



# Consolidated Financial Statements

Pictou Landing Band Council

March 31, 2023

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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.

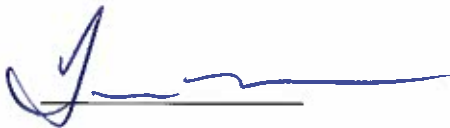
The Band Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, and the Band Council's assets are appropriately 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 blue ink, consisting of a stylized 'J' followed by a horizontal line and a wavy line extending to the right.

Chief

## 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 "Band Council"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations, change in net financial assets and cash flows 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, 2023, and its results of operations, its changes in its net financial assets, 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 Band Council 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  
February 21, 2024

*Grant Thornton LLP*  
Chartered Professional Accountants

# Pictou Landing Band Council

## Consolidated Statement of Operations

Year ended March 31

Budget

2023

2022

### Revenue

Government transfers (Note 18)	\$ 12,880,944	<b>\$ 13,543,753</b>	\$ 11,411,738
Commercial	11,399,000	<b>11,357,842</b>	12,659,875
A' Se'K Seven Generations Trust	350,000	<b>787,828</b>	1,080,079
Housing rent	645,000	<b>659,435</b>	528,290
Clearwater	-	<b>2,252,113</b>	2,173,846
Miscellaneous	745,600	<b>977,212</b>	964,295
	<u>26,020,544</u>	<u><b>29,578,183</b></u>	<u>28,818,123</u>

### Expenditures

Administrative	415,000	<b>344,712</b>	207,088
Community expenses	705,000	<b>192,733</b>	673,701
Core funding	242,000	<b>380,439</b>	357,633
Depreciation	-	<b>1,547,872</b>	1,527,560
Education and training	216,000	<b>541,716</b>	434,988
Fishing	1,395,500	<b>1,985,468</b>	1,121,959
Health programs	22,000	<b>792,579</b>	1,025,147
Interest	247,500	<b>1,051,176</b>	974,759
Operations and maintenance	1,844,500	<b>2,178,637</b>	1,865,353
Other	3,352,000	<b>2,320,818</b>	1,137,907
Professional fees	563,500	<b>493,619</b>	709,449
Purchases	3,792,000	<b>3,943,325</b>	3,907,985
Salaries and benefits	8,447,000	<b>8,008,259</b>	7,361,964
Social	1,973,500	<b>1,918,624</b>	1,578,470
	<u>23,215,500</u>	<u><b>25,699,977</b></u>	<u>22,883,963</u>

Annual surplus \$ 2,805,044 **\$ 3,878,206** \$ 5,934,160

Accumulated surplus, beginning of year **53,894,698** 47,960,538

Accumulated surplus, end of year (Note 16) **\$ 57,772,904** **\$ 53,894,698**

# Pictou Landing Band Council

## Consolidated Statement of Financial Position

March 31

2023

2022

### Financial assets

Cash and cash equivalents	\$ 4,762,149	\$ 8,323,275
Receivables (Note 3)	6,181,174	4,199,857
Inventory	203,198	73,441
Restricted funds (Note 4)	2,446,691	2,333,602
Promissory note receivable (Note 5)	34,668,442	35,128,997
Investments (Note 6)	<u>24,392,841</u>	<u>25,589,318</u>
	<u>72,654,495</u>	<u>75,648,490</u>

### Financial liabilities

Payables and accruals (Note 7)	1,575,883	1,541,441
Deferred revenue (Note 8)	1,791,471	1,462,712
Demand loans (Note 9)	7,114,102	8,600,021
Long-term debt (Note 10)	38,082,974	39,197,498
Asset retirement obligation (Note 11)	<u>86,813</u>	<u>-</u>
	<u>48,651,243</u>	<u>50,801,672</u>

Net financial assets (Page 7)	24,003,252	24,846,818
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### Non-financial assets

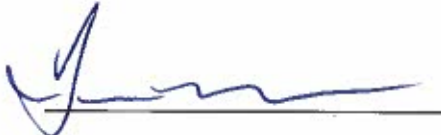
Tangible capital assets (Note 13)	29,683,865	26,031,127
Purchased fishing licenses and permits (Note 14)	5,385,021	5,385,021
Prepays	<u>14,696</u>	<u>48,968</u>
	<u>35,083,582</u>	<u>31,465,116</u>

Accumulated surplus (Page 4)	\$ 57,772,698	\$ 53,894,698
Accumulated Remeasurement Gains (page 6)	<u>\$ 1,313,930</u>	<u>\$ 2,417,236</u>
	<u>\$ 59,086,834</u>	<u>\$ 56,311,934</u>

Contingencies (Note 15)

Subsequent event (Note 20)

On behalf of the Band Council

 Chief

 Councillor

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## Pictou Landing Band Council

### Consolidated statement of Remeasurement Gains and Losses

March 31	2023	2022
Accumulated remeasurement gains, beginning of year	\$ <u>2,417,236</u>	\$ <u>2,044,571</u>
Unrealized (losses) gains attributable to: Portfolio investments	<u>(1,103,306)</u>	<u>372,664</u>
Accumulated remeasurement gains, end of year	\$ <u>1,313,930</u>	\$ <u>2,417,236</u>

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# Pictou Landing Band Council

## Consolidated Statement of Changes in Net Financial Assets

Year ended March 31	Budget	2023	2022
Annual surplus	\$ 2,805,044	\$ 3,878,206	\$ 5,934,160
Depreciation	-	1,547,872	1,527,560
Remeasurement gain	-	(1,103,306)	372,664
Tangible capital assets acquired	-	(5,200,610)	(631,300)
		<u>(1,559,477)</u>	<u>7,203,086</u>
Acquisition of prepaids, net of usage	-	<u>34,272</u>	<u>(41,296)</u>
Change in net financial assets	<u>\$ 2,805,044</u>	<u>(843,566)</u>	7,161,790
Net financial assets, beginning of year		<u>24,846,818</u>	<u>17,685,028</u>
Net financial assets, end of year		<u>\$ 24,003,252</u>	<u>\$ 24,846,818</u>

# Pictou Landing Band Council

## Consolidated Statement of Cash Flows

Year ended March 31

2023

2022

Increase (decrease) in cash and cash equivalents:

<b>Operating</b>		
Annual surplus	\$ 3,878,206	\$ 5,934,160
Share of partnership income	(186,919)	(89,871)
Depreciation	1,547,872	1,527,560
Remeasurement gain	(1,103,306)	372,665
Investments	<u>1,339,200</u>	<u>(1,307,998)</u>
	<u>4,753,414</u>	<u>6,436,516</u>
Change in non-cash operating working capital		
Receivables	(1,981,317)	(1,971,081)
Prepays	34,272	(41,296)
Inventory	(129,757)	-
Payables and accruals	34,442	(341,906)
Deferred revenue	<u>328,759</u>	<u>(334,728)</u>
	<u>3,761,452</u>	<u>3,747,505</u>
<b>Financing</b>		
Issuance of long-term debt	-	103,479
Repayment of long-term debt	(1,114,524)	(1,086,159)
Repayment of demand debt	<u>(1,485,919)</u>	<u>(1,531,616)</u>
	<u>(2,600,443)</u>	<u>(2,514,296)</u>
<b>Investing</b>		
Distributions on investments	75,600	153,650
Investments acquired, net	(31,404)	(38,728)
Proceeds from promissory note receivable	460,555	464,599
Tangible capital assets acquired	<u>(5,113,797)</u>	<u>(631,298)</u>
	<u>(4,609,046)</u>	<u>(51,777)</u>
Net (decrease) increase in cash and cash equivalents	(3,448,037)	1,181,432
Cash and cash equivalents, beginning of year	<u>10,656,877</u>	<u>9,475,445</u>
Cash and cash equivalents, end of year	<u>\$ 7,208,840</u>	<u>\$ 10,656,877</u>

Cash and cash equivalents consist of:

Cash	\$ 4,762,149	\$ 8,323,275
Restricted cash	<u>2,446,691</u>	<u>2,333,602</u>
	<u>\$ 7,208,840</u>	<u>\$ 10,656,877</u>

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# Pictou Landing Band Council

## Notes to the Consolidated Financial Statements

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March 31, 2023

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### 1. Summary of significant accounting policies

#### Reporting entity and principles of financial reporting

These financial statements have been prepared in accordance with Public Sector Accounting Standards (PSAS), which encompass the principles common with First Nations.

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.

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# Pictou Landing Band Council

## Notes to the Consolidated Financial Statements

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March 31, 2023

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### 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.

Additionally, the Band's implementation of PS 3280 Asset Retirement obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

#### **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.

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# Pictou Landing Band Council

## Notes to the Consolidated Financial Statements

March 31, 2023

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### 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 2023 was \$3,943,325 (2022 - \$3,907,985). No write-down of inventories below their cost to their net realizable value was made in fiscal 2023. 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.

#### **Financial instruments**

Effective April 1, 2022, the Band adopted new Public Sector Accounting Standards Section PS 3450 Financial Instruments and Section 1201 Financial Statement Presentation. New Section PS 3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liability are measured at cost or amortized cost (using the effective method), or by policy choice, at fair value when the Band defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis. The adoption of these new standards did not have a significant impact on the financial results of the Band.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

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# Pictou Landing Band Council

## Notes to the Consolidated Financial Statements

March 31, 2023

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### 1. Summary of significant accounting policies (continued)

#### **Asset retirement obligation**

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- a) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- b) The past transaction or event giving rise to the liability has occurred;
- c) It is expected that future economic benefit will be given up; and
- d) A reasonable estimate of the amount can be made.

The liability is measured at the Band Council's best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date. The estimate includes costs directly attributable to the asset retirement activities. The costs also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset and the costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

Upon initial recognition of the liability for an asset retirement obligation, the carrying amount of the corresponding tangible capital asset (or component thereof) is increased by the same amount. The capitalized asset retirement cost is expensed in a rational and systematic manner over the useful life of the tangible capital asset (or a component thereof). For obligations for which there is no tangible capital asset recognized or for tangible capital assets that are no longer in productive use, the asset retirement costs are expensed immediately. Subsequently, the liability is reviewed at each financial statement reporting date and adjusted for (1) changes as a result of the passage of time with corresponding accretion expense and (2) adjusted for any revisions to the timing, amount of the original estimate of undiscounted cash flows, or the discount rate. Adjustments to the liability as a result of revisions to the timing, amount of the estimate of undiscounted cash flows or the discount rate are adjusted to the cost of the related tangible capital asset and the revised carrying amount of the related tangible capital asset is amortized except for adjustments related to tangible capital assets that are not recognized or no longer in productive use, which are expensed in the period they are incurred.

A recovery related to asset retirement obligation is recognized when the recovery can be appropriately measured; reasonably estimated and it is expected that future economic benefits will be obtained. The recovery is not netted against the liability.

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### 2. Change in accounting policies

#### **Asset retirement obligations**

Effective April 1, 2022, the Band Council adopted Public Sector Accounting Standards PS 3280 – Asset retirement obligations ('PS 3280'). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets. The standard was adopted on the prospective basis at the date of adoption as the event giving rise to the obligation arose prior to April 1, 2022 and the obligation has not been previously recognized. Under the prospective basis of adoption, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

# Pictou Landing Band Council

## Notes to the Consolidated Financial Statements

March 31, 2023

### 2. Change in accounting policies (continued)

The Band Council recognized an asset retirement obligation upon the adoption under PSAS 3280 on April 1, 2022. The liability represents the required closure and remediation of contaminants present within a number of buildings owned by the Band Council. These buildings have expected useful lives ranging from 2 to 48 years. As of the date of adoption of the standard the relevant discount rates on tangible assets held was 5.5% per annum.

In accordance with the provisions of this new standard, the First Nation has reflected the following adjustments as at April 1, 2022:

- An asset retirement obligation in the amount of \$81,616, representing the original \$285,322 obligation discounted to the present value using discount rate of 5.5% per annum.
- An increase to tangible capital assets, representing the original estimate of the obligation as at the date of transition.

### Financial instruments

Effective April 1, 2022, the Band adopted new Public Sector Accounting Standards Sections PS 3450 Financial Instruments, PS 3041 Portfolio Investments, PS 2601 Foreign Currency Translation and Section 1201 Financial Statement Presentation along with the related amendments. New Section PS 3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method), or, by policy choice, at fair value when the entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis.

The measurement requirements were applied prospectively. The recognition, derecognition, and measurement policies followed in the comparative period were not reversed and the comparative figures have not been restated.

<b>3. Receivables</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Department of Indigenous Services Canada	\$ 1,884,710	\$ 1,314,710
Department of Fisheries and Oceans	265,789	594,957
Commodity taxes receivable	812,438	391,788
Federal government departments	238,052	118,333
Province of Nova Scotia	167,353	79,425
Mi'kmaq Employment Training Secretariat	154,971	69,010
Mi'Kmaq Kina'matnewey	4,915	101,713
Clearwater Seafoods Inc.	2,073,176	1,036,588
Trade	579,770	496,283
	<b>6,181,174</b>	<b>4,202,807</b>
Less: allowance for doubtful accounts	-	(2,950)
	<b><u>\$ 6,181,174</u></b>	<b><u>\$ 4,199,857</u></b>

# Pictou Landing Band Council

## Notes to the Consolidated Financial Statements

March 31, 2023

<b>4. Restricted funds</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Funds on deposit with Department of Indigenous Services Canada (a)	\$ 5,519	\$ 5,054
Replacement reserve (b)	424,711	417,579
FNFA Debt reserve fund (c)	<u>2,016,461</u>	<u>1,910,969</u>
	<b><u>\$ 2,446,691</u></b>	<b><u>\$ 2,333,602</u></b>

- 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) 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.
- c) 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.

### 5. Promissory note receivable

	<b><u>2023</u></b>	<b><u>2022</u></b>
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 2051	<b><u>\$ 34,668,442</u></b>	<b><u>\$ 35,128,997</u></b>

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

2024	\$ 483,720
2025	\$ 519,883
2026	\$ 552,547
2027	\$ 587,263
2028	\$ 618,766
Thereafter	\$ 31,906,263



# Pictou Landing Band Council

## Notes to the Consolidated Financial Statements

March 31, 2023

<b>6. Investments</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Mi'kmaq Wind4all Communities Limited Partnership	\$ 424,321	\$ 313,002
Beaubassin Mi'kmaq Wind Management Ltd Solar Photovoltaic System	158,332	126,928
Portfolio investments, at fair value	23,810,186	25,149,386
E'sukitimkewey Limited Partnership (a)	1	1
Mi'kmaq Resource Development Partnership (a)	1	1
	<u>\$ 24,392,841</u>	<u>\$ 25,539,318</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 \$71,966 from E'sukitimkewey Limited Partnership which has been included in miscellaneous revenue.

<b>7. Payables and accruals</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Trade payables	\$ 1,383,394	\$ 1,277,092
Government remittances	65,206	214,393
Accrued liabilities	127,283	49,956
	<u>\$ 1,575,883</u>	<u>\$ 1,541,441</u>

<b>8. Deferred revenue</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Indigenous Services Canada		
Subdivision	\$ -	\$ 768,048
Capital	135,000	245,544
Housing	470,000	235,000
Social	654,811	-
First Nations Inuit Health Branch	207,081	206,119
	<u>1,466,892</u>	<u>1,454,711</u>
Other	324,579	8,001
	<u>\$ 1,791,471</u>	<u>\$ 1,462,712</u>

# Pictou Landing Band Council

## Notes to the Consolidated Financial Statements

March 31, 2023

### 9. Demand Loans

<b>Bank of Montreal</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Prime plus 1.00% demand loan, repayable in annual principal instalments of \$291,667, plus interest paid monthly, maturing in September 2026.	\$ 758,333	\$ 1,050,000
Prime plus .75% demand loan, repayable in monthly principal instalments of \$5,000, plus interest, maturing 2025.	74,700	134,700
Prime plus .75% demand loan, repayable in annual principal instalments of \$141,672, plus interest paid monthly, maturing in 2030.	991,667	1,133,333
Prime plus .75% demand loan, repayable in annual principal instalments of \$154,617, plus interest paid monthly, maturing in 2041.	2,757,336	2,911,953
Prime plus 1.25% demand loan, repayable in annual principal instalments of \$860,000, plus interest paid monthly, maturing in 2026.	2,365,000	3,225,000
Prime plus 1.00% demand loan, repayable in annual principal instalments of \$10,117, plus interest paid monthly, maturing in 2033.	84,872	89,572
<b>Ulnooweg Development Group</b>		
4.00% demand loan, repayment terms to be set at the completion of project based on funds utilized.	<u>82,194</u>	<u>55,463</u>
	<b><u>\$ 7,114,102</u></b>	<b><u>\$ 8,600,021</u></b>

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:

2024	\$ 1,596,816
2025	\$ 1,469,642
2026	\$ 1,123,612
2027	\$ 303,963
2028	\$ 303,963
Thereafter	\$ 2,316,106

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# Pictou Landing Band Council

## Notes to the Consolidated Financial Statements

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### 10. Long term debt

	<u>2023</u>	<u>2022</u>
<b>Canada Mortgage and Housing Corporation</b>		
1.01%-4.52% mortgages, repayable under various terms by 2044.	\$ 1,823,758	1,986,498
<b>Royal Bank of Canada</b>		
1.75% - Prime + .25% mortgages, repayable under various terms by 2035.	352,145	382,345
<b>Bank of Montreal</b>		
2.50% - 9.60% mortgages, repayable under various terms by 2032.	178,482	218,336
<b>First Nation Finance Authority</b>		
1.90% Series 2020-2 Revenue Bonds amortized over a 30-year period with payments of principal and interest, maturing fiscal 2022	35,728,589	36,610,319
	<u>\$ 38,082,974</u>	<u>\$ 39,197,498</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:

2024	\$ 3,021,634
2025	\$ 2,794,192
2026	\$ 2,788,372
2027	\$ 2,789,868
2028	\$ 2,787,170
Thereafter	\$ 23,901,738

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# Pictou Landing Band Council

## Notes to the Consolidated Financial Statements

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March 31, 2023

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### 11. Asset retirement obligation

The Band's asset retirement obligation consists of the liability for the closure and remediation of contaminants present with the buildings owned by the Band. These contaminants represent a health hazard upon demolition and therefore there is a legal obligation for removal of these contaminants on decommissioning. Following the adoption of PS 3280 – Asset Retirement Obligations, the Band recognized an obligation relating to this decommissioning and remediation of contaminants as estimated as at April 1, 2022. The buildings have an expected useful life ranging from 2 to 32 years. Estimated costs have been discounted to the present value using a discount rate of 5.50% per annum.

	<u>2023</u>	<u>2022</u>
Opening balance	\$ -	\$ -
Liability recognized on adoption of PS 3280	<b>81,616</b>	-
Settlement	-	-
Accretion expense	<u>5,197</u>	-
Closing balance	<u><b>\$ 86,813</b></u>	<u>\$ -</u>

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### 12. 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, 2023.