



Consolidated financial statements

Membertou Reserve Band Council

March 31, 2010

Contents

	<u>Page</u>
Management's responsibility for financial reporting	1
Auditors' report	2
Consolidated statement of operations	3
Consolidated statement of financial position	4
Consolidated statement of changes in net financial liabilities	5
Consolidated statement of fund balances	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements	8 - 20
Schedules:	
Schedule A - Indian and Northern Affairs Canada revenue	21
Schedule B – Indian and Northern Affairs Canada revenue and expenditure	22
Schedule C - Social development revenue and expenditure	23
Schedule D - Band government revenue and expenditure	24
Schedule E – Human resources and quality management	25
Schedule F - Capital projects revenue and expenditure	26
Schedule G - Operations and maintenance revenue and expenditure	27
Schedule H - Economic development revenue and expenditure	28
Schedule I - Education revenue and expenditure	29 - 30
Schedule J - Employment development revenue and expenditure	31
Schedule K - Health Canada programs revenue and expenditure	32 - 33
Schedule L - Department of Fisheries and Oceans – AFS program – revenue and expenditure	34
Schedule M - Miscellaneous revenue and expenditure	35
Schedule N - Canada Mortgage and Housing Projects Fund revenue and expenditure	36
Schedule O - Canada Mortgage and Housing Projects Fund - Schedule of public works revenue and expenditure	37
Schedule P - Membertou Enterprise Fund - Statement of revenue and expenditure	38
Schedule Q - Membertou Development Corporation - Statement of revenue and expenditure	39
Schedule R - Membertou Development Corporation - Commercial Fisheries Statement of revenue and expenditure	40

Management's responsibility for financial reporting

The accompanying consolidated financial statements of the **Membertou Reserve 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 generally accepted accounting principles. 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 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 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 auditors' 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.

Chief Financial Officer

Executive Director

Auditors' report

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To the Chief and Councillors of the

Membertou Reserve Band Council

We have audited the consolidated balance sheet of Membertou Reserve Band Council as at March 31, 2010, and the consolidated statements of operations, surplus and cash flows and accompanying schedules for the year then ended. These consolidated financial statements are the responsibility of the Chief and Council of the Membertou First Nation. Our responsibility is to express an opinion on these consolidated financial statements and schedules based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements and schedules present fairly, in all material respects, the financial position of Membertou Reserve Band Council as at March 31, 2010, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Sydney, Nova Scotia

July 7, 2010

Grant Thornton LLP
Chartered accountants

Membertou Reserve Band Council

Consolidated statement of operations

Year ended March 31	Schedule	Budget (Note 2)	2010	2009
Revenue				
Department of Indian and Northern Affairs Canada	B	\$ 5,422,592	\$ 6,771,750	\$ 5,497,223
Education	I	3,141,584	3,704,122	3,361,500
Mi'kmaq employment training secretariat	J	425,400	475,070	390,498
Health Canada Programs	K	1,089,366	1,777,243	1,537,989
Department of Fisheries and Oceans – AFS Program	L	162,000	162,000	162,000
Rental Income	M	153,000	183,144	181,283
Province of Nova Scotia	H/M	67,000	258,125	268,911
Membertou Housing Fund	N	1,421,160	1,902,218	1,415,891
Membertou Enterprise Fund	P	2,726,640	2,724,130	2,726,347
Membertou Development Corporation	Q	798,512	685,171	719,370
Membertou Commercial Fisheries	R	1,530,600	2,093,585	1,338,226
Membertou Gaming Commission Inc.		13,472,410	14,317,968	14,664,939
Membertou Market		5,836,918	4,595,319	2,522,829
Membertou Trade & Convention Centre Limited		2,168,573	2,752,698	2,558,184
Membertou Entertainment Centre		5,450,141	5,955,596	6,029,777
Membertou Insurance Brokers Inc.		216,750	84,894	-
Aboriginal Business Canada	H	-	-	50,000
Atlantic Canada Opportunity Agency	H	-	-	62,860
Sundry	M	5,000	5,774	44,752
		<u>\$ 44,087,646</u>	<u>48,448,807</u>	<u>43,532,579</u>
Expenditure				
Department of Indian and Northern Affairs Canada	B	8,014,350	9,441,103	7,681,077
Education program	I	4,016,736	4,579,726	4,243,999
Employment development	J	571,229	665,066	768,357
Health Canada Programs	K	1,089,619	1,532,361	1,557,221
Department of Fisheries and Oceans - AFS Program	L	162,000	158,174	163,491
Membertou Housing Fund	N	3,129,679	4,416,361	3,548,976
Membertou Enterprise Fund	P	2,726,524	2,885,868	2,749,457
Membertou Development Corporation	Q	2,047,977	2,455,174	2,439,926
Membertou Commercial Fisheries	R	1,217,999	1,377,864	1,158,752
Membertou Gaming Commission Inc.		3,350,852	3,044,239	3,280,469
Membertou Market		5,835,000	4,524,273	2,666,181
Membertou Trade & Convention Centre Limited		2,572,682	3,579,537	2,990,401
Membertou Entertainment Centre		4,921,146	5,235,913	5,390,290
Membertou Insurance Brokers Inc		254,350	85,372	-
Interest and bank charges	M	290,955	196,406	285,533
		<u>40,201,098</u>	<u>44,177,437</u>	<u>38,924,130</u>
Excess of revenue over expenditures before other income (expense)		3,886,548	4,271,370	4,608,449
Community member contribution		(1,775,000)	(1,821,000)	(1,771,500)
(Loss) gain on sale of assets	N/Q	-	(34,048)	535,603
		<u>(1,775,000)</u>	<u>(1,855,048)</u>	<u>(1,235,897)</u>
Excess of revenue over expenditure		<u>\$ 2,111,548</u>	<u>\$ 2,416,322</u>	<u>\$ 3,372,552</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Consolidated statement of financial position

March 31

2010

2009

Financial assets

Receivables (Note 3)	\$ 6,240,082	\$ 4,103,139
Band funds in trust (Note 4)	21,319	20,912
Due to Unama'ki Partnership for Prosperity Association	16,006	-
Due to Mi'kmaq Cultural and Heritage Foundation	66,944	-
Restricted cash (Note 6)	40,598	40,077
Investments	<u>309,723</u>	<u>309,723</u>
	<u>6,694,672</u>	<u>4,473,851</u>

Financial liabilities

Bank indebtedness	3,236,668	1,741,873
Payables and accruals (Note 7)	8,491,927	4,965,202
Deferred revenue	2,583,275	328,460
Long term debt (Note 8)	18,123,861	16,276,562
Deferred trust contributions (Note 10)	3,550,707	3,174,707
Capital lease obligation (Note 9)	911,452	855,094
Due to Unama'ki Economic Benefits Office	4,465	-
Due to Unama'ki Partnership for Prosperity Association	-	183,856
Due to Mi'kmaq Cultural and Heritage Foundation	-	4,291
	<u>36,902,355</u>	<u>27,530,045</u>

Net financial liabilities (Page 6)

(30,207,683) (23,056,194)

Non-financial assets

Capital assets (Note 5)	48,683,991	39,121,745
Prepays	102,843	41,945
Inventory	<u>229,602</u>	<u>222,678</u>
	<u>49,016,436</u>	<u>39,386,368</u>

Net assets

\$ 18,808,753 **\$ 16,330,174**

Fund balances (Page 6)

\$ 18,808,753 **\$ 16,330,174**

Contingencies (Note 11)

Commitments (Note 12)

Subsequent events (Note 17)

On behalf of the Band Council

_____ Chief

_____ Councillor

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Consolidated statement of changes in net financial liabilities

Year ended March 31	2010	2009
Net revenues	\$ 2,416,322	\$ 3,372,552
Depreciation	2,343,105	2,103,686
Capital assets acquired, net of capital leases	(11,854,737)	(8,174,110)
Loss (gain) on sale of assets	34,048	(535,603)
Proceeds from disposal of capital assets	-	587,032
	(7,061,262)	(2,646,443)
Withdrawals from Replacement Reserve Fund	(16,870)	(108,494)
Withdrawals from Moveable Capital Asset Reserve	(5,535)	-
Usage of prepaid expenses	(60,898)	13,831
Acquisition of inventory, net of usage	(6,924)	43,324
	(90,227)	(51,339)
Change in net financial liabilities	(7,151,489)	(2,697,782)
Net financial liabilities, beginning of year	(23,056,194)	(20,358,412)
Net financial liabilities, end of year	\$ (30,207,683)	\$ (23,056,194)

Membertou Reserve Band Council
Consolidated statement of fund balances

Year ended March 31

2010

2009

	Unrestricted Fund	Net assets - externally restricted		Moveable capital asset reserve	Total	Total
		Funds on deposit with INAC	Replacement reserve			
Opening balance	\$16,203,844	\$ 20,912	\$ 48,173	\$ 57,245	\$16,330,174	\$ 12,995,002
Excess of revenue over expenditures (Page 3)	2,416,322	-	-	-	2,416,322	3,372,552
Current year allocations	-	-	77,591	6,664	84,255	69,901
Withdrawals	-	-	(16,870)	(5,535)	(22,405)	(108,494)
Interest earned	-	407	-	-	407	1,213
Ending balance	<u>\$18,620,166</u>	<u>\$ 21,319</u>	<u>\$ 108,894</u>	<u>\$ 58,374</u>	<u>\$ 18,808,753</u>	<u>\$ 16,330,174</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Consolidated statement of cash flows

Year ended March 31

2010

2009

Increase in cash and cash equivalents

Operating		
Excess of revenue over expenditures	\$ 2,416,322	\$ 3,372,552
Depreciation	2,343,105	2,103,686
Loss (gain) on disposal of assets	<u>34,048</u>	<u>(535,603)</u>
	4,793,475	4,940,635
Change in non-cash operating working capital		
Receivables	(2,136,943)	(497,595)
Prepays	(60,898)	13,831
Inventory	(6,924)	43,324
Payables and accruals	3,526,725	(513,610)
Deferred revenue	<u>2,254,815</u>	<u>225,478</u>
	<u>8,370,250</u>	<u>4,212,063</u>
Financing		
Replacement reserve (net of approved repairs)	60,721	(45,062)
Advances to Mi'kmaq Cultural & Heritage Foundation	(71,235)	(10,710)
Advances from Unama'ki Economic Benefits Office	4,465	-
Advances (to) from Unama'ki Partnership for Prosperity Association	(199,862)	183,856
Moveable Capital Asset Reserve (net of capital acquisitions)	1,129	6,469
Trust contributions	407	1,213
New deferred trust contributions	376,000	543,500
Repayment of long term capital lease obligation	(332,100)	(213,658)
Issuance of long term debt	3,720,057	5,039,236
Repayment of long term debt	<u>(1,872,758)</u>	<u>(1,447,684)</u>
	<u>1,686,824</u>	<u>4,057,160</u>
Investing		
Purchase of investments	-	(49,800)
Proceeds from disposal of capital assets	-	587,032
Capital assets acquired	<u>(11,550,941)</u>	<u>(8,190,915)</u>
	<u>(11,550,941)</u>	<u>(7,653,683)</u>
Net increase in cash and cash equivalents	(1,493,867)	615,540
Cash and cash equivalents, beginning of year	<u>(1,680,884)</u>	<u>(2,296,424)</u>
Cash and cash equivalents, end of year	<u>\$ (3,174,751)</u>	<u>\$ (1,680,884)</u>
<hr/>		
Cash and cash equivalents consist of:		
Bank indebtedness	\$ (3,236,668)	\$ (1,741,873)
Funds in trust	21,319	20,912
Restricted cash	<u>40,598</u>	<u>40,077</u>
	<u>\$ (3,174,751)</u>	<u>\$ (1,680,884)</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Notes to the consolidated financial statements

March 31, 2010

1. Summary of significant accounting policies

Reporting entity and principles of financial reporting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which encompass the principles common with First Nations.

The consolidated financial statements of the Membertou Reserve Band Council are the representations of management prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

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

Significant aspects of the accounting policies adopted by the First Nation are as follows:

Principles of consolidation

The consolidated financial statements include the accounts of all funds and operations in which the First Nation has a controlling interest, after the elimination of inter-fund balances. The entities include the following Membertou Reserve Band Council Funds - Operating Fund, Housing Fund, Capital Fund, Economic Development Fund, Enterprise Fund, Employment Development Fund, Health Fund, AFS Program Fund, Social Fund, Enterprise Fund, and Education Fund, as well as, the Membertou Development Corporation, the Membertou Market, the Membertou Trade & Convention Centre Limited, the Membertou Gaming Commission Inc., Membertou Insurance Brokers Inc., Membertou Commercial Fisheries, and the Membertou Entertainment Centre.

Revenue recognition

Membertou Reserve Band Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when recovered or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Canada Mortgage and Housing Corporation (CMHC) replacement reserve

The replacement reserve account is funded by an annual charge against earnings as opposed to an appropriation of surplus.

Cash and cash equivalents

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

Membertou Reserve Band Council

Notes to the consolidated financial statements

March 31, 2010

1. Summary of significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost less capital grants and contributions.

Depreciation

Rates and bases of depreciation applied to write off the cost of property and equipment 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
Fishing equipment	20%, declining balance
Equipment	20%, declining balance
Motor vehicles	20%, declining balance
Moveable equipment	20%, declining balance
School buses	20%, declining balance
Computer hardware and software	20%, declining balance
Office equipment and furniture	20%, declining balance
Parking lots	20%, declining balance
Leasehold improvements	20%, declining balance
Equipment under capital lease	20%, declining balance

Investments

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

Use of estimates

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

Income taxes

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

Inventory

Inventory is valued at the lower of cost or market.

Membertou Reserve Band Council

Notes to the consolidated financial statements

March 31, 2010

1. Summary of significant accounting policies (continued)

Moveable Capital Asset Reserve

The Band 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 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.

Leases

Leases are classified as either capital or operating in nature. Capital leases are those which transfer substantially all the benefits and risks of ownership to the lessee. If the lease contains a term that allows ownership to pass to the Company or there is a bargain purchase option the capitalized value is depreciated over the estimated useful life of the related asset. Otherwise, the capitalized value is depreciated on a straight line basis over the lesser of the lease term and its estimated useful life. Obligations recorded under capital leases are reduced by the principal portion of lease payments as incurred and the imputed interest portion of capital lease payments is charged to expense and amortized straight-line over the life of the lease. Operating lease payments are charged to expense.

Interest rate risk

The Band has interest bearing loans on which general interest rate fluctuations apply. The financial risk is the risk to the Band's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Band does not use derivative instruments to reduce its exposure to interest and foreign currency risk.

Financial instruments

The Band's financial instruments consist of bank indebtedness, receivables, payables, and long-term debt. The carrying value of the other financial instruments approximates their fair market value at March 31, 2010.

2. Budget figures

Budget figures have been compiled from information provided by management. These figures have not been audited or verified by any means and are provided for comparative purposes only.

Membertou Reserve Band Council

Notes to the consolidated financial statements

March 31, 2010

3. Receivables	<u>2010</u>	<u>2009</u>
Department of Indian and Northern Affairs Canada	\$ 530,833	\$ 364,285
Office and housing rents	1,246,124	1,021,725
Mi'Kmaq Employment Training Secretariat	155,907	85,498
Health Canada	290,797	45,511
Harmonized sales tax	620,974	95,698
Department of Fisheries and Oceans	433,080	16,200
Province of Nova Scotia	258,125	258,917
Mi'Kmaq Kina'matnewey	147,201	306,421
Atlantic Canada Opportunities Agency	3,211	62,860
Sundry	153,853	126,684
Mortgage advances	-	228,422
Construction loan proceeds	1,765,889	-
Insurance proceeds	58,923	-
Enterprise Cape Breton Corporation	100,000	-
Ultramar Canada	-	1,395,178
Trade receivables	<u>1,155,141</u>	<u>775,716</u>
	6,920,058	4,783,115
Less: allowance for doubtful accounts	<u>(679,976)</u>	<u>(679,976)</u>
	<u>\$ 6,240,082</u>	<u>\$ 4,103,139</u>

4. Band funds in trust

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*.

The changes in net assets of the Trust Fund during the year are as follows:

	<u>2010</u>	<u>2009</u>
Net assets, beginning of year	\$ 20,912	\$ 19,699
Interest earned	<u>407</u>	<u>1,213</u>
Net assets, end of year	<u>\$ 21,319</u>	<u>\$ 20,912</u>

Membertou Reserve Band Council

Notes to the consolidated financial statements

March 31, 2010

5. Capital assets			<u>2010</u>	<u>2009</u>
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Net book value</u>
Land	\$ 2,830,823	\$ -	\$ 2,830,823	\$ 2,405,788
Buildings	16,602,337	3,962,184	12,640,153	12,028,517
Housing properties	18,543,199	6,047,807	12,495,392	9,804,101
Infrastructure	14,224,426	2,023,797	12,200,629	9,035,325
Fishing vessels	858,694	228,881	629,813	635,521
Fishing equipment	224,033	50,704	173,329	168,761
Crab permits	566,865	-	566,865	-
Equipment	948,407	498,394	450,013	368,837
Motor vehicles	424,460	167,069	257,391	195,518
Moveable equipment	269,792	107,058	162,734	203,417
School buses	127,997	31,039	96,958	138,028
Computer hardware and software	1,535,486	809,440	726,046	812,944
Office equipment and furniture	519,219	350,762	168,457	210,569
Parking lots	628,204	125,893	502,311	523,242
Leasehold improvements	59,007	10,872	48,135	8,198
Equipment under capital lease	1,352,580	527,042	825,538	618,953
Assets under construction	<u>3,909,404</u>	<u>-</u>	<u>3,909,404</u>	<u>1,964,026</u>
	<u>\$ 63,624,933</u>	<u>\$ 14,940,942</u>	<u>\$ 48,683,991</u>	<u>\$ 39,121,745</u>

The Band Council has assumed mortgages (Note 10) in connection with construction of these units. Payments on the mortgages are subsidized by Canada Mortgage and Housing Corporation. These subsidies are recorded as revenue in the statement of Revenue and Expenditure.

6. Restricted cash

This amount represents funds that must be held to maintain a Letter of Credit with the Royal Bank of Canada and amounts held in trust for capital expenditures.

7. Payables and accruals			<u>2010</u>	<u>2009</u>
Trade			\$ 6,359,339	\$ 2,444,007
Accrued liabilities			1,862,676	889,839
Commodity tax			232,045	1,595,752
Employee benefits			<u>37,867</u>	<u>35,604</u>
			<u>\$ 8,491,927</u>	<u>\$ 4,965,202</u>

Membertou Reserve Band Council

Notes to the consolidated financial statements

March 31, 2010

8. Long term debt	<u>2010</u>	<u>2009</u>
Royal Bank of Canada		
Prime loan bearing interest at prime + 1.5% repayable in monthly instalments of \$51,300, plus interest, maturing November 2014.	\$ 2,630,332	\$ 3,136,397
Prime loan bearing interest at prime + 1% Repaid during the year	-	263,627
Prime loan bearing interest at prime + 1.5%, repayable in monthly instalments of \$41,010, maturing July 2015.	2,374,821	2,769,209
Prime loan bearing interest at prime + 1.5%, repayable in monthly instalments of \$5,835, maturing August 2011.	97,046	162,032
Canadian Imperial Bank of Commerce Mortgage Corporation		
2% - 7.3% mortgages, repayable under various terms by April 2011.	964,417	1,357,570
Canada Mortgage and Housing Corporation		
1.81% - 5.11% mortgages, repayable under various terms by April 2014.	4,529,288	3,265,227
Royal Bank of Canada		
4.20% - 6.24% mortgages, repayable under various terms by May 2016.	3,193,095	3,366,342
Ford Credit Canada		
3.9% term loan repayable in monthly instalments of principal and interest of \$991, maturing in December 2012, secured by a chattel mortgage on a 2007 Ford truck.	31,414	42,234
6.99% term loan repayable in monthly instalments of principal and interest of \$616, maturing in January 2015, secured by a chattel mortgage on a 2010 Ford truck.	30,216	-
6.99% term loan repayable in monthly instalments of principal and interest of \$685, maturing in January 2015, secured by a chattel mortgage on a 2010 Ford truck.	33,615	-
6.99% term loan repayable in monthly instalments of principal and interest of \$761, maturing in January 2015, secured by a chattel mortgage on a 2010 Ford truck.	37,347	-

Membertou Reserve Band Council

Notes to the consolidated financial statements

March 31, 2010

8. Long term debt (continued)	<u>2010</u>	<u>2009</u>
Ulnooweg Development Group		
6.75% term loan, payable in monthly instalments of principal and interest of \$3,335, maturing October 2013, secured by a chattel mortgage on two school buses.	127,081	156,724
8% term loan, maturing in October 2016, repayable in 84 monthly blended payments of \$3,165.	195,115	-
12% term loan, due in full July 2010	433,080	-
8% term loan, maturing in March 2012, repayable in equal monthly instalments of \$4,930, beginning April 2010	108,785	-
General Motors Acceptance Corporation		
3.9% term loan repayable in monthly instalments of principal and interest of \$1,002, maturing in December 2012, secured by a chattel mortgage on a 2009 Chevrolet truck.	31,333	41,928
3.9% term loan repayable in monthly instalments of principal and interest of \$1,024, maturing in December 2012, secured by a chattel mortgage on a 2007 Chevrolet truck.	32,023	42,849
Atlantic Canada Opportunities Agency		
Interest free loan, maturing in February 2014, repayable in equal monthly instalments of \$2,977, beginning in March 2009.	142,828	178,552
Enterprise Cape Breton Corporation		
Interest free term loan, maturing in December 2013, repayable in equal monthly instalments of \$2,525, beginning in January 2010.	113,625	143,925
Interest free term loan, maturing in August 2015, repayable in 18 monthly instalments of \$4,500, followed by 54 payments of \$5,444, beginning September 2010.	265,870	295,517
Interest free term loan, maturing in April 2015, repayable in equal monthly instalments of \$785.	40,904	49,207
L. MacAuley Realty Limited		
Interest free mortgage, maturing April 2012, repayable in two yearly instalments of \$99,333 and one yearly instalment of \$115,718, beginning April 2010	314,384	-

Membertou Reserve Band Council

Notes to the consolidated financial statements

March 31, 2010

8. Long term debt (continued)

Royal Bank of Canada

Construction advances	1,765,889	-
5.65% mortgage advances		
Section 95	<u>631,353</u>	<u>1,005,222</u>
	18,123,861	16,276,562
Current portion of long term debt		
Principal payments due within one year	<u>2,327,268</u>	<u>1,606,593</u>
	<u>\$ 15,796,593</u>	<u>\$14,669,969</u>

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

As security, the Royal Bank of Canada has been given a general security agreement constituting a first ranking security interest in all personal property of the Membertou Reserve Band Council, Membertou Gaming Commission, Membertou Commercial Fisheries, and the Membertou Trade and Convention Centre, as well as guarantees in the amount of \$9,800,000 from each of the above noted divisions of the Band.

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

2011	\$ 2,327,268
2012	\$ 2,159,614
2013	\$ 1,889,844
2014	\$ 1,775,955
2015	\$ 1,475,386
Thereafter	\$ 8,580,717
Fair value debt adjustment	<u>\$ (84,923)</u>
	<u>\$ 18,123,861</u>

9. Capital lease obligations

	<u>2010</u>	<u>2009</u>
Caterpillar Financial Services Limited		
5.23% capital lease, repaid during the year	\$ -	\$ 2,723
Royal Bank of Canada		
6.9% capital lease, repayable in monthly instalments of \$9,646 on account of principal and interest, maturing in June 2011. Secured by a chattel mortgage on Caterpillar heavy equipment and a 2007 GMC Tandem.	82,361	240,863
6.7% capital lease, repayable in monthly instalments of \$1,891 on account of principal and interest, maturing in May 2012. Secured by a chattel mortgage on Caterpillar heavy equipment and a 2005 Cat roller.	45,703	64,694

Membertou Reserve Band Council

Notes to the consolidated financial statements

March 31, 2010

	<u>2010</u>	<u>2009</u>
9. Capital lease obligations (continued)		
6.94% capital lease, repayable in monthly instalments of \$5,982 on account of principal and interest, maturing in October 2012.	169,500	227,503
6.44% capital lease, repayable in monthly instalments of \$1,745 on account of principal and interest maturing in September 2013 secured by a chattel mortgage on a 2010 Peterbilt truck.	65,366	81,592
5.27% capital lease, repayable in monthly instalments of 8,604 on account of principal and interest maturing in March 2014 secured by a chattel mortgage on a 2006 Caterpillar excavator, 2006 GMC truck, and a 2008 John Deere excavator.	358,943	-
Dell Financial Services		
11.94% capital lease, repayable in monthly instalments of \$1,280 on account of principal and interest maturing in March 2011.	14,475	27,427
Cisco Capital		
11.94% capital lease, repayable in monthly instalments of \$4,821 on account of principal and interest, maturing in December 2013.	<u>175,104</u>	<u>210,292</u>
	911,452	855,094
Less: current portion	<u>304,681</u>	<u>246,608</u>
	\$ 606,771	\$ 608,486
Repayments in each of the next four (4) years are as follows:		
2010	\$ -	\$ 307,114
2011	360,015	303,099
2012	293,769	202,200
2013	227,685	124,434
2014	<u>156,894</u>	<u>53,643</u>
	1,038,363	990,490
Less: amounts representing interest	<u>(126,911)</u>	<u>(135,396)</u>
Present value of net minimum capital lease payments	911,452	855,094
Less: Current portion of obligations under capital lease	<u>304,681</u>	<u>246,608</u>
	\$ 606,771	\$ 608,486

Membertou Reserve Band Council

Notes to the consolidated financial statements

March 31, 2010

10. Deferred trust contributions	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 3,174,707	\$ 2,631,207
Contributions during the year	(287,000)	(138,500)
Deferrals during the year	<u>663,000</u>	<u>682,000</u>
	3,550,707	3,174,707
Contributions due within one year	<u>165,000</u>	<u>237,500</u>
Deferred trust contributions	<u>\$ 3,385,707</u>	<u>\$ 2,937,207</u>

The Membertou Reserve Band Council has setup a Children's Trust Fund for all children on the Membertou Reserve Band Council list. An annual contribution is made on each child's behalf to the trust fund.

11. Contingencies

- a) The Band has entered into a five year alternative funding arrangement with the Department of Indian and Northern Affairs Canada, effective April 1, 2009. These funds may be repayable if any of the following conditions are not met:
- 1) minimum program requirements are not met;
 - 2) capital funds are not expended for capital purposes; and
 - 3) any mandatory capital projects are not completed.
- b) As at March 31, 2010, the Band has provided a guarantee for mortgages payable by Band members, totalling \$752,672 (2009 - \$744,876), which were obtained under Section 10 of the *Indian Act*. In the event that the individual is unable to meet its obligations at some future date and the Band is required to honour its guarantee, any payments will be accounted for as a charge to operations in the year such payments are made.
- c) The Band's pension plan contributions are funded by the Department of Indian and Northern Affairs Canada. Any unexpended portion of these funds is repayable by the band.
- d) The Band has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the band fails to comply with the terms and conditions of the agreements.
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Membertou Reserve Band Council

Notes to the consolidated financial statements

March 31, 2010

12. Commitments

The Band has entered into an agreement to lease office space which expires in October 2010. The annual rent of the premises consists of a minimum rent plus realty taxes, maintenance, heat and certain other expenses. Minimum rent payable for the last year of this lease is as follows:

2011	\$ 115,101
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The Band has entered into contracts to construct Membertou Business Centre. The Band has received non-repayable government contributions of \$1,500,000 for construction of the facility, with the remainder to be financed through the Royal Bank of Canada. The total cost of this project is estimated to be \$3,775,000. The Band has also entered into contracts to construct the Membertou Connector Road. The Band has received non-repayable government contributions of \$2,900,000 for the construction of the road, with the remainder to be financed by the Membertou Reserve Band Council. The total cost of this project is estimated to be \$3,687,000.

13. Replacement reserve fund

Under the terms of the agreement with the CMHC, the replacement reserve account is to be increased by annual charges to equity. The charge in the current year is \$77,591 (2009 - \$63,432). These funds, along with accumulated interest, must be held 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 the CMHC from time to time. The funds in the account may only be used as approved by the CMHC. Withdrawals are credited to interest first and then principal.

As of March 31, 2010, there was a shortfall of \$108,894 in the replacement reserve account. Accordingly, the projects are not in compliance with the operating agreement.

14. Measurement uncertainty

The Membertou Market is required to pay commodity tax on sales to non-native customers. In order to accrue the liability, management has estimated the amount of exempt sales. Management has filed a commodity tax voluntary disclosure with Canada Revenue Agency during the 2009 fiscal year and believes the amount accrued is reasonable. However, it is possible that the percentage of non-native sales could be adjusted by the Canada Revenue Agency and result in a material gain or loss.

Membertou Reserve Band Council

Notes to the consolidated financial statements

March 31, 2010

15. Capital management

Membertou Reserve Band Council's objectives when managing capital are: i) ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans, ii) to minimize the cost of capital while taking into consideration current and future industry, market and economic risks and conditions and iii) to maintain an optimal capital structure that provides necessary financial flexibility and returns to the Membertou Band Council, while also ensuring compliance with any financial covenants.

Membertou Reserve Band Council monitors and makes adjustments to its capital structure when necessary, in light of changes to economic conditions, the objectives of the Membertou Band Council and the cash requirements of the entity.

Membertou Reserve Band Council considers its total capitalization to include all interest-bearing debt including long term debt and the current portion thereof, equity, net of cash. The calculation is set out in the following table:

	<u>2010</u>	<u>2009</u>
Long term debt	\$ 18,123,861	\$ 16,276,562
Long term capital lease obligation	911,452	855,094
Add: bank indebtedness	<u>3,236,668</u>	<u>1,741,873</u>
Net funded debt	22,271,981	18,873,529
Equity	<u>18,779,083</u>	<u>16,330,174</u>
Capital under management	<u>\$ 41,051,064</u>	<u>\$ 35,203,703</u>

Although Membertou Reserve Band Council does not include operating leases in its definition of capital, the entity does give consideration to its obligations under operating leases when assessing its total capitalization.

The primary investments undertaken by Membertou Reserve Band Council include improvements and additions to housing properties, buildings, and infrastructure. The entity relies largely on its cash flow from operations to fund its capital investment program. The cash flow is supplemented, when necessary, through the borrowing of additional debt. No changes were made to these objectives in the current period.

As part of existing debt agreements, the financial covenant is monitored and communicated, as required by the terms of credit agreements, on a quarterly basis by management to ensure compliance with the agreements. The covenant is: debt service coverage – calculated as net earnings plus interest and depreciation less unfunded capital expenditures divided by the current portion of long term debt and long term capital lease obligations.

	<u>2010</u>	<u>2009</u>
Debt service coverage	(0.06)	1.6

The Band is not in compliance with this covenant at year end. The Royal Bank of Canada does not intend to take action as a result of this breach. The Band has taken steps subsequent to year end to remedy this by implementing a cash management strategy for the Band's operations.

Membertou Reserve Band Council

Notes to the consolidated financial statements

March 31, 2010

16. Financial instruments

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Entity's financial instruments that are exposed to concentrations of credit risk are primarily accounts receivable.

The Entity's maximum exposure to credit risk corresponds to the carrying amount for all receivables.

Liquidity risk

Liquidity risk is the risk that the Entity may not have cash available to satisfy its liabilities as they come due. The Entity actively maintains a committed credit facility to ensure that it has sufficient available funds to meet current and foreseeable future financial requirements at a reasonable cost.

The Entity monitors capital markets and the related conditions. Market conditions allowing, the Entity will access debt capital markets for various long-term debt maturities and as other liabilities come due or as assessed to be appropriate in order to minimize risk and optimize pricing.

The contractual maturities of the principal portion of significant financial liabilities as at March 31, 2010, is outlined in Note 8.

Fair value of financial statements

The fair value of a financial instrument is the estimated amount that the Entity would receive or pay to settle the financial assets and financial liabilities at the reporting date.

The book value of cash and cash equivalents, receivables, and payables and accruals approximate fair values at the balance sheet date due to their short term to maturity. The fair value of the long-term debt approximates its carrying amount.

17. Subsequent events

Subsequent to year end, one of the Entity's fishing vessels, the Olive Branch, caught fire and sank. As are normal operating procedures, the incident is under investigation with Transport Canada. In the Band's opinion, this loss will be fully covered by the Entity's insurance policy.

18. Comparative figures

Certain of the 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2010.

Membertou Reserve Band Council

Schedule A – Indian and Northern Affairs Canada Revenue

Year ended March 31	Schedule	Budget (Note 2)	2010	2009
Social development	C			
Social assistance		\$ 3,997,470	\$ 4,039,694	\$ 3,957,470
Social delivery		121,544	126,110	121,544
Assisted living support services		-	-	1,999
Incremental fuel relief		-	28,298	41,395
		<u>4,119,014</u>	<u>4,194,102</u>	<u>4,122,408</u>
Band government	D			
Government support		475,029	484,899	475,029
Lands and trust		8,792	13,438	8,792
		<u>483,821</u>	<u>498,337</u>	<u>483,821</u>
Human resource & quality Management	E			
Leadership & supervisory training		-	41,722	-
Capacity development workshop		-	1,000	-
		<u>-</u>	<u>42,722</u>	<u>-</u>
Capital projects	F			
Capital		374,126	306,506	300,267
Connector Road		-	1,012,800	-
Renovations		-	118,200	-
Lot development		-	50,000	-
		<u>374,126</u>	<u>1,487,506</u>	<u>300,267</u>
Operations and maintenance	G	<u>227,200</u>	<u>231,921</u>	<u>227,200</u>
Economic development	H			
Economic development		79,951	81,611	79,951
Heritage Centre		-	15,696	45,832
Antec conference		-	-	30,000
Connector road impact study		-	-	39,194
Connector road environmental study		50,000	32,875	-
Research and advocacy		-	-	13,990
Emergency preparedness workshop		-	-	15,000
Arena feasibility study		-	54,000	-
Procurement Centre project		-	44,500	-
Women in business conference		-	-	79,000
Research department initiative		48,480	48,480	20,560
Summer students pathways		40,000	40,000	40,000
		<u>218,431</u>	<u>317,162</u>	<u>363,527</u>
Education	I			
New pathways workshop		-	25,000	-
Special education		-	147,509	144,592
		<u>-</u>	<u>172,509</u>	<u>144,592</u>
		5,422,592	6,944,259	5,641,815
Less transfers to other programs				
Education	I	<u>-</u>	<u>172,509</u>	<u>144,592</u>
		<u>\$ 5,422,592</u>	<u>\$ 6,771,750</u>	<u>\$ 5,497,223</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council
Schedule B – Indian and Northern Affairs Canada
Statement of revenue and expenditure

Year ended March 31	Schedule	Budget (Note 2)	2010	2009
Revenue				
Indian and Northern Affairs Canada	A	\$ 5,422,592	\$ 6,771,750	\$ 5,497,223
Atlantic Canada Opportunity Agency	H	-	-	62,860
Province of Nova Scotia	H	-	-	40,000
Aboriginal Business Canada	H	-	-	50,000
		<u>5,422,592</u>	<u>6,771,750</u>	<u>5,650,083</u>
Expenditure				
Social development	C	3,494,158	3,220,208	2,867,410
Band government	D	2,360,260	2,478,114	2,379,376
Human resources	E	595,837	773,825	594,813
Capital projects	F	600,000	1,795,400	360,000
Operations and maintenance	G	695,658	790,883	876,275
Economic development	H	<u>268,437</u>	<u>382,673</u>	<u>603,203</u>
		<u>8,014,350</u>	<u>9,441,103</u>	<u>7,681,077</u>
Excess of expenditure over revenue		<u>\$ (2,591,758)</u>	<u>\$ (2,669,353)</u>	<u>\$ (2,030,994)</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Schedule C – Social development

Statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Social assistance	\$ 3,997,470	\$ 4,039,694	\$ 3,957,470
Social delivery	121,544	126,110	121,544
Assisted living support services	-	-	1,999
Incremental fuel relief	-	28,298	41,395
	<u>4,119,014</u>	<u>4,194,102</u>	<u>4,122,408</u>
Expenditure			
Administration	300,130	284,952	244,582
Adult care	197,908	133,877	52,928
Basic needs	2,198,450	1,924,700	1,808,979
Special needs	180,258	248,368	156,398
Social assistance transfers	597,012	614,131	596,006
Administration travel	9,600	12,240	6,699
Telephone and office	10,800	1,940	1,818
	<u>3,494,158</u>	<u>3,220,208</u>	<u>2,867,410</u>
Excess of revenue over expenditure	<u>\$ 624,856</u>	<u>\$ 973,894</u>	<u>\$ 1,254,998</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Schedule D – Band government

Statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Government support	\$ 475,029	\$ 484,899	\$ 475,029
Lands and trust	8,792	13,438	8,792
	<u>483,821</u>	<u>498,337</u>	<u>483,821</u>
Expenditure			
Band government			
Core funding	675,000	675,000	675,000
Council meetings	36,000	53,116	31,113
Council travel	20,000	24,613	18,667
	<u>731,000</u>	<u>752,729</u>	<u>724,780</u>
Band administration			
Administration salaries and benefits	1,110,260	1,136,819	1,120,769
Administration travel	144,000	115,182	95,030
Data centre support	60,000	60,000	35,750
Depreciation	20,000	21,251	20,200
Election	-	92	16,068
Heat and lights	12,000	10,883	7,146
Insurance	45,000	44,342	33,106
Miscellaneous	33,000	76,765	62,522
Office and stationary	24,000	28,367	29,312
Office equipment	38,400	24,630	30,800
Pension fees	30,000	35,980	37,336
Postage	14,400	14,630	14,550
Professional services	55,000	184,741	128,141
Software acquisition and support	45,000	18,646	36,661
Telephone and internet	43,200	33,046	29,205
	<u>2,405,260</u>	<u>2,558,103</u>	<u>2,421,376</u>
Less: Transferred to other programs	<u>(45,000)</u>	<u>(79,989)</u>	<u>(42,000)</u>
	<u>2,360,260</u>	<u>2,478,114</u>	<u>2,379,376</u>
Excess of expenditure over revenue	<u>\$ (1,876,439)</u>	<u>\$ (1,979,777)</u>	<u>\$ (1,895,555)</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council
Schedule E – Human Resources and Quality Management
Statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Leadership & supervisory training	\$ -	\$ 41,722	\$ -
Capacity development workshop	-	<u>1,000</u>	-
	-	<u>42,722</u>	-
Expenditures			
Wages and benefits	378,244	412,622	381,315
Travel	17,200	14,731	16,359
NSCC strategic training plan	-	47,841	-
Employee support services	99,659	149,404	41,030
Employee safety development	2,400	2,500	5,378
Professional development	98,334	112,955	150,731
Quality assurance fees	-	<u>33,772</u>	-
	<u>595,837</u>	<u>773,825</u>	<u>594,813</u>
Excess of revenue over expenditures	\$ (595,837)	\$ (731,103)	\$ (594,813)

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council
Schedule F – Capital projects
Statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Capital	\$ 374,126	\$ 306,506	\$ 300,267
Connector road	-	1,012,800	-
Lot development	-	50,000	-
Renovations	-	118,200	-
	<u>374,126</u>	<u>1,487,506</u>	<u>300,267</u>
Expenditure			
Lot development	-	50,000	-
Connector road	-	1,012,800	-
	<u>-</u>	<u>1,062,800</u>	<u>-</u>
Housing			
On reserve housing			
Renovations	600,000	600,000	360,000
Transferred renovations	-	118,200	-
On reserve private housing	-	14,400	-
	<u>600,000</u>	<u>732,600</u>	<u>360,000</u>
	<u>600,000</u>	<u>1,795,400</u>	<u>360,000</u>
Excess of expenditure over revenue	\$ (225,874)	\$ (307,894)	\$ (59,733)

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council
Schedule G – Operations and maintenance
Statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Operations and maintenance	\$ 227,200	\$ 231,921	\$ 227,200
Expenditure			
Municipal services	227,160	227,160	360,000
Janitorial wages and benefits	557,172	583,794	573,738
Police station	7,000	12,105	11,651
Community buildings	20,000	20,576	34,650
Membertou gym	20,000	27,819	23,711
Fire prevention	8,750	-	11,506
Youth Centre repairs	5,000	1,534	6,247
Veterans Community Memorial building	25,000	26,698	37,160
Church	7,500	24,258	12,167
Depreciation – community buildings	55,000	58,248	60,445
Supplies	87,800	86,891	79,146
	1,020,382	1,069,083	1,210,421
Less: cost recoveries	(324,724)	(278,200)	(334,146)
	695,658	790,883	876,275
Excess of expenditure over revenue	\$ (468,458)	\$ (558,962)	\$ (649,075)

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Schedule H – Economic development

Statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Economic development	\$ 79,951	\$ 81,611	\$ 79,951
Heritage Centre	-	15,696	45,832
Aboriginal Business Canada	-	-	50,000
Antec conference	-	-	30,000
Connector road impact study	-	-	39,194
Connector road environmental study	50,000	32,875	-
Research and advocacy	-	-	13,990
Emergency preparedness workshop	-	-	15,000
Women in business conference	-	-	79,000
Atlantic Canada Opportunity Agency	-	-	62,860
Arena feasibility project	-	54,000	-
Procurement Centre project	-	44,500	-
Province of Nova Scotia	-	-	40,000
Research department initiative	48,480	48,480	20,560
Summer students pathways	40,000	40,000	40,000
	<u>218,431</u>	<u>317,162</u>	<u>516,387</u>
Expenditure			
Antec conference	-	-	25,843
Procurement officer project	-	44,500	-
Economic development	76,500	78,504	79,925
Heritage Centre	-	-	45,832
Connector road impact study	-	-	48,993
Connector road environmental study	50,000	41,094	-
Research and advocacy	-	-	13,990
Research department initiative	48,480	48,480	20,550
Summer student pathways	40,000	40,000	39,999
Emergency preparedness workshop	-	-	15,000
Women in business conference	-	-	258,247
Arena feasibility study	-	73,000	-
Membertou Entrepreneur Centre –			
Office and travel	15,000	17,250	16,373
Salaries and benefits	38,457	39,845	38,451
	<u>268,437</u>	<u>382,673</u>	<u>603,203</u>
Excess of expenditure over revenue	<u>\$ (50,006)</u>	<u>\$ (65,511)</u>	<u>\$ (86,816)</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Schedule I – Education

Statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Indian and Northern Affairs Canada			
New Paths proposal	\$ -	\$ 25,000	\$ -
Special education	-	147,509	144,592
Mi'kmaw Kina'matnewey band support	3,141,584	3,529,221	3,207,210
Miscellaneous	-	2,392	9,698
	<u>3,141,584</u>	<u>3,704,122</u>	<u>3,361,500</u>
Expenditure			
Band operated school			
Equipment	24,400	13,349	7,762
Operation and maintenance	24,000	33,352	20,088
Professional development	10,000	28,454	15,840
Salaries and benefits – special education	-	53,403	69,193
Salaries and benefits – teacher's aid	156,473	103,566	65,159
Salaries and benefits - teachers	698,591	679,915	692,174
Supplies	59,000	98,662	83,789
School monitor	33,722	32,960	32,033
New Pathways project	-	25,000	-
Breakfast program	-	1,231	-
Environmental services	42,576	60,052	55,906
Utilities	12,000	4,981	16,999
Interest – computer lease	4,000	2,411	1,725
	<u>1,064,762</u>	<u>1,137,336</u>	<u>1,060,668</u>
Wallace Bernard Centre			
Professional development	2,500	11,680	1,419
Repairs and maintenance	20,000	51,434	23,765
Salaries and benefits – teachers	277,627	238,537	255,313
Salaries and benefits – special education	57,082	94,106	78,243
Supplies	19,270	27,185	19,936
Environmental services	27,820	29,130	31,791
Utilities	9,000	8,589	9,603
Less: expense transferred	(87,228)	(87,232)	(140,094)
	<u>326,071</u>	<u>373,429</u>	<u>279,976</u>

Membertou Reserve Band Council

Schedule I – Education

Statement of revenue and expenditure (continued)

Year ended March 31	Budget (Note 2)	2010	2009
(continued)			
Education program			
Graduation	35,000	37,950	41,107
Instructional services – salaries and benefits	335,700	341,104	360,904
Peer tutoring	-	8,921	6,461
Post secondary - incentives	-	3,000	2,500
Post secondary - supplies	31,200	47,480	20,685
Post secondary - transportation	2,000	2,304	1,138
Post secondary - tuition and allowance	950,000	911,057	889,883
Supplies	23,000	25,925	24,857
Transportation – professional development	2,000	1,782	1,199
Transportation - repairs and fuel	25,500	28,873	49,006
Transportation – salaries and benefits	132,291	138,747	128,793
Transportation – interest on bus loan	6,500	10,382	3,947
Assessment and remediation	5,000	5,500	5,500
Cap site – salaries and benefits	69,651	42,996	58,079
Cap site – operations and maintenance	1,500	1,456	1,707
Cap site – computer equipment	18,600	18,432	14,469
Religious coordinator – salaries and benefits	43,631	42,722	41,529
Travel	33,600	32,717	29,690
Data centre support	80,000	80,000	81,714
New school feasibility study	-	60,000	-
Language and cultural project	-	235,000	-
Depreciation	50,000	68,169	52,380
Board tuition and allowance	<u>780,730</u>	<u>924,444</u>	<u>1,087,807</u>
	<u>2,625,903</u>	<u>3,068,961</u>	<u>2,903,355</u>
	<u>4,016,736</u>	<u>4,579,726</u>	<u>4,243,999</u>
Excess of expenditure over revenue	<u>\$ (875,152)</u>	<u>\$ (875,604)</u>	<u>\$ (882,499)</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council
Schedule J – Employment development
Statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Mi'kmaq employment training secretariat	\$ 425,400	\$ 475,070	\$ 390,498
Expenditure			
Outreach – salaries and benefits	53,997	57,439	57,638
Pathways	180,000	237,487	119,003
First nations childcare	87,232	87,232	140,094
Native Women Association	-	-	10,000
Summer students	250,000	234,140	55,871
	<u>571,229</u>	<u>616,298</u>	<u>382,606</u>
Unfunded M.E.T.S. training			
Sundry	-	48,768	5,565
Housing apprentice training program	-	-	236,532
Summer students	-	-	143,654
	<u>571,229</u>	<u>665,066</u>	<u>768,357</u>
Excess of expenditure over revenue	<u>\$ (145,829)</u>	<u>\$ (189,996)</u>	<u>\$ (377,859)</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Schedule K – Health Canada Programs

Statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Health services transfer programs	\$ 645,048	\$ 664,395	\$ 645,044
Targeted programs			
Aboriginal headstart	47,064	57,059	59,059
Health information systems	143,004	528,950	477,990
Health careers – summer students	18,000	12,000	12,000
Home and community care	150,828	155,350	150,825
Pre-natal	-	600	500
Fetal alcohol disorder	5,000	5,000	5,000
Children's oral health initiative	6,215	6,215	6,215
Non-insured health benefits	74,207	74,207	74,207
Health capital	-	77,957	35,000
Communicable disease immunization	-	6,701	-
Operations and maintenance	-	6,377	7,408
Diabetes initiative	-	6,832	6,832
Injury prevention	-	2,100	1,800
Health care renovations	-	173,500	3,109
Mental health forum	-	-	35,000
Residential school project	-	-	18,000
	<u>1,089,366</u>	<u>1,777,243</u>	<u>1,537,989</u>
Expenditure			
Transferred programs			
Brighter futures	32,500	48,385	44,272
Community health nursing	89,892	87,066	81,667
Community health representative	33,428	35,242	34,510
NNADAP – salaries and benefits	119,134	112,920	111,056
Health administration	137,924	131,371	143,669
Operations and maintenance	34,406	47,634	37,964
Mental health programs	53,786	53,201	4,989
Pre-natal nutrition program	10,000	2,864	6,286
Depreciation	25,000	13,261	14,206
Data centre support	15,000	15,000	16,343
Audit	3,000	3,000	2,500
Contingency	-	-	(56)
M.C.A.R.R	6,664	6,664	6,470
Clinic expenses	35,022	49,293	37,210
Less: overhead recovery	(25,000)	(12,500)	(25,000)
	<u>570,756</u>	<u>593,401</u>	<u>516,086</u>

Membertou Reserve Band Council

Schedule K – Health Canada Programs

Statement of revenue and expenditure (continued)

Year ended March 31	Budget (Note 2)	2010	2009
Targeted programs			
Aboriginal headstart	104,320	96,624	88,911
Health information systems	123,541	104,044	157,999
Health careers – summer students	18,000	13,994	12,649
Home and community care	187,578	187,378	260,521
Fetal alcohol disorder	5,000	5,000	5,000
Children’s oral health initiative	6,216	6,645	6,472
Non-insured health benefits	74,208	90,816	99,148
Health capital	-	-	35,000
Communicable disease immunization	-	6,701	-
Operations and maintenance	-	6,626	8,013
Diabetes initiative	-	6,832	6,832
Injury prevention	-	2,100	1,800
Mental health forum	-	35,000	35,000
Residential school project	-	-	18,000
Tripartite project	-	-	39,000
Schoolnet Funding	-	195,820	158,400
E-Health feasibility study	-	181,380	148,390
	<u>518,863</u>	<u>938,960</u>	<u>1,081,135</u>
Less:			
Confederacy of Mainland Mi’Kmaq	-	-	(33,500)
Province of Nova Scotia	-	-	(6,500)
	<u>518,863</u>	<u>938,960</u>	<u>1,041,135</u>
	<u>1,089,619</u>	<u>1,532,361</u>	<u>1,557,221</u>
Excess of (expenditure over revenue) revenue over expenditure	<u>\$ (253)</u>	<u>\$ 244,882</u>	<u>\$ (19,232)</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council
Schedule L – Department of Fisheries and Oceans -
AFS program – Statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Department of Fisheries and Oceans	\$ 162,000	\$ 162,000	\$ 162,000
Expenditure			
Fisheries – office	10,000	10,858	17,945
Fisheries – supplies and travel	24,000	20,117	9,729
Fisheries – wages and benefits	108,000	117,497	122,122
Fisheries – truck operations	15,000	4,448	11,294
Depreciation	5,000	4,322	2,401
Fisheries – training	-	932	-
	<u>162,000</u>	<u>158,174</u>	<u>163,491</u>
Excess of revenue over expenditure (expenditure over revenue)	\$ <u>-</u>	\$ <u>3,826</u>	\$ <u>(1,491)</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council
Schedule M – Miscellaneous
Statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Interest, rental and sundry	\$ 153,000	\$ 183,144	\$ 181,283
Province of Nova Scotia	67,000	258,125	228,911
Sundry	5,000	5,774	44,752
	<u>225,000</u>	<u>447,043</u>	<u>454,946</u>
Expenditure			
Bank service charges	42,000	39,016	44,017
Interest on operating loan	34,964	64,161	89,379
Interest on long term debt	213,991	93,229	152,137
	<u>290,955</u>	<u>196,406</u>	<u>285,533</u>
Excess of (expenditure over revenue) revenue over expenditure	\$ (65,955)	\$ 250,637	\$ 169,413

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Schedule N - Canada Mortgage and Housing Projects Fund

Statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Rentals			
Social Services, shelter allowance	\$ 834,000	\$ 779,675	\$ 707,238
Canada Mortgage and Housing Corporation subsidies	360,000	399,002	338,653
Canada Mortgage and Housing Corporation CEAP funding	-	328,181	-
Indian and Northern Affairs Canada – Renovations	-	118,200	-
Public Works			
Municipal services (Schedule O)	227,160	277,160	360,000
CMHC Internship Revenue	-	-	10,000
	<u>1,421,160</u>	<u>1,902,218</u>	<u>1,415,891</u>
Expenditure			
Administration	289,296	307,648	315,268
Allocation to replacement reserve	72,432	77,591	63,432
Bad debts	40,000	2,900	3,625
Data centre support	25,000	25,000	6,129
Insurance	54,000	53,062	49,147
Interest and bank charges	2,400	2,442	1,975
Maintenance	650,000	1,769,932	871,430
Mortgage interest	399,300	375,403	357,843
Depreciation on housing properties	400,000	674,414	568,256
Professional fees	-	-	6,300
Public Works – municipal services (Schedule O)	1,797,251	1,727,969	1,665,571
Transfer from Membertou General Fund	(600,000)	(600,000)	(360,000)
	<u>3,129,679</u>	<u>4,416,361</u>	<u>3,548,976</u>
Excess of expenditure over revenue before other expense	(1,708,519)	(2,514,143)	(2,133,085)
Loss on disposal of assets	-	(34,048)	-
Excess of expenditure over revenue	<u>\$ (1,708,519)</u>	<u>\$ (2,548,191)</u>	<u>\$ (2,133,085)</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council
Schedule O - Canada Mortgage and Housing Projects Fund
Schedule of public works revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Indian and Northern Affairs Canada	\$ -	\$ 50,000	\$ -
Municipal services	227,160	227,160	360,000
	<u>227,160</u>	<u>277,160</u>	<u>360,000</u>
Expenditure			
Salaries, wages, and benefits	-	506,631	280,430
Training	541,675	1,975	12,712
Telephone	12,500	86,081	-
Repairs and maintenance	65,000	32,795	90,405
Equipment lease payments	35,000	21,741	36,775
Depreciation	727,160	595,484	510,150
Insurance	12,000	62,828	19,914
Heavy equipment rental and supplies	80,000	93,328	156,944
Snow removal	120,000	9,551	158,314
Heat and lights	20,000	13,850	13,972
Vehicle operation and maintenance	13,800	69,277	15,569
Fuel purchases	97,116	82,112	86,592
Garbage collection	-	152,316	110,381
Infrastructure operations and maintenance	73,000	-	173,413
Public works compound	-	-	-
	<u>1,797,251</u>	<u>1,727,969</u>	<u>1,665,571</u>
Excess of expenditure over revenue	<u>\$ (1,570,091)</u>	<u>\$ (1,450,809)</u>	<u>\$ (1,305,571)</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Schedule P - Membertou Enterprise Fund

Statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Tobacco sales to related entities	\$ -	\$ 20,753	\$ 170,033
Tobacco	<u>2,726,640</u>	<u>2,703,377</u>	<u>2,556,314</u>
	2,726,640	2,724,130	2,726,347
Operating costs			
Tobacco	<u>2,181,300</u>	<u>2,170,842</u>	<u>2,157,592</u>
Net contribution	<u>545,340</u>	<u>553,288</u>	<u>568,755</u>
Expenditure			
Smoke Shop – operations	40,344	43,217	41,188
Bank charges	5,400	6,627	5,778
Youth Centre – wages and benefits	29,460	44,191	29,633
Sports	47,000	51,420	46,914
Community	289,400	422,603	344,221
Seniors	75,640	71,914	72,472
Special events	-	10,950	-
Youth programs	38,080	32,693	33,938
Membertou boxing club	32,400	38,027	30,999
Donald Marshall Music Festival	16,500	16,843	16,109
Wallace Bernard tournament	(5,000)	(4,459)	(3,887)
Contribution from Membertou			
Entertainment Centre	<u>(24,000)</u>	<u>(19,000)</u>	<u>(25,500)</u>
	<u>545,224</u>	<u>715,026</u>	<u>591,865</u>
Excess of revenue over expenditure (expenditure over revenue)	<u>\$ 116</u>	<u>\$ (161,738)</u>	<u>\$ (23,110)</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council
Schedule Q - Membertou Development Corporation
Non - Consolidated statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Geomatics division consulting fees	309,884	233,959	169,721
Quality management consulting fees	176,785	87,695	166,306
Research division	45,832	48,480	66,392
Data Centre	20,000	181,380	204,790
Indian and Northern Affairs Canada	78,504	78,504	76,980
Miscellaneous	1,807	4,105	1,499
MABDS project	152,500	-	-
NATSCO Mechanical Contactors Inc.	-	48,000	-
Tar ponds project (net)	-	-	21,570
Radio station	13,200	3,048	12,112
	<u>798,512</u>	<u>685,171</u>	<u>719,370</u>
Expenditure			
Wages and benefits – corporate office	599,018	680,588	730,939
Travel – corporate office	130,648	183,567	130,568
Consulting fees	72,273	116,396	74,492
Telephone and office	71,162	126,427	111,718
Professional fees	40,312	56,454	49,117
Rent and property taxes	31,908	55,111	152,355
Rent - Membertou Trade and Convention Centre	18,000	42,000	72,000
Equipment lease payments	4,709	6,291	9,158
Bad debt	-	1,618	28,221
Depreciation	16,560	16,831	21,039
Quality management services	237,562	132,981	173,473
MADBS project	171,283	150,366	82,956
Geomatics division	369,396	343,046	276,901
Research division	129,238	277,361	241,348
Data centre	99,398	192,242	215,521
Radio station	56,510	73,895	70,120
	<u>2,047,977</u>	<u>2,455,174</u>	<u>2,439,926</u>
Excess of expenditure over revenue	<u>\$ (1,249,465)</u>	<u>\$ (1,770,003)</u>	<u>\$ (1,720,556)</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Schedule R – Commercial Fishing

Statement of revenue and expenditure

Year ended March 31	Budget (Note 2)	2010	2009
Revenue			
Lobster	\$ 119,600	\$ 98,689	\$ 142,857
Crab	1,125,000	1,080,812	1,086,941
Shrimp	235,000	161,480	35,633
Swordfish	30,000	28,600	37,800
Scallop	18,000	22,259	18,268
Groundfish	-	11,023	11,023
Tuna	3,000	-	5,704
Government funding	-	690,722	-
	<u>1,530,600</u>	<u>2,093,585</u>	<u>1,338,226</u>
Expenditure			
Bait, ice and salt	52,000	55,451	51,293
Bad debt	-	-	4,471
Business plan	-	18,250	-
Depreciation	89,896	79,822	21,018
Fuel	112,300	118,147	125,831
Gear and supplies	49,040	66,202	47,545
Insurance	41,820	34,180	55,927
Interest on long term debt	-	3,853	-
DFO – science fee	27,999	22,500	21,735
Repairs and maintenance - boats	62,200	43,457	70,907
Telephone	6,350	12,734	8,792
Travel and sundry	36,000	52,020	32,736
Training	-	53,419	-
Wages, benefits, and crew share	720,394	710,633	661,956
Vessel lease	20,000	67,069	41,738
Miscellaneous	-	40,127	14,803
	<u>1,217,999</u>	<u>1,377,864</u>	<u>1,158,752</u>
Excess of revenue over expenditure before other income	312,601	715,721	179,474
Gain on disposal of vessel	-	-	535,609
Excess of revenue over expenditure	<u>\$ 312,601</u>	<u>\$ 715,721</u>	<u>\$ 715,083</u>

See accompanying notes to the consolidated financial statements.