



Grant Thornton

Consolidated financial statements

Millbrook Band Council

March 31, 2014

# Contents

	<b>Page</b>
Management's responsibility for financial reporting	1
Independent auditor's report	2
Consolidated statement of operations	4
Consolidated statement of financial position	5
Consolidated statement of changes in net financial liabilities	7
Consolidated statement of changes in surplus	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	10
Schedule of trust fund operations	23
Schedule of segment reporting	24

## 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

Grant Thornton LLP  
733 Prince Street  
Truro, NS  
B2N 1G7  
T +1 902 893 1150  
F +1 902 893 9757  
www.GrantThornton.ca

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, 2014, 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, 2014, 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 29, 2014

*Grant Thornton LLP*

Chartered Accountants

## Millbrook Band Council

### Consolidated statement of operations

Year ended March 31	2014 Budget	2014 Actual	2013 Actual
<b>Revenues</b>			
Fisheries	\$ 3,342,312	\$ 3,451,690	\$ 2,866,182
Gaming	9,832,271	10,217,519	10,242,445
Rental	3,713,150	3,671,458	3,602,122
Retail sales	8,628,323	8,921,390	8,791,982
Taxation	575,038	464,519	539,641
Government transfers (Note 2)	9,600,740	10,594,342	11,099,893
Other revenues (Note 3)	405,605	717,593	84,529
	<u>36,097,439</u>	<u>38,038,511</u>	<u>37,226,794</u>
<b>Expenditures</b>			
Advertising	195,859	165,042	144,653
Atlantic lotto	848,640	852,973	848,640
Bad debts	168,180	255,880	345,698
Chief and Council			
Honorariums	618,391	606,265	606,268
Travel	25,822	1,923	19,533
Community health	1,145,658	1,079,547	1,003,418
Contributions to band members and activities (Note 18)	3,796,624	3,715,933	3,479,352
Direct sales costs	7,411,451	7,296,643	7,375,643
Economic development	36,000	15,329	25,795
Education – other	1,642,890	1,654,960	1,619,272
Education – tuition agreement	1,530,000	1,499,110	1,511,325
Employment training	312,132	464,200	329,763
Insurance	87,496	185,798	186,154
Interest and bank charges	218,802	181,561	196,721
Interest on long-term debt	1,065,613	668,408	737,686
Office and supplies	278,326	253,220	216,705
Professional fees	686,761	854,983	878,922
Property management	212,352	223,376	301,685
Rent	113,608	372,839	125,180
Repairs, maintenance and renovations	1,817,859	2,454,512	1,924,133
Salaries and benefits	6,696,043	6,606,240	7,281,349
Security	377,619	391,538	521,736
Social – basic and special needs	2,560,340	2,849,212	2,584,928
Sundry	282,197	141,112	162,840
Travel – other	52,384	49,213	53,596
Utilities and telephone	521,916	462,677	559,527
<b>Total expenditures</b>	<u>32,702,963</u>	<u>33,302,494</u>	<u>33,040,522</u>
<b>Net revenues before depreciation expense</b>	3,394,476	4,736,017	4,186,272
Depreciation expense	<u>3,347,864</u>	<u>5,283,188</u>	<u>5,030,930</u>
<b>Net expenditures</b>	\$ <u>46,612</u>	\$ <u>(547,171)</u>	\$ <u>(844,658)</u>

See accompanying notes to the consolidated financial statements

---

## Millbrook Band Council

### Consolidated statement of financial position

Year ended March 31

2014

2013

---

#### Financial assets

Cash and cash equivalents	\$ 7,779,478	\$ 7,729,974
Restricted cash and deposits		
Replacement reserve fund (Note 4)	529,284	268,551
Subsidy surplus fund (Note 5)	33,205	-
Member allowances (Note 6)	9,912,456	9,347,591
Receivables (Note 7)	2,151,085	2,569,394
Trust Fund assets (Note 15)	302,725	121,699
Investments (Note 8)	2,887,125	953,615
	<u>23,595,358</u>	<u>20,990,824</u>

#### Liabilities

Bank indebtedness (Note 9)	2,835,000	2,415,000
Payables and accruals	1,865,936	2,649,095
Deferred revenue	666,570	521,257
Demand loans (Note 10)	2,346,812	2,953,541
Long term debt (Note 11)	15,270,931	16,367,873
Promissory note payable (Note 12)	758,022	758,022
Member allowances (Note 6)	9,912,456	9,347,591
	<u>33,655,727</u>	<u>35,012,379</u>

#### Net financial liabilities (Page 7)

(10,060,369)      (14,021,555)

#### Non-financial assets

Tangible capital assets (Note 13)	56,035,503	61,008,156
Other assets	1,011,441	936,304
Deferred development costs (Note 14)	517,301	440,243
Inventories	117,886	231,663
Prepays	333,734	214,819
	<u>58,015,865</u>	<u>62,831,185</u>

#### Surplus (Page 6)

\$ 47,955,496      \$ 48,809,630

---

See accompanying notes to the consolidated financial statements

---

## Millbrook Band Council

### Consolidated statement of financial position

March 31

2014

2013

---

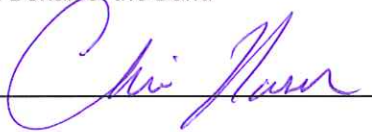
Surplus (Page 8)

Operating Fund	\$ 8,763,102	\$ 6,820,978
Replacement Reserve Fund	576,334	14,594
Equity in Trust Fund	<u>198,302</u>	<u>117,967</u>
	9,537,738	6,953,539
Investment in tangible capital assets	<u>38,417,758</u>	<u>41,856,091</u>
	\$ <u>47,955,496</u>	\$ <u>48,809,630</u>

---

Contingencies and Commitment (Notes 16 and 20)

On Behalf of the Band

  
Councillor

  
Councillor

See accompanying notes to the consolidated financial statements



---

**Millbrook Band Council**  
**Consolidated statement of changes in**  
**net financial liabilities**

Year ended March 31	2014 Budget	2014 Actual	2013 Actual
<b>Net revenues</b>	\$ 46,612	\$ (547,171)	\$ (844,658)
Acquisition of tangible capital assets	(500,000)	(310,535)	(2,236,114)
Depreciation of tangible capital assets	3,347,864	5,283,188	5,032,381
Acquisition of deferred development costs, net	-	(77,058)	(126,305)
	2,894,476	4,348,424	1,825,304
Withdrawals from Replacement Reserve Fund	-	(306,962)	(237,528)
Acquisition of prepaid expenses, net of usage	-	(118,915)	27,868
Usage (purchase) of inventories	-	113,777	(19,255)
Change in other assets, net	-	(75,138)	(161,213)
	-	(387,238)	(390,128)
<b>Change in net financial liabilities</b>	2,894,476	3,961,186	1,435,176
<b>Net financial liabilities, beginning of year</b>	(14,021,555)	(14,021,555)	(15,456,731)
<b>Net financial liabilities, end of year</b>	\$ (11,127,079)	\$ (10,060,369)	\$ (14,021,555)

See accompanying notes to the consolidated financial statements

**Milbrook Band Council**  
**Consolidated statement of changes in surplus**

Year ended March 31, 2014

	Unrestricted	(Page 23) Net Trust Assets	Investment in Tangible Capital Assets	Replacement Reserve Fund	Total 2014	Total 2013
Surplus, beginning of year	\$ 6,820,978	\$ 117,967	\$ 41,856,091	\$ 14,594	\$ 48,809,630	\$ 49,891,816
As previously reported						
Net revenues (expenses)	4,355,682	380,335	(5,283,188)	-	(547,171)	(844,658)
Tangible capital assets						
Additions	(310,535)	-	310,535	-	-	-
Issuance of capital debt	14,338	-	(14,338)	-	-	-
Repayment of capital debt	(1,548,658)	-	1,548,658	-	-	-
Withdrawals from Replacement Reserve, net of interest income	-	-	-	(306,963)	(306,963)	(237,528)
Transfers, net	(568,703)	(300,000)	-	868,703	-	-
Surplus, end of year	\$ 8,763,102	\$ 198,302	\$ 38,417,758	\$ 576,334	\$ 47,955,496	\$ 48,809,630

See accompanying notes to the consolidated financial statements

# Millbrook Band Council

## Consolidated statement of cash flows

Year ended March 31

2014

2013

### Operating activities

<b>Net revenues</b>	\$	(547,171)	\$	(844,658)
Amortization and depreciation		5,283,188		5,032,381
Payments from Replacement Reserve Fund		<u>(306,962)</u>		<u>(237,528)</u>
		<b>4,429,055</b>		<b>3,950,195</b>

### Change in non-cash working capital

Receivables		418,309		(451,337)
Inventories		113,777		(19,255)
Prepays		(118,915)		27,868
Payables and accruals		(783,159)		(277,013)
Deferred revenue		<u>145,313</u>		<u>67,032</u>
		<b>4,204,380</b>		<b>3,297,490</b>

### Financing transactions

Proceeds from:				
Bank indebtedness, net		420,000		(475,000)
Long term debt		14,338		600,991
Repayment of:				
Demand debt		(606,729)		(601,626)
Long term debt		<u>(1,111,280)</u>		<u>(1,219,964)</u>
		<b>(1,283,671)</b>		<b>(1,695,599)</b>

### Investing transactions

Replacement Reserve Fund		(260,733)		232,468
Subsidy Surplus Reserve		(33,205)		-
Trust fund assets		(181,026)		18,097
Purchase of investments, net		(1,933,510)		271,231
Acquisition of tangible capital assets		(310,535)		(2,236,114)
Acquisition of deferred development costs		(77,058)		(126,305)
Other assets		<u>(75,138)</u>		<u>(161,213)</u>
		<b>(2,871,205)</b>		<b>(2,001,836)</b>

**Change in net cash and cash equivalents** 49,504 (399,945)

**Opening, net cash and cash equivalents** 7,729,974 8,129,919

**Closing, net cash and cash equivalents** \$ 7,779,478 \$ 7,729,974

See accompanying notes to the consolidated financial statements

---

# Millbrook Band Council

## Notes to the consolidated financial statements

March 31, 2014

---

### 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 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 | - Mill Mel Residential Developments Partnership                   |
| - 3050587 Nova Scotia Limited | - Millbrook First Nation Economic Development Corporation Limited |
| - 3051802 Nova Scotia Limited | - Millbrook Technologies Inc.                                     |
| - 3051803 Nova Scotia Limited | - 3043339 Nova Scotia Limited                                     |
| - 3061881 Nova Scotia Limited |   |
| - 3151517 Nova Scotia Limited |   |

---

# Millbrook Band Council

## Notes to the consolidated financial statements

March 31, 2014

---

### 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.

---

# Millbrook Band Council

## Notes to the consolidated financial statements

March 31, 2014

---

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

#### 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 depreciation

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 depreciation 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.

---

## Millbrook Band Council

### Notes to the consolidated financial statements

March 31, 2014

---

#### 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 \$21,074 (2013 - \$20,874) 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 debt 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.

---

#### 2. Government transfers

	<u>2014</u>	<u>2013</u>
AANDC	\$ 8,293,261	\$ 8,138,779
CMHC	345,620	348,450
Child Health programming	4,000	7,700
DFO	267,691	747,478
Health Canada	1,115,650	1,147,883
METS	529,003	587,599
Training recoveries	39,117	122,004
	<u>\$ 10,594,342</u>	<u>\$ 11,099,893</u>

---

## Millbrook Band Council

### Notes to the consolidated financial statements

March 31, 2014

---

<b>3. Other revenues</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Daycare – parent fees	\$ 31,868	\$ 28,189
Gain (loss) on disposal on assets	32,364	(1,706)
Interest income	94,737	110,030
Investment income (loss)	101,044	(287,069)
Land rental	376,828	130,100
Miscellaneous	43,434	73,498
Post-secondary refunds	16,865	2,548
Technologies	20,453	28,939
	<u>\$ 717,593</u>	<u>\$ 84,529</u>

---

<b>4. Replacement reserve fund</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
------------------------------------	--------------------	--------------------

Under the terms of the agreement with the C.M.H.C., the replacement reserve account is to be credited in the amount of \$99,862 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. No interest 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>529,284</u>	\$ <u>268,551</u>
------	-------------------	-------------------

---

<b>5. Subsidy surplus reserve</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
-----------------------------------	--------------------	--------------------

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>33,205</u>	\$ <u>-</u>
------	------------------	-------------



---

## Millbrook Band Council

### Notes to the consolidated financial statements

March 31, 2014

---

#### 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 \$9,912,456 at March 31, 2014 (market value is \$11,657,790).

---

<b>7. Receivables</b>	<u>2014</u>	<u>2013</u>
Aboriginal Affairs and Northern Development Canada	\$ 180,352	\$ 275,080
Glooscap Heritage Society		
Loans receivable	50,957	50,957
Other	16,173	16,173
Harmonized Sales Tax	21,471	137,318
Health Canada	9,379	9,695
Honorariums	52,732	308,225
Indian Brook First Nation	163,088	245,608
Mi'kmaq Employment/Training Secretariat	28,143	41,510
Band members receivables and payroll advances	145,850	170,903
Trade and sundry	<u>1,482,940</u>	<u>1,313,925</u>
	<u>\$ 2,151,085</u>	<u>\$ 2,569,394</u>

---

<b>8. Long term investments</b>	<u>2014</u>	<u>2013</u>
Equity basis accounting		
Amherst 8 Motel Partnership 13.58% interest	\$ 160,663	\$ 154,829
Caraquet Super 8 Motel Joint Venture 19.85% interest	211,470	187,629
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	1,777,992	-
Hampton Inn	<u>53,487</u>	-
	<u>2,296,746</u>	<u>342,458</u>

---

## Millbrook Band Council

### Notes to the consolidated financial statements

March 31, 2014

---

8. Long term investments (continued)	<u>2014</u>	<u>2013</u>
Other		
Holloway Lodging Real Estate Investment Trust, 5,750 units, at cost less unit distributions to date of \$288,650 and estimated impairment provisions	14,054	15,007
Melford International Terminal Incorporated, 250,000 common shares issued at cost of \$1 US per share	276,325	246,150
Deer Lake Express Hotel Limited, 300,000 common shares at \$1 per share, at cost	<u>300,000</u>	<u>350,000</u>
	<u>\$ 2,887,125</u>	<u>\$ 953,615</u>

---

#### 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, \$2,835,000 of which is used at March 31, 2014.

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.

---

10. Demand loans	<u>2014</u>	<u>2013</u>
RBC loans at USD prime, repaid during the year.	\$ -	\$ 169,352
RBC loan at prime plus 0.55%, principal payments of \$11,670 monthly.	104,630	244,670
CIBC loan at prime, principal payments of \$3,250 monthly.	22,750	61,750
RBC loans at prime plus 1.1%, principal payments of \$10,417 monthly.	874,988	999,992
RBC loan at prime plus 0.55%, principal payable at \$11,111 monthly, secured by a guarantee of Millbrook Band Council.	<u>1,344,444</u>	<u>1,477,777</u>
	<u>\$ 2,346,812</u>	<u>\$ 2,953,541</u>

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

---

## Millbrook Band Council

### Notes to the consolidated financial statements

March 31, 2014

---

#### 10. Demand loans (continued)

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

2015	\$	385,717
2016	\$	258,337
2017	\$	258,337
2018	\$	258,337
2019	\$	258,337

---

#### 11. Long term debt

	<u>2014</u>	<u>2013</u>
GMAC loan, non-interest bearing, maturing in 2013, payable in monthly instalments of \$857.	\$ -	\$ 1,714
6.70% interest bearing GMAC loan, maturing in 2013, payable in monthly instalments of principal and interest of \$555.	-	1,101
Term loan, bearing interest at bank prime less 0.25%, payable in monthly payments of \$17,500 principal and interest.	-	73,133
Housing project mortgages maturing in 2014 to 2019, bearing interest at 1.53% to 3.60%, payable in equal monthly amounts of principal and interest totalling \$43,000. As security for the mortgages, the Minister of Indian and Northern Affairs has provided a guarantee.	<b>5,157,611</b>	5,557,196
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 \$4,556,233.	<b>2,807,966</b>	2,902,512
4.38% RBC loan, principal and interest payable at \$53,187 monthly, secured by a guarantee of Millbrook Band Council.	<b>5,057,214</b>	5,460,467

---

**Millbrook Band Council**  
**Notes to the consolidated financial statements**  
 March 31, 2014

---

**11. Long term debt (continued)** 2014 2013

4.76% mortgage maturing April 2014, amortized to 2026, payable in equal monthly instalments of principal and interest of \$19,387. As security, the Band has provided a mortgage on the building, a general assignment of rents and leases, and a general security agreement over all assets of the Band.

	<u>2,248,140</u>	<u>2,371,750</u>
\$	<u>15,270,931</u>	\$ <u>16,367,873</u>

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

2015	\$	1,032,628
2016	\$	1,029,368
2017	\$	1,035,128
2018	\$	1,025,816
2019	\$	1,051,617

---

**12. Promissory note** 2014 2013

Non-interest bearing promissory note, payable on the earlier of March 31, 2017 or the settlement of 1919 land claims.

	<u>758,022</u>	<u>758,022</u>
\$	<u>758,022</u>	\$ <u>758,022</u>

## Millbrook Band Council

### Notes to the consolidated financial statements

March 31, 2014

13. Tangible capital assets			2014	2013
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 1,310,684	\$ -	\$ 1,310,684	\$ 1,278,365
Land improvements	401,940	398,403	3,537	4,552
Cenotaph	26,977	19,559	7,418	8,767
Roads	7,133,781	3,955,592	3,178,189	3,771,105
Paving and recreational grounds				
Administrative	172,694	153,330	19,364	27,999
MEDC	9,445	5,810	3,635	3,950
Treaty Gas	81,993	73,199	8,794	13,123
Rental Authority	28,818	12,355	16,463	17,896
Mobile homes	36,860	25,986	10,874	12,082
Motor vessels	2,872,219	2,242,308	629,911	726,828
Automotive equipment	492,636	459,793	32,843	48,263
Equipment				
Incorporated entities	3,045,439	2,248,123	797,316	1,310,821
Administrative	701,211	661,151	40,060	57,229
Fisheries	199,956	66,060	133,896	20,542
Rental authority	3,678	3,598	80	120
Technologies	8,900	6,230	2,670	4,450
Tobacco store	30,923	18,477	12,446	3,864
Treaty Gas	729,847	620,226	109,621	164,837
Housing projects	7,500	6,685	815	1,019
Buildings				
Incorporated entities	39,704,611	12,450,165	27,254,446	28,721,003
Band hall	218,226	218,226	-	-
Band office	2,953,432	1,694,867	1,258,565	1,406,237
Community centre				
– Sheet Harbour	41,154	29,838	11,316	13,374
Community hall	271,883	246,144	25,739	39,333
Day care	109,441	85,850	23,591	29,063
Gymnasium	781,473	781,473	-	-
Health Centre	1,593,448	756,460	836,988	916,660
Capital housing	1,911,599	1,389,019	522,580	589,629
Old Medical Centre	71,256	71,256	-	2,233
Fisheries office	370,348	52,489	317,859	261,987
Pre-school	1,511,589	668,103	843,486	905,955
Project Haven	261,946	261,946	-	6,621
Rental Authority	3,014,346	806,590	2,207,756	2,241,062
Senior Citizens Centre	31,319	31,319	-	-
Storage facility	20,477	20,477	-	-
Sub-offices	94,481	94,481	-	-
Treaty Gas	1,940,383	1,797,362	143,021	278,005
C.M.H.C. housing projects	12,491,301	3,715,891	8,775,410	9,060,566
Yard maintenance building	482,633	126,891	355,742	379,874
Infrastructure	14,756,902	9,690,573	5,066,329	6,034,459
Software development	1,420,235	1,355,300	64,935	480,624
Water Tower	1,998,798	797,930	1,200,868	1,280,820
Wharfs	1,531,600	723,344	808,256	884,839
	<u>\$104,878,382</u>	<u>\$ 48,842,879</u>	<u>\$ 56,035,503</u>	<u>\$ 61,008,156</u>

---

## Millbrook Band Council

### Notes to the consolidated financial statements

March 31, 2014

---

14. Deferred development costs	<u>2014</u>	<u>2013</u>
Deferred development costs, beginning of year	\$ 440,243	\$ 362,362
Costs incurred during the year:		
Cole Harbour subdivision	179,885	13,764
Connector tunnel	3,319	-
Glooscap subdivision	11,159	621,605
Lacrosse/soccer field	6,170	-
Millbrook Power Centre	-	12,516
Millbrook Community Sign	-	12,025
Wind farm development	(106,500)	106,500
Other	4,848	7,612
	539,124	1,136,384
Less: Transfer to capital assets	(21,823)	(696,141)
Deferred development costs, end of year (see below)	\$ 517,301	\$ 440,243
Represented by:		
Cole Harbour Business Centre	\$ 158,612	\$ 158,612
Cole Harbour Subdivision	193,649	13,764
Connector tunnel	44,439	44,439
Lacrosse/soccer field	-	10,664
Millbrook Power Centre	18,686	12,516
Millbrook Community Sign	12,025	12,025
Truro Power Centre Phase I	20,148	20,148
Tuff's Cove	53,962	53,962
Wind farm development	-	106,500
Other	15,780	7,613
	\$ 517,301	\$ 440,243

---

#### 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*.

---

## **Millbrook Band Council**

### **Notes to the consolidated financial statements**

March 31, 2014

---

#### **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'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.
- c) 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.
- d) One of the Band's incorporated companies has provided a guarantee of \$67,800 for an outstanding loan of Amherst 8 Motel Limited.
- e) The Band has provided a guarantee of \$125,000 for an outstanding loan of Caraquet 8 Motel Limited.

---

#### **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 2014 was \$297,614 (2013 - \$314,336) which reduced interest on the mortgage with respect to the residential component.

---

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

During the year, the Band Council paid allowances to its Band members totalling \$3,486,663 (2013 - \$3,288,982) and for band activities in the amount of \$229,270 (2013 - \$190,370).

---

#### **19. Economic dependence**

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

---

## Millbrook Band Council

### Notes to the consolidated financial statements

March 31, 2014

---

#### 19. Economic dependence (continued)

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 Indian and Northern Affairs can be suspended if terms of the AFA are not complied with by the First Nation.

---

#### 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. The first payment was made in fiscal 2013.

---

#### 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 \$1,000 for each year of service for Chief and Council. The liability at March 31, 2014 is \$154,000 (2013 - \$211,000).
  - b) During the year, the Band Council terminated and paid out its retirement service plan for **employees**. The amount paid out during the year was \$784,165.
- 

#### 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.

---

#### 23. Comparative figures

Certain of the 2013 comparative figures have been reclassified to conform to the financial statement presentation adopted for 2014.



---

**Millbrook Band Council**  
**Schedule of trust fund operations**

Year ended March 31

**2014**

**2013**

---

Revenues

Rent			
Millbrook First Nation Economic Development Corporation Limited	\$	<b>376,828</b>	\$ 130,100
Interest		<u><b>3,507</b></u>	<u>3,357</u>
Total revenues	\$	<u><b>380,335</b></u>	<u>133,457</u>

---

# Millbrook Band Council

## Schedule of segment reporting

Year ended March 31, 2014

	Band Management and Support			Social Services			Education			Fisheries		
	Budget 2014	Actual 2014	Actual 2013	Budget 2014	Actual 2014	Actual 2013	Budget 2014	Actual 2014	Actual 2013	Budget 2014	Actual 2014	Actual 2013
<b>Revenues</b>												
Federal government operating transfers	2,701,227	2,720,778	3,388,402	3,659,786	3,659,786	3,573,903	2,670,192	2,670,192	2,607,531	90,000	154,821	217,478
Federal government capital transfers	-	-	-	-	-	-	-	-	-	150,000	112,870	200,000
Provincial government operating transfers	-	-	-	-	-	-	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-	-	-	-	-
Economic activities	722,333	980,884	809,291	-	-	-	-	-	-	3,342,312	3,451,690	2,866,181
Other	-	-	-	-	-	-	6,886	18,865	2,548	-	93,500	-
	<b>3,423,560</b>	<b>3,701,662</b>	<b>4,197,693</b>	<b>3,659,786</b>	<b>3,659,786</b>	<b>3,573,903</b>	<b>2,677,078</b>	<b>2,689,057</b>	<b>2,610,079</b>	<b>3,582,312</b>	<b>3,812,881</b>	<b>3,283,659</b>
<b>Expenses</b>												
Salaries and benefits	2,024,662	2,171,202	2,159,467	129,123	127,265	124,048	771,688	786,457	790,083	695,236	835,697	1,232,272
Amortization and depreciation	909,458	983,989	944,869	-	-	-	-	-	-	133,356	118,022	106,427
Interest	113,674	87,399	114,024	-	-	-	-	-	-	-	-	-
Other	7,677,761	8,254,416	7,777,375	2,589,121	2,866,227	2,612,690	3,152,497	3,126,048	3,121,402	810,573	887,400	728,414
	<b>10,725,555</b>	<b>11,497,006</b>	<b>10,995,735</b>	<b>2,718,244</b>	<b>2,993,492</b>	<b>2,736,738</b>	<b>3,924,185</b>	<b>3,912,505</b>	<b>3,911,485</b>	<b>1,639,165</b>	<b>1,841,119</b>	<b>2,067,111</b>
Surplus (deficit) for the year	(7,301,995)	(7,795,344)	(6,798,042)	941,542	666,294	837,165	(1,247,107)	(1,223,448)	(1,301,406)	1,943,147	1,971,762	1,216,548

# Millbrook Band Council

## Schedule of segment reporting (continued)

Year ended March 31, 2014

	Gaming		Housing			Rental		Tobacco	
	Budget 2014	Actual 2014	Budget 2014	Actual 2014	Actual 2013	Budget 2014	Actual 2014	Budget 2014	Actual 2013
<b>Revenues</b>									
Federal government operating transfers	-	-	329,535	297,614	314,336	-	-	-	-
Federal government capital transfers	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	-	-	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-	-
Economic activities	732,475	716,459	588,040	188,829	145,364	323,600	383,700	4,245,467	5,316,969
Other	-	-	-	-	-	-	-	-	-
	732,475	716,459	917,575	486,443	459,700	323,600	383,700	4,245,467	5,316,969
<b>Expenses</b>									
Salaries and benefits	1,760	35,987	-	-	-	-	-	82,973	86,339
Amortization and depreciation	-	-	422,185	312,356	322,127	87,017	112,250	722	1,812
Interest	-	-	498,670	122,528	152,220	-	-	22,103	8,744
Other	997,788	852,973	467,615	299,102	48,422	309,991	545,234	2,986,775	3,612,250
	999,548	888,960	1,388,470	733,986	522,769	397,008	657,484	3,092,573	3,709,145
Surplus (deficit) for the year	(267,073)	(172,501)	(465,895)	(247,543)	(63,069)	(73,408)	(273,784)	1,152,894	1,607,824
					(157,163)				1,366,572

# Millbrook Band Council

## Schedule of segment reporting (continued)

Year ended March 31, 2014

	Treaty Gas		Trust Fund		First Nation Economic Development		Totals	
	Budget 2014	Actual 2014	Budget 2014	Actual 2014	Budget 2014	Actual 2014	Budget 2014	Actual 2014
<b>Revenues</b>								
Federal government operating transfers	-	-	-	-	-	-	9,450,740	10,101,650
Federal government capital transfers	-	-	-	-	-	-	150,000	795,000
Provincial government operating transfers	-	-	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-
Economic activities	13,482,652	13,126,552	13,814,950	-	3,052,934	2,899,995	26,489,813	26,194,139
Other	-	-	380,335	133,457	-	-	6,886	136,005
	13,482,652	13,126,552	13,814,950	133,457	3,052,934	3,494,995	36,097,439	37,226,794
<b>Expenses</b>								
Salaries and benefits	2,974,508	2,567,930	2,871,979	-	-	-	6,679,950	7,262,679
Amortization and depreciation	-	147,890	214,038	-	1,795,126	3,606,870	3,347,864	5,283,189
Interest	62,778	61,037	60,618	-	587,058	464,458	1,279,283	825,184
Other	4,810,823	4,179,576	4,784,023	-	940,786	1,324,824	24,743,730	24,952,659
	7,848,109	6,955,833	7,930,658	-	3,322,970	5,396,152	36,050,827	38,071,452
<b>Surplus (deficit) for the year</b>	5,634,543	6,170,719	5,884,292	380,335	(270,036)	(1,631,485)	46,612	(844,658)