	-	-	-	-	-	-	-	-	-	-
Income from investment in GBE's		-	-	-	-	-	-	-	-	-	-	-	-	-
Other		315,975	383,370	1,952,925	2,392,162	1,348,856	3,640,000	3,826,659	3,618,222	3,762,723	6,082,906	10,993,619	5,857,582	-
	-	315,975	383,370	2,116,500	2,556,206	1,721,620	3,640,000	3,826,659	3,618,222	3,762,723	#####	-	17,434,289	11,706,322
<b>Expenses</b>														
Salaries and benefits		-	-	-	-	-	324,400	308,999	296,051	-	2,058,293	-	2,448,362	1,873,781
Amortization		206,068	190,113	-	-	-	-	-	-	593,818	-	613,799	996,542	998,896
Interest		22,095	22,263	-	-	-	3,900	8,602	8,843	-	60,300	-	123,493	133,632
Other		204,251	94,847	1,593,505	2,115,639	1,423,991	2,800,200	3,116,973	2,893,660	481,236	-	-	10,425,595	9,571,098
	-	432,414	307,223	1,593,505	2,115,639	1,423,991	3,128,500	3,434,574	3,196,554	1,075,054	613,799	613,799	13,993,992	12,577,407
	-	(116,440)	\$ 76,147	\$ 522,995	\$ 440,567	\$ 297,629	\$ 511,500	\$ 392,085	\$ 419,668	\$ -	\$ 2,687,669	\$ (613,799)	\$ 684,193	\$ (865,085)
<b>Surplus (deficit) for the year</b>														



## Review Engagement Report

Grant Thornton LLP  
Suite 200  
500 George Place  
Sydney, NS  
B1P 1K6  
T (902) 562-5581  
F (902) 562-0073  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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