



Consolidated Financial Statements

Pictou Landing Band Council

March 31, 2021

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Management's Responsibility for Financial Reporting

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

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

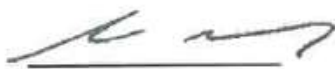
The Band Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, and the Band Council's assets are appropriately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

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

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

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

On behalf of Pictou Landing Band Council,



Chief Financial Officer



Chief Executive Officer

Independent Auditor's Report

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To the Chief and Councillors of
Pictou Landing Band Council

Opinion

We have audited the consolidated financial statements of Pictou Landing Band Council ("the First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations, change in net debt and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Pictou Landing Band Council as at March 31, 2021, and its results of operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Band Council's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Band Council or to cease operations, or has no realistic alternative to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Band Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Band Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Band Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Band Council and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants

Sydney, Nova Scotia
August 30, 2021

Year ended March 31	Budget	2021	2020
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2020

Pictou Landing Band Council

Consolidated Statement of Financial Position

March 31

2021

2020

Financial assets

Cash and cash equivalents	\$ 7,192,509	\$ 1,194,497
Receivables (Note 2)	2,228,777	3,461,583
Inventory	73,441	53,668
Restricted funds (Note 3)	2,282,936	333,907
Promissory note receivable (Note 4)	35,593,596	-
Investment (Note 5)	24,306,369	21,170,900
	<u>71,677,628</u>	<u>26,214,555</u>

Financial liabilities

Payables and accruals (Note 6)	1,883,345	1,747,088
Deferred revenue (Note 7)	1,797,440	407,873
Demand loans (Note 8)	10,131,637	6,842,438
Long-term debt (Note 9)	40,180,178	2,782,593
Long-term payable	-	56,000
	<u>53,992,600</u>	<u>11,835,992</u>

Net financial assets (Page 6) 17,685,028 14,378,563

Non-financial assets

Tangible capital assets (Note 11)	26,927,388	24,969,820
Purchased fishing licenses and permits (Note 12)	5,385,021	5,385,021
Prepays	7,672	3,510
	<u>32,320,081</u>	<u>30,358,351</u>

Accumulated surplus (Page 4) \$ 50,005,109 \$ 44,736,914

Contingencies (Note 13)

Impact of COVID-19 (Note 18)

On behalf of the Band Council

 Chief

 Councillor

Pictou Landing Band Council

Consolidated Statement of Changes in Net Financial Assets

Year ended March 31	Budget	2021	2020
Annual surplus	\$ 899,479	\$ 5,268,195	\$ 3,323,393
Depreciation	-	1,488,029	1,244,492
Loss on sale of assets	-	-	4,693
Proceeds on sale of assets	-	-	77,686
Tangible capital assets acquired	-	(3,445,597)	(8,419,494)
	<u>899,479</u>	<u>3,310,627</u>	<u>(3,769,230)</u>
Acquisition of prepaids, net of usage	-	(4,162)	(1,142)
Change in net financial assets	<u>\$ 899,479</u>	3,306,465	(3,770,372)
Net financial assets, beginning of year		<u>14,378,563</u>	<u>18,148,935</u>
Net financial assets, end of year		\$ 17,685,028	\$ 14,378,563

Pictou Landing Band Council

Consolidated Statement of Cash Flows

Year ended March 31

2021

2020

Net inflow (outflow) of cash and cash equivalents:

Operating		
Annual surplus	\$ 5,268,195	\$ 3,323,393
Share of partnership income	(94,594)	(103,926)
Loss on disposal of assets	-	4,693
Depreciation	1,488,029	1,244,492
Unrealized (gain) loss on investments	(1,796,095)	1,786,133
	<u>4,865,535</u>	<u>6,254,785</u>
Change in non-cash operating working capital		
Receivables	1,232,806	(1,237,440)
Prepays	(4,162)	(1,142)
Inventory	(19,773)	(2)
Payables and accruals	136,257	(237,144)
Deferred revenue	<u>1,389,567</u>	<u>404,382</u>
	<u>7,600,230</u>	<u>3,397,306</u>
Financing		
Repayment of long term payable	(56,000)	(56,000)
Issuance of long-term debt	37,596,675	3,699,700
Repayment of long-term debt	(199,090)	(704,921)
Issuance of demand debt	4,360,400	-
Repayment of demand debt	(1,071,201)	-
	<u>40,630,784</u>	<u>2,938,779</u>
Investing		
Distributions on investments	113,879	135,150
Investments acquired, net	(1,358,659)	-
Issuance of promissory note receivable	(35,714,285)	-
Proceeds from promissory note receivable	120,689	-
Proceeds on sale of assets	-	77,686
Tangible capital assets acquired	(3,445,597)	(8,419,494)
	<u>(40,283,973)</u>	<u>(8,206,658)</u>
Net inflow (outflow) of cash and cash equivalents	7,947,041	(84,440)
Cash and cash equivalents, beginning of year	<u>1,528,404</u>	<u>1,612,844</u>
Cash and cash equivalents, end of year	<u>\$ 9,475,445</u>	<u>\$ 1,528,404</u>

Cash and cash equivalents consist of:

Cash	\$ 7,192,509	\$ 21,969,331
Restricted cash	<u>2,282,936</u>	<u>333,907</u>
	<u>\$ 9,475,445</u>	<u>\$ 22,303,238</u>

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2021

1. Summary of significant accounting policies

Reporting entity and principles of financial reporting

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

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

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

Principles of consolidation

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

Revenue recognition

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

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

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

Unrestricted revenue, including commercial sales, is recognized when received or receivable if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

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

Cash and cash equivalents

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

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2021

1. Summary of significant accounting policies (continued)

Purchased fishing licenses and permits

Purchased fishing licenses and permits assets are intangible assets. These indefinite-lived fishing licenses and permits are recognized at cost and are not amortized.

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

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

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and impairment.

Depreciation

Rates and bases of depreciation applied to write off the cost of tangible capital assets over their estimated lives are as follows:

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

Use of estimates

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

Income taxes

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

Investments

Investments in business partnerships and joint ventures are accounted for using the modified equity method and applied using the Band Council's share of the business partnership or joint venture.

Portfolio investments held where securities are quoted in an active market are recorded at fair value.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2021

1. Summary of significant accounting policies (continued)

Inventory

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

The cost of inventory recognized as an expense during fiscal 2021 was \$3,318,893 (2020 - \$3,500,316). No write-down of inventories below their cost to their net realizable value was made in fiscal 2021. There were no reversals of inventories written down previously that are no longer estimated to sell below cost.

Net debt

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

Moveable Capital Asset Reserve

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

2. Receivables	<u>2021</u>	<u>2020</u>
Department of Indigenous Services Canada	\$ 882,511	\$ 712,195
Department of Fisheries and Oceans	206,755	1,034,150
Commodity taxes receivable	280,878	238,828
Federal government departments	175,787	255,142
Province of Nova Scotia	132,201	235,306
Mi'kmaq Employment Training Secretariat	82,819	115,149
Mi'kmaw Kina'matnewey	119,909	148,125
Trade	350,867	725,638
	<u>2,075,727</u>	<u>3,464,533</u>
Less: allowance for doubtful accounts	<u>(2,950)</u>	<u>(2,950)</u>
	<u>\$ 2,228,777</u>	<u>\$ 3,461,583</u>

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2021

3. Restricted funds	<u>2021</u>	<u>2020</u>
Funds on deposit with Department of Indigenous Services Canada (a)	\$ 5,054	\$ 5,054
CMHC funds held in trust (b)	10,151	10,151
Replacement reserve (c)	388,032	318,702
FNFA Debt reserve fund (d)	<u>1,879,699</u>	<u>-</u>
	<u>\$ 2,282,936</u>	<u>\$ 333,907</u>

- a) Funds on deposit with the Department of Indigenous Services Canada refers to monies that were derived from capital revenue sources as outlined in Section 32 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act and restricted for specific purposes.
- b) Funds on deposit with Canada Mortgage and Housing Corporation that are to be applied as principal repayments when certain mortgages are renewed.
- c) Under the terms of the agreement with the Canada Mortgage and Housing Corporation (CMHC), replacement reserve funds are required to be set aside for housing repairs or replacements. The funds may only be used as approved by the CMHC
- d) Under the terms of the lending agreement with the First Nations Finance Authority (FNFA), a debt reserve of 5% of total draw amount of \$37,593,985 is required to be established and maintained under section 84 of the Act for financing secured by Other Revenues.

4. Promissory note receivable

	<u>2021</u>	<u>2020</u>
6.14% loan to First Nations Fisheries Interest Group Partnership, repayable in equal annual blended installments of principal plus interest in the amount of \$2,607,958 payable quarterly on each of March 1, June 1, September 1 and December 1, maturing in fiscal 2029.	\$ <u>35,593,596</u>	\$ <u>-</u>

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

2022	\$ 2,607,958
2023	\$ 2,607,958
2024	\$ 2,607,958
2025	\$ 2,607,958
2026	\$ 2,607,958
Thereafter	\$ 22,553,806

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2021

5. Investments	<u>2021</u>	<u>2020</u>
Mi'kmaq Wind4all Communities Limited Partnership	\$ 376,781	\$ 396,066
Beaubassin Mi'kmaq Wind Management Ltd Solar Photovoltaic System	88,200	-
Portfolio investments, at fair value	<u>23,841,388</u>	<u>20,774,834</u>
	<u>\$ 24,306,369</u>	<u>\$ 21,170,900</u>

6. Payables and accruals	<u>2021</u>	<u>2020</u>
Trade payables	\$ 1,415,877	\$ 1,586,498
Government remittances	51,470	52,261
Accrued liabilities	<u>415,998</u>	<u>108,329</u>
	<u>\$ 1,883,345</u>	<u>\$ 1,747,088</u>

7. Deferred revenue	<u>2021</u>	<u>2020</u>
Indigenous Services Canada		
Boat Harbour	\$ -	\$ 110,963
Capital	570,511	74,505
COVID Response	387,370	-
Housing	6,000	-
Social	397,800	38,306
Security	176,800	-
First Nations Inuit Health Branch	<u>10,600</u>	<u>184,099</u>
	1,549,081	407,873
Other	<u>248,359</u>	-
	<u>\$ 1,797,440</u>	<u>\$ -</u>

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2021

8. Demand Loans

	<u>2021</u>	<u>2020</u>
Bank of Montreal		
Prime plus .75% demand loan, repayable in annual principal instalments of \$291,667, plus interest paid monthly, maturing in September 2026.	\$ 1,341,667	\$ 1,633,333
Prime plus .75% demand loan, repayable in monthly principal instalments of \$5,000, plus interest, maturing 2025.	194,390	225,000
Prime plus .75% demand loan, repayable in annual principal instalments of \$141,672, plus interest paid monthly, maturing in 2030.	1,275,000	1,416,667
Prime plus .75% demand loan, repayable in annual principal instalments of \$154,617, plus interest paid monthly, maturing in 2041.	3,078,514	3,467,305
Prime plus .25% demand loan, repayable in annual principal instalments of \$860,000, plus interest paid monthly, maturing in 2026.	4,085,000	-
Prime plus .75% demand loan, repayable in annual principal instalments of \$10,117, plus interest paid monthly, maturing in 2033.	96,666	100,133
Ulnooweg Development Group		
4.00% demand loan, repayment terms to be set at the completion of project based on funds utilized.	<u>60,400</u>	<u>-</u>
	<u>\$ 10,131,637</u>	<u>\$ 6,842,438</u>

As security for the Bank of Montreal demand loan, the Band Council has provided a Band Council Resolution and pledged all related fishing licenses, gear, and equipment.

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

2022	\$ 1,574,147
2023	\$ 1,514,025
2024	\$ 1,514,317
2025	\$ 1,469,013
2026	\$ 1,123,278
Thereafter	\$ 2,936,857

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2021

9. Long term debt

	<u>2021</u>	<u>2020</u>
Canada Mortgage and Housing Corporation		
0.32%-2.5% mortgages, repayable under various terms by 2043.	\$ 2,027,443	2,054,343
Royal Bank of Canada		
1.35% - Prime + .25% mortgages, repayable under various terms by 2021.	439,633	461,589
Bank of Montreal		
2.70% - 4.89% mortgages, repayable under various terms by 2032.	239,807	266,661
First Nation Finance Authority		
1.90% Series 2020-2 Revenue Bonds amortized over a 30-year period with payments of principal and interest, maturing fiscal 2022	<u>37,473,295</u>	-
	<u>\$ 40,180,178</u>	<u>\$ 2,782,593</u>

As security for all mortgages, the Band Council has provided a Band Council Resolution providing an irrevocable authorization to the Department of Indigenous Services Canada to assign all funding until all loans are repaid to the bank and a floating charge on the assets of the Band Council.

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

2022	\$ 2,971,398
2023	\$ 2,858,857
2024	\$ 2,841,215
2025	\$ 2,788,771
2026	\$ 2,779,719
Thereafter	\$ 25,940,218

10. Bank indebtedness

The Band Council has an established line of credit of \$400,000 plus \$100,000 overdraft limit, secured by Band Council Resolutions. The line of credit bear interest at prime plus 1.1%. No balance has been drawn on this available credit as at year ended March 31, 2021.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2021

11. Capital assets		Land	Buildings	Computer equipment	Equipment	Fencing	Fishing vessels
Cost:							
Balance, beginning of year	\$	454,334	\$ 34,517,799	\$ 167,056	\$ 2,167,445	\$ 130,515	\$ 1,759,043
Additions		-	56,530	7,900	24,800	-	550,000
Disposals		-	-	-	-	-	-
Balance, end of year		454,334	34,574,329	174,956	2,192,245	130,515	2,309,043
Accumulated amortization:							
Balance, beginning of year		-	12,572,143	131,429	1,864,241	87,457	1,313,677
Amortization		-	1,184,963	12,165	63,121	4,306	108,054
Amortization on disposals		-	-	-	-	-	-
Balance, end of year		454,334	13,757,106	143,594	1,927,362	91,763	1,421,731
Net book value	\$	454,334	20,817,223	31,362	264,883	38,752	887,312
Cost:				Assets under construction	Total 2021	Total 2020	
Balance, beginning of year	\$	2,951,902	\$ 568,676	98,810	\$ 42,815,580	\$ 34,493,241	
Additions		-	11,435	2,794,932	3,445,597	8,419,494	
Disposals		-	-	-	-	(97,155)	
Balance, end of year		2,951,902	580,111	2,893,742	46,261,177	42,815,580	
Accumulated amortization:							
Balance, beginning of year		1,461,177	415,636	-	17,845,760	16,616,045	
Amortization		67,792	47,628	-	1,488,029	1,244,492	
Amortization on disposals		-	-	-	-	(14,777)	
Balance, end of year		1,528,969	463,264	-	19,333,789	17,845,760	
Net book value	\$	1,422,933	116,847	2,893,742	26,927,388	24,969,820	

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2021

12. Purchased fishing licenses and permits

	<u>2021</u>	<u>2020</u>
Purchased fishing licenses and permits	<u>\$ 5,385,021</u>	<u>\$ 5,385,021</u>

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

13. Contingencies

- a) During the fiscal year ended March 31, 2021 the Band Council has entered into a ten-year funding agreement with the Department of Indigenous Services Canada, expiring and renewable March 31, 2030. These funds are to be used to provide certain programs and services to band members and recipients as defined in the agreement. Under the terms of the agreement, funding with the Department of Indigenous Services Canada can be suspended if the terms of the RMP are not complied with by the Band Council.
- b) The Band Council has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the Band Council fails to comply with the terms and conditions of the agreements.
- c) The Band Council has pledged to Ultramar Ltd. an \$8,000 letter of credit with the Bank of Montreal as security for inventory.

14. Accumulated surplus

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

	<u>2021</u>	<u>2020</u>
Unallocated	\$ 25,601,177	\$ 23,393,643
Funds on deposit with Department of Indigenous Services Canada	5,054	5,054
A'Se'K Seven Generations Trust	23,841,388	20,774,834
Moveable capital asset reserve (Health Canada)	169,834	169,834
Replacement reserve	<u>387,656</u>	<u>393,549</u>
	<u>\$ 50,005,109</u>	<u>\$ 44,736,914</u>

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

Pictou Landing Band Council

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15. Pension plan

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

Pictou Landing Band Council matches these contributions. Upon cessation of employment, employees are required to withdraw the plan balance or are given the option to convert to a personal plan. Total contributions during the year amounted to \$188,084 (2020 - \$180,985).

16. Government transfers

	<u>Operating</u>	<u>Capital</u>	<u>2021 Total</u>	<u>2020 Total</u>
Department of Indigenous				
Services Canada	\$ 4,128,011	\$ 338,000	\$ 4,466,011	\$ 3,770,343
Health Canada	2,323,215	-	2,323,215	1,638,008
Canada Mortgage and Housing				
Corporation	119,354	1,290,492	1,409,846	121,645
Mi'kmaw Kina'matnewey	1,465,583	-	1,465,583	5,279,503
Other	<u>150,585</u>	<u>300,000</u>	<u>450,585</u>	<u>1,311,464</u>
	8,186,748	1,928,492	10,115,240	12,120,963
Province of Nova Scotia	<u>369,141</u>	<u>-</u>	<u>369,141</u>	<u>642,102</u>
Total	\$ 8,555,889	\$ 1,928,492	\$ 10,484,381	\$ 12,763,065

17. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for 2021.

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18. Impact of COVID-19

Since December of 2019 the spread the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The Band Council has followed provincial health recommendations and has continued operations throughout the pandemic. As a result of the pandemic, the Band realized a significant decrease in revenues associated with the commercial fisheries, and gaming operation remained closed for the majority of the period as a result of quarantines and social distancing measures implemented. Additionally, the Band Council was able to obtain principal repayment postponements for its long-term debt obligations with the Canada Mortgage and Housing Corporation, the Bank of Montreal, and the Royal Bank of Canada from April - September 2020. This has been reflected in the current portion of long-term debt. The Band also secured additional funding from Indigenous Services Canada to cover the additional costs incurred as a result of COVID-19.

The duration and impact of the COVID-19 pandemic remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Band for future periods.
