



Consolidated financial statements

Millbrook Band Council

March 31, 2015

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## Management's responsibility for financial reporting

The accompanying consolidated financial statements and schedules of the Millbrook Band Council and all the information contained therein are the responsibility of management and have been approved by the Chief and Council.


The consolidated financial statements and schedules have been prepared by management in accordance with accounting standards as disclosed in Note 1 to the consolidated financial statements. 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 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 consolidated financial statements and the external independent auditor's report.

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's assets are appropriately accounted for and adequately safeguarded.

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

The consolidated financial statements and schedules 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.

  
\_\_\_\_\_  
Councillor

  
\_\_\_\_\_  
Councillor



## Independent auditor's report

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To the Chief and Councillors of the Millbrook Band Council

We have audited the accompanying consolidated financial statements of the Millbrook Band Council, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, changes in net financial liabilities, changes in surplus, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Millbrook Band Council as at March 31, 2015, and the results of its consolidated operations, changes in net financial liabilities and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Truro, Canada  
July 21, 2015

*Grant Thornton LLP*

Chartered Accountants

## Millbrook Band Council

### Consolidated statement of operations

Year ended March 31	2015 Budget	2015 Actual	2014 Actual
<b>Revenues</b>			
Fisheries	\$ 2,812,252	\$ 3,846,799	\$ 3,451,690
Gaming, net (Note 25)	9,829,094	10,670,450	10,217,519
Rental	4,202,545	3,677,250	3,671,458
Retail sales	8,466,295	8,898,404	8,921,390
Taxation	600,000	543,498	464,519
Negotiation	-	1,500,000	-
Government transfers (Note 2)	9,580,227	11,555,148	10,594,342
Other revenues (Note 3)	432,004	550,455	717,593
	<u>35,922,417</u>	<u>41,242,004</u>	<u>38,038,511</u>
<b>Expenditures</b>			
Advertising	183,518	168,123	165,042
Atlantic Lotto	848,640	850,756	852,973
Bad debts	376,253	346,159	255,880
Chief and Council			
Honorariums	618,391	618,737	606,265
Travel	14,400	17,899	1,923
Community health	1,116,106	1,663,748	1,079,547
Contributions to band members and activities (Note 18)	3,588,653	3,721,568	3,715,933
Direct sales costs	6,886,401	7,301,940	7,296,643
Economic development	38,200	15,524	15,329
Education – other	1,713,007	1,717,622	1,654,960
Education – tuition agreement	1,635,000	1,610,947	1,499,110
Employment training	343,000	392,836	464,200
Insurance	132,050	209,367	185,798
Interest and bank charges	373,424	167,322	181,561
Interest on long-term debt	482,328	574,873	668,408
Office and supplies	148,534	315,394	253,220
Professional fees	746,965	850,762	854,983
Property management	392,991	214,129	223,376
Rent	458,550	291,879	372,839
Repairs, maintenance and renovations	1,809,823	2,170,101	2,454,512
Salaries and benefits	6,778,950	6,820,671	6,606,240
Security	399,248	400,617	391,538
Social – basic and special needs	2,720,000	3,030,061	2,849,212
Sundry	358,325	439,738	141,112
Travel – other	56,964	48,744	49,213
Utilities and telephone	470,251	446,666	462,677
<b>Total expenditures</b>	<u>32,689,972</u>	<u>34,406,183</u>	<u>33,302,494</u>
<b>Annual surplus before amortization</b>	3,232,445	6,835,821	4,736,017
Amortization	<u>3,590,875</u>	<u>4,942,161</u>	<u>5,283,188</u>
<b>Annual surplus (deficit)</b>	\$ <u>(358,430)</u>	\$ <u>1,893,660</u>	\$ <u>(547,171)</u>

See accompanying notes to the consolidated financial statements

# Millbrook Band Council

## Consolidated statement of financial position

Year ended March 31

2015

2014

### Financial assets

Cash and cash equivalents	\$ 10,847,497	\$ 7,779,478
Restricted cash and deposits		
Replacement reserve fund (Note 4)	533,047	529,284
Subsidy surplus reserve fund (Note 5)	33,165	33,205
Member allowances (Note 6)	10,611,812	9,912,456
Receivables (Note 7)	3,872,191	2,151,085
Trust Fund assets (Note 15)	202,685	302,725
Inventories	155,185	117,886
Investments (Note 8)	2,971,575	2,887,125
	<u>29,227,157</u>	<u>23,713,244</u>

### Liabilities

Bank indebtedness (Note 9)	2,510,000	2,835,000
Payables and accruals	2,158,849	1,865,936
Deferred revenue	546,796	666,570
Demand loans (Note 10)	1,961,094	2,346,812
Long term debt (Note 11)	14,397,870	15,270,931
Promissory note payable (Note 12)	758,022	758,022
Member allowances (Note 6)	10,611,812	9,912,456
	<u>32,944,443</u>	<u>33,655,727</u>

### Net financial liabilities (Page 7)

(3,717,286)      (9,942,483)

### Non-financial assets

Tangible capital assets (Note 13)	52,003,482	56,035,503
Other assets – deferred 1919		
Halifax County Land Claim	1,054,687	1,011,441
Deferred development costs (Note 14)	63,962	517,301
Prepays	344,438	333,734
	<u>53,466,569</u>	<u>57,897,979</u>

### Surplus (Page 6)

\$ 49,749,283      \$ 47,955,496

See accompanying notes to the consolidated financial statements

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# Millbrook Band Council

## Consolidated statement of financial position

March 31

2015

2014

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Surplus (Page 8)			
Operating	\$	13,394,887	\$ 8,763,102
Replacement Reserve		576,032	576,334
Equity in Trust		<u>133,848</u>	<u>198,302</u>
		14,104,767	9,537,738
Investment in tangible capital assets		<u>35,644,516</u>	<u>38,417,758</u>
	\$	<u>49,749,283</u>	\$ <u>47,955,496</u>

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Contingencies and Commitment (Notes 16 and 20)

On Behalf of the Band

  
\_\_\_\_\_ Councillor

  
\_\_\_\_\_ Councillor

See accompanying notes to the consolidated financial statements

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## Millbrook Band Council

### Consolidated statement of changes in net financial liabilities

Year ended March 31	2015 Budget	2015 Actual	2014 Actual
Annual surplus (deficit)	\$ (358,430)	\$ 1,893,660	\$ (547,171)
Acquisition of tangible capital assets	(535,142)	(910,140)	(310,535)
Amortization of tangible capital assets	3,590,875	4,942,161	5,283,188
Acquisition of deferred development costs, net	-	(100,111)	(77,058)
Write off of deferred development costs	-	553,450	-
	2,697,303	6,379,020	4,348,424
Withdrawals from Replacement Reserve	-	(99,873)	(306,962)
Acquisition of prepaid expenses, net of usage	-	(10,704)	(118,915)
Change in other assets, net	-	(43,246)	(75,138)
	-	(153,823)	(501,015)
Change in net financial liabilities	2,697,303	6,225,197	3,847,409
Net financial liabilities, beginning of year	(9,942,483)	(9,942,483)	(13,789,892)
Net financial liabilities, end of year	\$ (7,245,180)	\$ (3,717,286)	\$ (9,942,483)

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See accompanying notes to the consolidated financial statements

## Milbrook Band Council

### Consolidated statement of changes in surplus

Year ended March 31, 2015

	Unrestricted	(Page 23) Net Trust Assets	Investment in Tangible Capital Assets	Replacement Reserve Fund	Total 2015	Total 2014
Surplus, beginning of year	\$ 8,763,102	\$ 198,302	\$ 38,417,758	\$ 576,334	\$ 47,955,496	\$ 48,809,630
Annual surplus (deficit)	6,500,275	335,546	(4,942,161)	-	1,893,660	(547,171)
Tangible capital assets						
Additions	(910,140)	-	910,140	-	-	-
Issuance of capital debt	180,000	-	(180,000)	-	-	-
Repayment of capital debt	(1,438,779)	-	1,438,779	-	-	-
Withdrawals from Replacement Reserve, net of interest income	-	-	-	(99,873)	(99,873)	(306,963)
Transfers, net	300,429	(400,000)	-	99,571	-	-
Surplus, end of year	\$ 13,394,887	\$ 133,848	\$ 35,644,516	\$ 576,032	\$ 49,749,283	\$ 47,955,496

See accompanying notes to the consolidated financial statements



# Millbrook Band Council

## Consolidated statement of cash flows

Year ended March 31

2015

2014

### Operating activities

Annual surplus (deficit)	\$	1,893,660	\$	(547,171)
Amortization		4,942,161		5,283,188
Write off of deferred development costs		553,450		-
Non-cash investment loss (income)		25,800		(152,030)
		<u>7,415,071</u>		<u>4,583,987</u>

### Change in non-cash working capital

Receivables	(1,721,106)	418,309
Inventories	(37,299)	113,777
Prepays	(10,704)	(118,915)
Payables and accruals	292,913	(783,159)
Deferred revenue	(119,774)	145,313
	<u>5,819,101</u>	<u>4,359,312</u>

### Financing transactions

Proceeds from (Repayment of):		
Bank indebtedness, net	(325,000)	420,000
Long term debt	180,000	14,338
Repayment of:		
Demand debt	(385,718)	(606,729)
Long term debt	(1,053,061)	(1,111,280)
	<u>(1,583,779)</u>	<u>(1,283,671)</u>

### Investing transactions

Replacement Reserve	(3,763)	(260,733)
Subsidy Surplus Reserve	40	(33,205)
Payments from Replacement Reserve	(99,873)	(306,962)
Trust fund assets	100,040	(181,026)
Purchase of investments, net	(110,250)	(1,781,480)
Acquisition of tangible capital assets	(910,140)	(310,535)
Acquisition of deferred development costs	(100,111)	(77,058)
Other assets	(43,246)	(75,138)
	<u>(1,167,303)</u>	<u>(3,026,137)</u>

Change in net cash and cash equivalents	3,068,019	49,504
Opening, net cash and cash equivalents	<u>7,779,478</u>	<u>7,729,974</u>
Closing, net cash and cash equivalents	\$ <u>10,847,497</u>	\$ <u>7,779,478</u>

See accompanying notes to the consolidated financial statements

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# Millbrook Band Council

## Notes to the consolidated financial statements

March 31, 2015

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### 1. Summary of significant accounting policies

#### Basis of presentation and consolidation

The consolidated financial statements of Millbrook Band Council are the representations of management prepared in accordance with accounting standards for governments as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The consolidated statement of financial position includes all of the assets and liabilities of the Band.

The consolidated financial statements include the accounts of Millbrook Band Council and its principal operating entities which are both incorporated and unincorporated. The unincorporated entities are as follows:

- Millbrook Administration which reports the general activities of the First Nation Administration including Social Services, band support, education, operations capital, operating and maintenance, economic development, community health and welfare, employment training, and miscellaneous.
- The Millbrook Band Housing Projects which reports the social housing assets of the First Nation, together with related activities.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties.
- The Tobacco Store which reports the First Nation's retail tobacco store entity.
- The Millbrook Rental Authority which provides rental operations.
- The Millbrook Gaming Commission which reports the First Nation's gaming activities.
- The Millbrook Treaty Gas operation which reports the First Nation's retail commercial operations.
- The Millbrook First Nation Aboriginal Fisheries which reports the First Nation's commercial fishing operation.

Incorporated and unincorporated business entities, which are owned and controlled by Millbrook Band Council are included in the consolidated financial statements. These are:

- 3031611 Nova Scotia Limited (Land holding)
- 3050587 Nova Scotia Limited (Sheet Harbour wharf)
- 3051802 Nova Scotia Limited (Aquaculture)
- 3051803 Nova Scotia Limited (Caldwell Glen apartments)
- 3061881 Nova Scotia Limited (Joggins Wharf)
- 3151517 Nova Scotia Limited (Mill Mel partnership holding)
- 3272476 Nova Scotia Limited (Hampton Inn holding)
- 3043339 Nova Scotia Limited (Fishing license holding)
- 3269804 Nova Scotia Limited (Truro – Millbrook Wind Ltd partnership holding)
- 3233312 Nova Scotia Limited (Blue Two partnership holding)
- Mill Mel Residential Developments Partnership
- Millbrook First Nation Economic Development Corporation Limited
- Millbrook Technologies Inc.

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# Millbrook Band Council

## Notes to the consolidated financial statements

March 31, 2015

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

#### Investments

Investments in common shares of business enterprises in which the Band Council holds less than 20% interest are recorded at cost, less any distribution from the business enterprises for return of capital.

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

All investments are reviewed by management for impairment and if a decline in the value is considered other than temporary, the investment is written down to reflect the impairment with a charge to income.

#### Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts of assets and liabilities, and disclosure of contingent liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. Estimates include depreciation and amortization of tangible capital assets and deferred development costs, allowances on receivables, and valuation allowances on long-term investments.

#### Revenue recognition

Unconditional and conditional transfers from other governments for operating and capital purposes are recognized as revenue in the period in which all eligibility criteria and/or stipulations have been met and the amounts are authorized. Any funding received prior to satisfying these conditions is deferred until conditions have been met. When revenue is received without eligibility criteria or stipulations, it is recognized when the transfer is authorized.

All non-government contribution or grant revenues that are externally restricted for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally received revenues not yet used for the purpose or purposes specified are reported as deferred revenues.

Rental revenue is recognized in the period it is earned as agreed to by the rental entities and their tenants.

Revenues from business operations are recorded as revenue when earned at the point of sale.

Interest and other revenues are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.



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# Millbrook Band Council

## Notes to the consolidated financial statements

March 31, 2015

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

#### Revenue recognition (continued)

Net 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.

#### Inventories

Inventories are valued at the lower of cost and net realizable value.

#### Deferred development costs

Costs related to specific projects under construction and development have been deferred until the projects are completed (See Note 14). Once completed, the costs are transferred to capital assets and depreciated in accordance with accounting policies of the applicable entity.

Costs related to infrastructure development and business start ups have been deferred and are being amortized in accordance with the accounting policies of the applicable entity.

#### Tangible capital assets and amortization

Tangible capital asset expenditures are capitalized at cost. The investment in tangible capital assets represents the equity in tangible capital assets of the consolidated group.

Rates and basis of amortization applied to write off the cost of capital assets over their estimated lives are as follows:

Buildings	2.5%, 4% and 5%, straight line
Paving and roads	4% - 10%, straight line
Equipment and school buses	30%, straight line
Trailers	20%, declining balance
Water tower	4%, straight line
Wharfs	5%, straight line
Land improvements	6.67%, straight line
Paving	10%, straight line
Equipment	20%, declining balance
	20% and 10%-20%, straight line
Mobile Homes	10%, declining balance
Motor vessels	10%, straight line
Automotive equipment	30%, declining balance
Signs	20%, straight line
Software development	20%, straight line

#### Other assets

Costs incurred related to the 1919 Halifax County Land Claim have been deferred and will be recognized at the time of settlement of the claim of which the settlement date cannot be estimated at this time.

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# Millbrook Band Council

## Notes to the consolidated financial statements

March 31, 2015

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

#### Impairment of long-lived assets

Long-lived assets such as development costs are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

#### Cash and cash equivalents

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

The cash balance includes \$21,293 (2014 - \$21,074) restricted for pension contributions on behalf of employees of the Band.

#### Demand loans

Loans repayable on a demand basis, in accordance with the contractual terms of the loan agreement are classified as current liabilities.

#### Financial instruments

The Millbrook Band Council's financial instruments include cash and cash equivalents, receivables, investments, bank indebtedness, payables and accruals, demand loans and long term debt. The fair market value of these financial instruments are at least equal to their carrying values.

#### Credit risk

The Millbrook Band Council is exposed to credit risk through their receivables. However, this credit risk is minimal as receivables are mainly from various governmental entities. Management closely evaluates the collectibility of the Band's receivables and when necessary, maintains provisions for potential credit losses which are assessed on a regular basis.

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2. Government transfers	2015	2014
AANDC	\$ 8,903,811	\$ 8,293,261
CMHC	408,693	345,620
Child Health programming	-	4,000
DFO	525,147	267,691
Health Canada	1,141,607	1,115,650
METS	537,450	529,003
Training recoveries	38,440	39,117
	<u>\$ 11,555,148</u>	<u>\$ 10,594,342</u>

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## Millbrook Band Council

### Notes to the consolidated financial statements

March 31, 2015

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<b>3. Other revenues</b>	<b>2015</b>	<b>2014</b>
Daycare – parent fees	\$ 25,829	\$ 31,868
Gain (loss) on disposal on assets	36,280	32,364
Interest income	97,494	94,737
Investment income (loss)	(63,954)	101,044
Land rental	317,903	376,828
Wind land rental	27,211	-
Miscellaneous	75,422	43,434
Post-secondary refunds	10,118	16,865
Technologies	24,152	20,453
	<u>\$ 550,455</u>	<u>\$ 717,593</u>

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<b>4. Replacement reserve fund</b>	<b>2015</b>	<b>2014</b>
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Under the terms of the agreement with the C.M.H.C., the replacement reserve account is to be credited in the amount of \$99,571 annually. These funds along with accumulated interest must be held in a separate interest bearing bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by the C.M.H.C. from time to time. Interest of \$3,903 was earned on the reserve balance during the year. The funds in the account may only be used as approved by the C.M.H.C. At year end, the funds in reserve consisted of the following:

Cash	\$ <u>533,047</u>	\$ <u>529,284</u>
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Subsequent to year end \$42,985 was transferred to the replacement reserve bank account to balance the replacement reserve fund and the replacement reserve bank account.

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<b>5. Subsidy surplus reserve</b>	<b>2015</b>	<b>2014</b>
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Under the terms of the agreement with C.M.H.C., excess federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit plus interest. The reserve is to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by C.M.H.C. from time to time. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. At year-end the funds in the Subsidy Surplus Reserve consisted of the following:

Cash	\$ <u>33,165</u>	\$ <u>33,205</u>
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# Millbrook Band Council

## Notes to the consolidated financial statements

March 31, 2015

### 6. Member allowances

The Band Council established trust accounts to control member allowances for children under the age of nineteen. The principal and interest are held in trust by an independent financial institution. Upon turning nineteen years of age, the principal and accumulated interest are paid to the individual Band member.

The balance of the investment portfolio at cost is \$10,611,812 at March 31, 2015 (market value is \$12,833,009).

<b>7. Receivables</b>	<b>2015</b>	<b>2014</b>
Aboriginal Affairs and Northern Development Canada	\$ 1,287,447	\$ 180,352
Glooscap Heritage Society		
Loans receivable	51,429	50,957
Other	16,173	16,173
Harmonized Sales Tax	23,990	21,471
Health Canada	387,861	9,379
Honorariums	155,465	52,732
Indian Brook First Nation	123,088	163,088
Mi'kmaq Employment/Training Secretariat	218,076	28,143
Band members receivables and payroll advances	172,661	145,850
Trade and sundry	1,436,001	1,482,940
	<u>\$ 3,872,191</u>	<u>\$ 2,151,085</u>

<b>8. Investments</b>	<b>2015</b>	<b>2014</b>
Equity basis accounting		
Amherst 8 Motel Partnership 13.58% interest	\$ 161,682	\$ 160,663
Caraquet Super 8 Motel Joint Venture 19.85% interest	222,002	211,470
Holloway Lodging Real Estate Investment Trust, 5,750 units, at cost less unit distributions to date of \$289,225 and estimated impairment provisions	12,698	14,054
PacMill Restaurant Limited Partnership 49.95% interest	-	93,134
3269804 Nova Scotia Limited, 101 Class A partnership units and 1,892,312.27 Class B partnership units, at cost	1,896,436	1,777,992
3272476 Nova Scotia Limited	61,682	53,487
	<u>2,354,500</u>	<u>2,310,800</u>
Other		
Melford International Terminal Incorporated, 250,000 common shares issued at cost of \$1 US per share	317,075	276,325
Deer Lake Express Hotel Limited, 300,000 common shares at \$1 per share, at cost	300,000	300,000
	<u>\$ 2,971,575</u>	<u>\$ 2,887,125</u>

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# Millbrook Band Council

## Notes to the consolidated financial statements

March 31, 2015

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### 9. Bank indebtedness

The Band Council has a consolidated banking arrangement with RBC which provides an operating line of credit of \$3,000,000, at RBC prime, \$2,510,000 of which is used at March 31, 2015.

As security, the Band Council has provided a general security agreement with a first ranking security interest in all property of the Band. Band Council resolutions have been provided to authorize specific borrowing.

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10. Demand loans	<u>2015</u>	<u>2014</u>
RBC loan, repaid during the year	\$ -	\$ 104,630
CIBC loan, repaid during the year	-	22,750
RBC loans at prime plus 1.1%, principal payments of \$10,417 monthly.	<b>749,984</b>	874,988
RBC loan at prime plus 0.55%, principal payable at \$11,111 monthly.	<u>1,211,110</u>	<u>1,344,444</u>
	<b>\$ <u>1,961,094</u></b>	<b>\$ <u>2,346,812</u></b>

All demand loans are secured by a guarantee of the Millbrook Band Council.

Expected principal repayments based upon scheduled payments in each of the next five years are as follows:

2016	\$ 258,336
2017	\$ 258,336
2018	\$ 258,336
2019	\$ 258,336
2020	\$ 258,336

# Millbrook Band Council

## Notes to the consolidated financial statements

March 31, 2015

<b>11. Long term debt</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Housing project mortgages maturing in 2015 to 2020, bearing interest at 1.05% to 3.60%, payable in equal monthly amounts of principal and interest totalling \$38,000. As security for the mortgages, the Minister of Aboriginal Affairs and Northern Development Canada has provided a guarantee.	\$ 4,947,573	\$ 5,157,611
3.70% mortgage maturing in 2017, amortized to December 2033, payable in equal monthly instalments of principal and interest of \$16,628. As security, Mill Mel Residential Developments Partnership has provided a building having a net book value of \$4,417,390.	2,709,890	2,807,966
4.38% RBC loan, principal and interest payable at \$53,187 monthly, secured by a guarantee of Millbrook Band Council.	4,631,975	5,057,214
3.2% mortgage maturing June 2019, amortized to 2027, payable in equal monthly instalments of principal and interest of \$17,732. As security, 3051803 Nova Scotia limited has provided a building with a net book value of \$3,948,534, a general assignment of rents and leases, and a general security agreement.	2,108,432	2,248,140
	<b><u>\$ 14,397,870</u></b>	<b><u>\$ 15,270,931</u></b>

Principal repayments in each of the next five years are due as follows:

2016	\$ 1,047,021
2017	\$ 1,051,368
2018	\$ 1,040,543
2019	\$ 1,064,071
2020	\$ 1,096,604

<b>12. Promissory note payable</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Non-interest bearing promissory note, payable on the earlier of March 31, 2017 or the settlement of 1919 land claims.	\$ 758,022	\$ 758,022

# Millbrook Band Council

## Notes to the consolidated financial statements

March 31, 2015

13. Tangible capital assets	2015			2014
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 1,312,022	\$ -	\$ 1,312,022	\$ 1,310,684
Land improvements	401,940	399,413	2,527	3,537
Cenotaph	26,977	20,908	6,069	7,418
Roads	7,454,426	4,587,506	2,866,920	3,178,189
Paving and recreational grounds				
Administrative	172,694	161,964	10,730	19,364
MEDC	9,445	6,102	3,343	3,635
Treaty Gas	81,993	80,746	1,247	8,794
Rental Authority	28,818	13,672	15,146	16,463
Mobile homes	36,860	27,073	9,787	10,874
Motor vessels	2,779,479	2,246,471	533,008	629,911
Automotive equipment	541,319	476,949	64,370	32,843
Equipment				
Incorporated entities	3,045,439	2,772,334	273,105	797,316
Administrative	701,211	673,169	28,042	40,060
Fisheries	199,956	94,946	105,010	133,896
Rental authority	3,678	3,614	64	80
Technologies	8,900	8,010	890	2,670
Tobacco store	33,031	21,177	11,854	12,446
Treaty Gas	691,503	586,783	104,720	109,621
Housing projects	7,500	6,644	856	815
Buildings				
Incorporated entities	39,704,611	13,919,363	25,785,248	27,254,446
Band hall	218,226	218,226	-	-
Band office	2,953,432	1,842,538	1,110,894	1,258,565
Community centre				
– Sheet Harbour	41,154	31,895	9,259	11,316
Community hall	271,883	259,738	12,145	25,739
Day care	109,441	91,322	18,119	23,591
Gymnasium	781,473	781,473	-	-
Health Centre	1,593,448	836,133	757,315	836,988
Capital housing	1,911,599	1,456,067	455,532	522,580
Old Medical Centre	71,256	71,256	-	-
Fisheries office	370,348	69,218	301,130	317,859
Pre-school	1,511,589	730,572	781,017	843,486
Project Haven	261,946	261,946	-	-
Rental Authority	3,592,755	927,902	2,664,853	2,207,756
Senior Citizens Centre	31,319	31,319	-	-
Storage facility	20,477	20,477	-	-
Sub-offices	94,481	94,481	-	-
Treaty Gas	1,973,684	1,856,540	117,144	143,021
C.M.H.C. housing projects	11,685,183	3,326,668	8,358,515	8,775,410
Yard maintenance building	482,633	151,022	331,611	355,742
Infrastructure	14,756,902	10,658,704	4,098,198	5,066,329
Software development	1,420,235	1,420,037	198	64,935
Water Tower	1,998,798	877,882	1,120,916	1,200,868
Wharfs	1,531,600	799,922	731,678	808,256
	<u>\$104,925,664</u>	<u>\$ 52,922,182</u>	<u>\$ 52,003,482</u>	<u>\$ 56,035,503</u>



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## Millbrook Band Council

### Notes to the consolidated financial statements

March 31, 2015

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14. Deferred development costs	2015	2014
Represented by:		
Cole Harbour Business Centre	\$ -	\$ 158,612
Cole Harbour Subdivision	-	193,649
Connector tunnel	-	44,439
Millbrook Power Centre	-	18,686
Millbrook Community Sign	-	12,025
Truro Power Centre Phase I	-	20,148
Tuff's Cove	53,962	53,962
Future house lot	10,000	-
Other	-	15,780
	<u>\$ 63,962</u>	<u>\$ 517,301</u>

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#### 15. Trust Fund

The Trust Fund arises from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

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## Millbrook Band Council

### Notes to the consolidated financial statements

March 31, 2015

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#### 16. Contingencies

- a) The Band entered into a five year funding agreement with the Department of Aboriginal Affairs and Northern Development Canada, effective April 1, 2013. These funds are to be used to provide certain programs and services to band members and recipients as defined in the agreement.
- b) The Band is currently proceeding with an Application for Judicial Review in the Federal Court of Canada following an April 29, 2015 decision of the Canadian Human Rights Tribunal on liability issues arising from an alleged discrimination complaint. The Band, under legal representation, is seeking an order for a new hearing. No hearing date has been set for this Application for Judicial Review and therefore, the outcome of any liability is indeterminable at this time. As a result, no accrual for this potential liability has been recorded in the Band's records.
- c) The Band's pension plan contributions are funded by the Department of Aboriginal Affairs and Northern Development Canada. Any unexpended portion of these funds are repayable by the Band.
- d) The Band has entered into contribution agreements with various government departments. Funding received under these contribution agreements are subject to repayment if the Band fails to comply with the terms and conditions of the agreements.
- e) One of the Band's incorporated companies has provided a guarantee of \$67,800 for an outstanding loan of Amherst 8 Motel Limited.
- f) The Band has provided a guarantee of \$62,500 for an outstanding loan of Caraquet 8 Motel Limited.

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#### 17. Subsidy assistance payments

The Housing Projects have received Federal assistance through C.M.H.C. pursuant to Section 56.1 of the National Housing Act to reduce the mortgage interest expense to enable the projects to provide housing to low income individuals. The amount of assistance recorded in 2015 was \$347,212 (2014 - \$297,614) which reduced interest on the mortgage with respect to the residential component.

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#### 18. Contributions to band members and activities

During the year, the Band Council paid allowances to its Band members totalling \$3,450,825 (2014 - \$3,486,663) and for band activities in the amount of \$270,743 (2014 - \$229,270).



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# Millbrook Band Council

## Notes to the consolidated financial statements

March 31, 2015

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### 19. Economic dependence

The Millbrook First Nation receives a portion of its revenues pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada.

As explained in Note 16(a), the First Nation is a party to an *Alternative Funding Agreement* (AFA) with Aboriginal Affairs and Northern Development Canada. Under the terms of the agreement, funding from the arrangement with Aboriginal and Northern Development Canada can be suspended if terms of the AFA are not complied with by the First Nation.

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### 20. Commitment

The Band committed a contribution of \$250,000 in 2012 towards the Central Nova Scotia Civic Centre which is to be paid over five years at \$50,000 a year. By the end of March 31, 2015, the Band Council has contributed a total of \$150,000.

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### 21. Retirement service awards

- a) The Band Council has a policy which provides for its Chief and Council members, upon retirement an award in recognition of service, equal to \$4,000 for each year of service for Chief and Council. The liability at March 31, 2015 is \$621,000 (2014 - \$154,000).
- b) During the prior year, the Band Council terminated and paid out its retirement service plan for employees in the amount of \$784,165.

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### 22. Tuition agreement

On August 1, 1987, the Band Council entered into a tuition agreement with the Chignecto-Central Regional School Board respecting the provision of education services to Indian children. The cost to the Band Council is based on the net operating expenditures of the school board prorated by the Indian student ratio enrolment in the schools administered by the School Board.

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### 23. Comparative figures

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

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**Millbrook Band Council**  
**Notes to the consolidated financial statements**  
 March 31, 2015

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**24. Fisheries licenses and permits**

In addition to the tangible capital assets disclosed in Note 13, the following licenses and permits are fished or leased:

<u>Species</u>	<u>Area</u>	<u># of Tags/Quota</u>
Groundfish	Digby	35,000lbs
Lobster	35 – Digby	5 tags
Lobster	32 – Sheet Harbour	2 tags
Scallops	32 – Digby	39,000 lbs
Snow Crab	23 – Louisburg	200,000 lbs
Snow Crab	24 - Louisburg	551,000 lbs
Swordfish	SF Area	30,000 lbs
Tuna	Canso	5,000 lbs
Tuna	Pictou/Canso	4 tags

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**25. Gaming revenues, net**

2015

2014

Net gaming revenues include the following components:

Cash in	\$ 59,161,469	\$ 59,932,396
Cash out	(48,437,171)	(49,701,031)
Commission to vendors	(329,331)	(279,333)
My Play	19,610	19,510
Province of Nova Scotia Gaming Agreement	255,873	245,977
	<u>\$ 10,670,450</u>	<u>\$ 10,217,519</u>

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## Millbrook Band Council

### Schedule of trust fund operations

Year ended March 31

2015

2014

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#### Revenues

Rent			
Millbrook First Nation Economic Development Corporation Limited	\$	317,903	\$ 376,828
Interest		11,638	3,507
Wind farm income		<u>6,005</u>	<u>-</u>
Total revenues	\$	<u>335,546</u>	\$ <u>380,335</u>

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# Millbrook Band Council

## Schedule of segment reporting

Year ended March 31, 2015

	Band Management and Support		Social Services		Education		Fisheries	
	Budget 2015	Actual 2015	Budget 2015	Actual 2015	Budget 2015	Actual 2015	Budget 2015	Actual 2015
<b>Revenues</b>								
Federal government operating transfers	2,809,826	2,849,650	3,661,098	3,661,098	2,695,952	2,670,192	90,000	92,087
Federal government capital transfers	-	-	-	-	-	-	150,000	433,060
Provincial government operating transfers	-	-	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-
Economic activities	742,339	2,222,108	-	-	-	-	2,812,252	3,846,799
Other	-	1,500,000	-	-	1,000	18,865	-	40,000
	3,552,165	6,571,758	3,661,098	3,661,098	2,696,952	2,707,070	3,052,252	4,411,946
	2,170,872	2,524,840	118,931	115,834	755,329	786,457	1,041,140	1,022,234
Salaries and benefits	932,000	1,000,321	-	-	-	-	-	-
Amortization and depreciation	240,000	98,321	-	-	-	-	133,356	142,674
Interest	7,409,947	8,281,211	2,751,949	3,061,842	3,348,007	3,126,048	662,757	1,466,090
Other	10,752,819	11,904,693	2,870,880	3,177,676	4,103,336	3,912,505	1,837,253	2,630,998
	(7,200,654)	(5,332,934)	790,218	483,422	(1,406,384)	(1,223,448)	1,214,999	1,780,948
Surplus (deficit) for the year								1,971,762

# Millbrook Band Council

## Schedule of segment reporting (continued)

Year ended March 31, 2015

	Gaming		Housing		Rental		Tobacco	
	Budget 2015	Actual 2015	Budget 2015	Actual 2015	Budget 2015	Actual 2015	Budget 2015	Actual 2015
<b>Revenues</b>								
Federal government operating transfers	-	-	331,012	347,212	-	-	-	-
Federal government capital transfers	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	-	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-
Economic activities	8,000,000	8,679,225	590,856	192,804	1,721,229	1,655,775	5,085,007	5,596,337
Other	-	-	-	3,299	-	-	-	-
	8,000,000	8,679,225	921,868	543,315	1,721,229	1,655,775	5,085,007	5,596,337
				486,443				383,700
<b>Expenses</b>								
Salaries and benefits	-	35,987	-	-	-	-	79,108	101,327
Amortization and depreciation	-	-	403,298	295,149	87,017	409,895	750	2,700
Interest	-	-	466	106,244	196,400	177,652	12,142	7,912
Other	1,009,548	973,102	410,157	198,731	907,654	943,852	3,442,682	3,992,530
	1,009,548	973,102	813,921	600,124	1,191,071	1,531,399	3,534,682	4,104,469
				733,986				657,484
Surplus (deficit) for the year	6,990,452	7,706,123	107,947	(56,809)	(247,543)	530,158	1,550,325	1,491,868
				(273,784)				1,607,824



# Millbrook Band Council

## Schedule of segment reporting (continued)

Year ended March 31, 2015

	Treaty Gas		Trust Fund		First Nation Economic Development		Totals	
	Budget 2015	Actual 2015	Budget 2015	Actual 2015	Budget 2015	Actual 2015	Budget 2015	Actual 2015
<b>Revenues</b>								
Federal government operating transfers	-	-	-	-	-	-	9,587,888	9,645,999
Federal government capital transfers	-	-	-	-	-	597,946	150,000	433,060
Provincial government operating transfers	-	-	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-
Economic activities	5,320,601	5,362,195	-	-	1,911,245	1,717,739	26,183,529	29,272,982
Other	-	-	-	380,335	-	-	1,000	1,889,963
	5,320,601	5,362,195	-	380,335	1,911,245	1,717,739	35,922,417	41,242,004
<b>Expenses</b>								
Salaries and benefits	2,613,570	2,376,453	-	-	-	-	6,778,950	6,820,671
Amortization and depreciation	-	120,324	-	-	2,034,454	2,971,098	3,590,875	4,942,161
Interest	57,177	56,126	-	-	349,567	295,389	855,752	741,644
Other	4,037,760	3,776,814	-	-	1,074,809	821,128	25,055,270	26,843,869
	6,708,507	6,329,717	-	-	3,458,830	4,087,615	36,280,847	39,348,345
Surplus (deficit) for the year	(1,387,906)	(967,522)	(1,432,164)	380,335	(1,547,585)	(2,369,876)	(358,430)	(547,171)