



Consolidated Financial Statements

Pictou Landing Band Council

March 31, 2022

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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,

A handwritten signature in dark ink, appearing to read "Andrew D. D. D.", written over a horizontal line.

Chief

Independent Auditor's Report

Grant Thornton LLP
Suite 301, Membertou Place
90 Sant'ale saw Aawti
Membertou, NS
B1S 0A5
T +1 902 562 5581
F +1 902 562 0073

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, 2022, 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, 2022, 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.

Membertou, Nova Scotia
January 6, 2023

Grant Thornton LLP

Chartered Professional Accountants

Pictou Landing Band Council Consolidated Statement of Operations

Year ended March 31	Budget	2022	2021
Revenue			
Government transfers (Note 16)	\$ 7,507,100	\$ 11,411,738	\$ 10,484,381
Commercial	9,062,776	12,659,875	8,318,580
A' Se'K Seven Generations Trust	1,820,974	1,452,743	4,252,497
Housing rent	527,620	528,290	547,470
Miscellaneous	1,192,415	3,138,142	547,118
	<u>20,110,885</u>	<u>29,190,788</u>	<u>24,150,046</u>
Expenditures			
Administrative	185,145	207,088	183,575
Community expenses	630,000	673,701	459,685
Core funding	349,710	357,633	271,448
Depreciation	-	1,527,560	1,488,029
Education and training	645,200	434,988	499,085
Fishing	693,295	1,121,959	721,188
Health programs	1,044,611	1,025,147	717,368
Interest	263,832	974,759	226,064
Operations and maintenance	1,848,223	1,865,353	1,527,185
Other	1,322,005	1,137,907	919,623
Professional fees	517,840	709,449	612,207
Purchases	3,052,000	3,907,985	3,318,893
Salaries and benefits	7,064,395	7,361,964	6,356,038
Social	2,295,327	1,578,470	1,581,463
	<u>19,911,583</u>	<u>22,883,963</u>	<u>18,881,851</u>
Annual surplus	<u>\$ 199,302</u>	<u>\$ 6,306,825</u>	<u>\$ 5,268,195</u>
Accumulated surplus, beginning of year		<u>50,005,109</u>	<u>44,736,914</u>
Accumulated surplus, end of year (Note 14)		<u>\$ 56,311,934</u>	<u>\$ 50,005,109</u>

See accompanying notes to the consolidated financial statements.

Pictou Landing Band Council **Consolidated Statement of Financial Position**

	2022	2021
March 31		

Financial assets

Cash and cash equivalents	\$ 8,323,275	\$ 7,192,509
Receivables (Note 2)	4,199,857	2,228,777
Inventory	73,441	73,441
Restricted funds (Note 3)	2,333,602	2,282,936
Promissory note receivable (Note 4)	35,128,997	35,593,596
Investments (Note 5)	25,589,318	24,306,371
	<u>75,648,490</u>	<u>71,677,630</u>

Financial liabilities

Payables and accruals (Note 6)	1,541,441	1,883,347
Deferred revenue (Note 7)	1,462,712	1,797,440
Demand loans (Note 8)	8,600,021	10,131,637
Long-term debt (Note 9)	39,197,498	40,180,178
	<u>50,801,672</u>	<u>53,992,602</u>

Net financial assets (Page 6)

24,846,818

17,685,028

Non-financial assets

Tangible capital assets (Note 11)	26,031,127	26,927,388
Purchased fishing licenses and permits (Note 12)	5,385,021	5,385,021
Prepays	48,968	7,672
	<u>31,465,116</u>	<u>32,320,081</u>

Accumulated surplus (Page 4)

\$ 56,311,934

\$ 50,005,109

Contingencies (Note 13)

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	2022	2021
Annual surplus	\$ 199,302	\$ 6,306,825	\$ 5,268,195
Depreciation	-	1,527,560	1,488,029
Tangible capital assets acquired	<u>-</u>	<u>(631,299)</u>	<u>(3,445,597)</u>
	<u>199,302</u>	<u>7,203,086</u>	<u>3,310,627</u>
Acquisition of prepaids, net of usage	<u>-</u>	<u>(41,296)</u>	<u>(4,162)</u>
Change in net financial assets	<u>\$ 199,302</u>	7,161,790	3,306,465
Net financial assets, beginning of year		<u>17,685,028</u>	<u>14,378,563</u>
Net financial assets, end of year		<u>\$ 24,846,818</u>	<u>\$ 17,685,028</u>

Pictou Landing Band Council **Consolidated Statement of Cash Flows**

	2022	2021
Year ended March 31		

Net inflow (outflow) of cash and cash equivalents:

Operating

Annual surplus	\$ 6,306,825	\$ 5,268,195
Share of partnership income	(89,871)	(94,594)
Depreciation	1,527,560	1,488,029
Unrealized (gain) loss on investments	<u>(1,307,998)</u>	<u>(1,796,095)</u>
	<u>6,436,516</u>	<u>4,865,535</u>

Change in non-cash operating working capital

Receivables	(1,971,080)	1,232,806
Prepays	(41,296)	(4,162)
Inventory	-	(19,773)
Payables and accruals	(341,906)	136,257
Deferred revenue	<u>(334,728)</u>	<u>1,389,567</u>
	<u>3,747,506</u>	<u>7,600,230</u>

Financing

Repayment of long-term payable	-	(56,000)
Issuance of long-term debt	103,479	37,596,675
Repayment of long-term debt	(1,086,159)	(199,090)
Issuance of demand debt	-	4,360,400
Repayment of demand debt	<u>(1,531,616)</u>	<u>(1,071,201)</u>
	<u>(2,514,296)</u>	<u>40,630,784</u>

Investing

Distributions on investments	153,650	113,879
Investments acquired, net	(38,728)	(1,358,659)
Issuance of promissory note receivable	-	(35,714,285)
Proceeds from promissory note receivable	464,599	120,689
Tangible capital assets acquired	<u>(631,299)</u>	<u>(3,445,597)</u>
	<u>(51,778)</u>	<u>(40,283,973)</u>

Net inflow (outflow) of cash and cash equivalents

	1,181,432	7,947,041
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Cash and cash equivalents, beginning of year

	<u>9,475,445</u>	<u>1,528,404</u>
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Cash and cash equivalents, end of year

	<u>\$ 10,656,877</u>	<u>\$ 9,475,445</u>
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Cash and cash equivalents consist of:

Cash	\$ 8,323,275	\$ 7,192,509
Restricted cash	<u>2,333,602</u>	<u>2,282,936</u>

	<u>\$ 10,656,877</u>	<u>\$ 9,475,445</u>
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Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2022

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, 2022

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, 2022

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 2022 was \$3,907,985 (2021 - \$3,318,893). 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	2022	2021
Department of Indigenous Services Canada	\$ 1,314,710	\$ 882,511
Department of Fisheries and Oceans	594,957	206,755
Commodity taxes receivable	391,788	280,878
Federal government departments	118,333	175,787
Province of Nova Scotia	79,425	132,201
Mi'kmaq Employment Training Secretariat	69,010	82,819
Mi'kmaq Kina'matnewey	101,713	119,909
Trade	1,532,871	350,867
	<u>4,202,807</u>	<u>2,075,727</u>
	(2,950)	(2,950)
Less: allowance for doubtful accounts		
	<u>\$ 4,199,857</u>	<u>\$ 2,228,777</u>

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2022

3. Restricted funds	2022	2021
Funds on deposit with Department of Indigenous Services Canada (a)	\$ 5,054	\$ 5,054
CMHC funds held in trust (b)	-	10,151
Replacement reserve (c)	417,579	388,032
FNFA Debt reserve fund (d)	<u>1,910,969</u>	<u>1,879,699</u>
	<u>\$ 2,333,602</u>	<u>\$ 2,282,936</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. These funds have been fully utilized during the period.
- 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	2022	2021
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>\$ 35,128,997</u>	<u>\$ 35,593,596</u>
Principal repayments in each of the next five (5) years are as follows:		
2023	\$ 460,555	
2024	\$ 483,720	
2025	\$ 519,883	
2026	\$ 552,547	
2027	\$ 587,263	
Thereafter	\$ 32,525,029	

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2022

5. Investments	<u>2022</u>	<u>2021</u>
Mi'kmaq Wind4all Communities Limited Partnership	\$ 313,002	\$ 376,781
Beaubassin Mi'kmaq Wind Management Ltd Solar Photovoltaic System	<u>126,928</u>	88,200
Portfolio investments, at fair value	<u>25,149,386</u>	23,841,388
E'sukitmkewey Limited Partnership (a)	<u>1</u>	1
Mi'kmaq Resource Development Partnership (a)	<u>1</u>	1
	<u>\$ 25,589,318</u>	<u>\$ 24,306,371</u>

(a) The Band, together with 12 other First Nation entities in the Province of Nova Scotia, has entered into limited partnerships as disclosed above. No First Nation within the group controls the Partnerships, as such the investments are accounted for as portfolio investments and are carried at cost in these financial statements. Revenue is recorded only to the extent that distributions are received or receivable. During the year, the Band received \$151,764 from E'sukitmkewey Limited Partnership which has been included in miscellaneous revenue.

6. Payables and accruals	<u>2022</u>	<u>2021</u>
Trade payables	\$ 1,277,092	\$ 1,415,879
Government remittances	<u>214,393</u>	51,470
Accrued liabilities	<u>49,956</u>	415,998
	<u>\$ 1,541,441</u>	<u>\$ 1,883,347</u>

7. Deferred revenue	<u>2022</u>	<u>2021</u>
Indigenous Services Canada		
Subdivision	\$ 768,048	-
Capital	<u>245,544</u>	570,511
COVID Response	-	393,370
Housing	<u>235,000</u>	-
Social	-	397,800
Security	-	176,800
First Nations Inuit Health Branch	<u>-</u>	10,600
	<u>1,248,592</u>	1,549,081
Other	<u>214,120</u>	248,359
	<u>\$ 1,462,712</u>	<u>\$ 1,797,440</u>

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2022

8. Demand Loans

Bank of Montreal

	<u>2022</u>	<u>2021</u>
Prime plus .75% demand loan, repayable in annual principal instalments of \$291,667, plus interest paid monthly, maturing in September 2026.	\$ 1,050,000	\$ 1,341,667
Prime plus .75% demand loan, repayable in monthly principal instalments of \$5,000, plus interest, maturing 2025.	134,700	194,390
Prime plus .75% demand loan, repayable in annual principal instalments of \$141,672, plus interest paid monthly, maturing in 2030.	1,133,333	1,275,000
Prime plus .75% demand loan, repayable in annual principal instalments of \$154,617, plus interest paid monthly, maturing in 2041.	2,911,953	3,078,514
Prime plus .25% demand loan, repayable in annual principal instalments of \$860,000, plus interest paid monthly, maturing in 2026.	3,225,000	4,085,000
Prime plus .75% demand loan, repayable in annual principal instalments of \$10,117, plus interest paid monthly, maturing in 2033.	89,572	96,666
	<u>55,463</u>	<u>60,400</u>
	<u>\$ 8,600,021</u>	<u>\$ 10,131,637</u>

Ulnooweg Development Group

4.00% demand loan, repayment terms to be set at the completion of project based on funds utilized.

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.

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

2023	\$ 1,569,486
2024	\$ 1,514,316
2025	\$ 1,469,322
2026	\$ 1,123,276
2027	\$ 303,611
Thereafter	\$ 2,620,011

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2022

9. Long term debt

Canada Mortgage and Housing Corporation

1.01%-2.5% mortgages, repayable under various terms by 2043.	<u>2022</u>	<u>2021</u>
	\$ 1,986,498	2,027,443

Royal Bank of Canada

1.35% - Prime + .25% mortgages, repayable under various terms by 2021.

	382,345	439,633
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Bank of Montreal

2.70% - 4.89% mortgages, repayable under various terms by 2032.

	218,336	239,807
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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>36,610,319</u>	<u>37,473,295</u>
	<u>\$ 39,197,498</u>	<u>\$ 40,180,178</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	\$ 3,009,493
2023	\$ 2,852,173
2024	\$ 2,796,171
2025	\$ 2,788,740
2026	\$ 2,789,868
Thereafter	\$ 24,961,053

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, 2022.

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

March 31, 2022

11. Capital assets

		<u>Land</u>	<u>Buildings</u>	<u>Computer equipment</u>	<u>Equipment</u>	<u>Fencing</u>	<u>Fishing vessels</u>
Cost:							
Balance, beginning of year	\$	454,334	\$ 34,574,329	\$ 174,956	\$ 2,192,245	\$ 130,515	\$ 2,309,043
Additions		-	135,888	-	7,250	-	-
Disposals		-	-	-	-	-	-
Transfers		-	2,752,214	-	-	-	-
Balance, end of year		<u>454,334</u>	<u>37,462,431</u>	<u>174,956</u>	<u>2,199,495</u>	<u>130,515</u>	<u>2,309,043</u>
Accumulated amortization:							
Balance, beginning of year		-	13,757,106	143,594	1,927,362	91,763	1,421,731
Amortization		-	1,212,594	9,700	55,191	3,876	133,099
Amortization on disposals		-	-	-	-	-	-
Balance, end of year		<u>-</u>	<u>14,969,700</u>	<u>153,294</u>	<u>1,982,553</u>	<u>95,639</u>	<u>1,554,830</u>
Net book value	\$	<u>454,334</u>	\$ <u>22,492,731</u>	\$ <u>21,662</u>	\$ <u>216,492</u>	\$ <u>34,876</u>	\$ <u>754,213</u>

		<u>Infrastructure</u>	<u>Vehicle</u>	<u>Assets under construction</u>	<u>Total 2022</u>	<u>Total 2021</u>
Cost:						
Balance, beginning of year	\$	2,951,902	\$ 580,111	\$ 2,893,742	\$ 46,261,177	\$ 42,815,580
Additions		23,200	55,865	409,096	631,299	3,445,597
Disposals		-	-	-	-	-
Transfers		286,767	-	(3,038,981)	-	-
Balance, end of year		<u>3,261,869</u>	<u>635,976</u>	<u>263,857</u>	<u>46,892,476</u>	<u>46,261,177</u>
Accumulated amortization:						
Balance, beginning of year		1,528,969	463,264	-	19,333,789	17,845,760
Amortization		69,669	43,431	-	1,527,560	1,488,029
Amortization on disposals		-	-	-	-	-
Balance, end of year		<u>1,598,638</u>	<u>506,695</u>	<u>-</u>	<u>20,861,349</u>	<u>19,333,789</u>
Net book value	\$	<u>1,663,231</u>	\$ <u>129,281</u>	\$ <u>263,857</u>	\$ <u>26,031,127</u>	\$ <u>26,927,388</u>

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

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12. Purchased fishing licenses and permits

	<u>2022</u>	<u>2021</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, 2022 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>2022</u>	<u>2021</u>
Unallocated		
Funds on deposit with Department of Indigenous Services Canada	<u>\$ 30,553,377</u>	<u>\$ 25,601,177</u>
A'Se'K Seven Generations Trust	<u>5,054</u>	<u>5,054</u>
Moveable capital asset reserve (Health Canada)	<u>25,149,386</u>	<u>23,841,388</u>
Replacement reserve	<u>169,834</u>	<u>169,834</u>
	<u>434,283</u>	<u>387,656</u>
	<u>\$ 56,311,934</u>	<u>\$ 50,005,109</u>

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

Pictou Landing Band Council

Notes to the Consolidated Financial Statements

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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 \$197,199 (2021 - \$188,084).

16. Government transfers

	<u>Operating</u>	<u>Capital</u>	<u>2022 Total</u>	<u>2021 Total</u>
Department of Indigenous Services Canada	\$ 5,744,449	\$ 511,536	\$ 6,255,985	\$ 4,466,011
Health Canada	1,677,426	-	1,677,426	2,323,215
Canada Mortgage and Housing Corporation	117,773	-	117,773	1,409,846
Mi'kmaw Kina'mathnewey	1,608,496	-	1,608,496	1,465,583
Other	1,676,514	-	1,676,514	450,000
	10,824,658	511,536	11,336,194	10,115,240
Province of Nova Scotia	75,544	-	75,544	369,141
Total	<u>\$ 10,900,202</u>	<u>\$ 511,536</u>	<u>\$ 11,411,738</u>	<u>\$ 10,484,381</u>

17. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for 2022.

18. Subsequent event

Subsequent to year ended March 31, 2022, the fair market value of the marketable securities portfolio held by the First Nation has declined significantly due to market conditions. Fair market value of the portfolio has declined to \$23,545,528 as at November 30, 2022, resulting in an unrealized loss of \$1,603,858.