

**Membertou Reserve Band Council**  
**Consolidated**  
**Financial Statements**

March 31, 2004

Grant Thornton 

## Contents

|  | <u>Page</u> |
|--|-------------|
| Management's Responsibility for Financial Reporting  | 1           |
| Auditors' Report   | 2           |
| Consolidated Statement of Operations   | 3           |
| Consolidated Balance Sheet   | 4           |
| Consolidated Statement of Operating Surplus  | 5           |
| Consolidated Statement of Investment in Capital Assets   | 5           |
| Consolidated Statement of Fund Balances  | 6           |
| Consolidated Statement of Cash Flows   | 7           |
| Notes to the Consolidated Financial Statements   | 8 - 22      |
| Schedules:   |             |
| Schedule A - Indian and Northern Affairs Canada Revenue  | 23          |
| Schedule B - Social Development Revenue and Expenditure  | 24          |
| Schedule C - Band Government Revenue and Expenditure   | 25          |
| Schedule D - Capital Projects Revenue and Expenditure  | 26          |
| Schedule E - Operations and Maintenance Revenue and Expenditure  | 27          |
| Schedule F - Education Revenue and Expenditure   | 28 – 29     |
| Schedule G - Economic Development Revenue and Expenditure  | 30          |
| Schedule H - Employment Development Revenue and Expenditure  | 31          |
| Schedule I - Health Canada Programs Revenue and Expenditure  | 32          |
| Schedule J - Department of Fisheries and Oceans – AFS Program –<br>Revenue and Expenditure                   | 33          |
| Schedule K - Miscellaneous Revenue and Expenditure   | 34          |
| Schedule L - Canada Mortgage and Housing Projects Fund Statement of Revenue<br>and Expenditure               | 35          |
| Schedule M - Canada Mortgage and Housing Projects Fund - Schedule of Public Works<br>Revenue and Expenditure | 36          |
| Schedule N - Membertou Enterprise Fund - Statement of Revenue and Expenditure                                | 37          |
| Schedule O - Membertou Development - Statement of Revenue and Expenditure                                    | 38          |
| Schedule P - Membertou Development - Fisheries Agreement   | 39          |
| Schedule Q - Membertou Gaming Commission Inc. - Statement of Earnings  | 40          |
| Schedule R - Membertou Market – Statement of Earnings  | 41          |

## 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 auditor's report.

The consolidated financial statements have been audited by Grant Thornton LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. Grant Thornton LLP has full and free access to the Council.

---

Chief

---

Chief Executive Officer

## Auditors' Report

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, 2004, and the consolidated statements of revenue and expenditure, and change in fund balances and cash flows for the year then ended. These consolidated statements have been prepared to conform in all material respects to the accounting principles prescribed for First Nations in the Year End Reporting Handbook by Indian and Northern Affairs Canada. 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 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 present fairly, in all material respects, the financial position of the Band Council as at March 31, 2004, and the results of its operations and cash flows for the year then ended in accordance with the basis of accounting in Note 2 to the consolidated financial statements.

*Grant Thornton LLP*

Sydney, Nova Scotia  
June 1, 2004

Grant Thornton LLP  
Chartered Accountants

# Membertou Reserve Band Council

## Consolidated Statement of Operations

Year Ended March 31

|  | Schedule | 2004<br>Budget<br>(Note 3) | 2004<br>Actual     | 2003<br>Actual     |
|--|----------|----------------------------|--------------------|--------------------|
| <b>Revenue</b>                                     |          |                            |                    |                    |
| Department of Indian and Northern Affairs (Note 4) | A        | \$ 7,042,051               | \$ 9,298,497       | \$ 8,533,190       |
| Health Canada                                      | I        | 766,358                    | 749,913            | 800,122            |
| Mi'kmaq Employment Training Secretariat            | H        | 413,938                    | 446,665            | 469,590            |
| Department of Fisheries and Oceans                 | J        | 162,000                    | 162,000            | 162,000            |
| Mi'kmaw Kina'matnewey Band Support                 | F        |                            | 76,655             | 115,034            |
| Aboriginal Healing Fund                            | K        |                            | 10,790             |                    |
| Interest, rental, and sundry                       | K        | 113,709                    | 146,276            | 198,707            |
|  |          | <u>8,498,056</u>           | <u>10,890,796</u>  | <u>10,278,653</u>  |
| <b>Expenditures</b>                                |          |                            |                    |                    |
| Social development                                 | B        | 2,873,401                  | 2,594,656          | 2,579,025          |
| Band government                                    | C        | 1,445,845                  | 1,754,231          | 1,443,084          |
| Capital projects                                   | D        | 996,556                    | 2,100,059          | 1,687,567          |
| Operations and maintenance                         | E        | 397,356                    | 585,422            | 387,711            |
| Band operated school                               | F        | 901,442                    | 904,816            | 661,170            |
| Wallace Bernard Centre                             | F        | 208,371                    | 175,792            | 192,877            |
| Education program                                  | F        | 2,244,137                  | 2,131,788          | 2,267,350          |
| Economic development                               | G        | 74,186                     | 2,216,020          | 852,160            |
| Employment development                             | H        | 400,000                    | 467,776            | 400,354            |
| Health Canada Programs                             | I        | 742,163                    | 699,842            | 729,220            |
| Department of Fisheries - AFS Program              | J        | 162,000                    | 181,744            | 215,467            |
| Miscellaneous                                      | K        |                            | 1,238,721          | 126,529            |
|  |          | <u>10,273,718</u>          | <u>15,050,867</u>  | <u>11,542,514</u>  |
|  |          | <u>(1,775,662)</u>         | <u>(4,160,071)</u> | <u>(1,263,861)</u> |
| <b>Other revenues, net</b>                         |          |                            |                    |                    |
| Membertou Housing Fund                             | L        | (333,158)                  | (743,599)          | (202,808)          |
| Membertou Enterprise Fund                          | N        |                            | (43,030)           | (39,961)           |
| Membertou Development                              | O        | 143,881                    | 99,135             | 50,617             |
| Membertou Gaming Commission                        | Q        | 2,092,408                  | 5,579,068          | 1,472,270          |
| Membertou Market                                   | R        |                            | (153,262)          | 5,083              |
|  |          | <u>1,903,131</u>           | <u>4,738,312</u>   | <u>1,285,201</u>   |
| Excess of revenue over expenditures                |          | \$ 127,469                 | \$ 578,241         | \$ 21,340          |

See accompanying notes to the consolidated financial statements.

# Membertou Reserve Band Council

## Consolidated Balance Sheet

March 31

2004

2003

### Assets

#### Current

|                                |                      |                      |
|--------------------------------|----------------------|----------------------|
| Cash                           | \$ 1,031,974         |                      |
| Receivables (Note 5)           | 2,236,198            | \$ 1,719,013         |
| Prepaid expenses               | 4,000                | 63,306               |
| Inventory                      | <u>133,752</u>       | <u>77,619</u>        |
|                                | 3,405,924            | 1,859,938            |
| Investment - Laurentian Energy | 191,000              |                      |
| Band funds in trust (Note 6)   | 16,853               | 15,587               |
| Capital assets (Notes 7)       | 11,967,522           | 11,556,524           |
| Restricted cash (Note 8)       | <u>79,047</u>        | <u>217,853</u>       |
|                                | <u>\$ 15,660,346</u> | <u>\$ 13,649,902</u> |

### Liabilities

#### Current

|  |                   |                   |
|--|-------------------|-------------------|
| Bank overdraft                                   |                   | \$ 515,409        |
| Payables and accruals (Note 9)                   | \$ 3,469,034      | 2,366,288         |
| Current portion of long term debt                |                   |                   |
| Principal payments due within one year (Note 10) | 1,324,826         | 801,534           |
| Other (Note 11)                                  | 1,277,654         | 1,843,244         |
| Deferred revenue (Note 12)                       | 835,139           | 226,762           |
| Unearned revenue                                 | <u>221,617</u>    | <u>372,603</u>    |
|  | 7,128,270         | 6,125,840         |
| Long term debt (Note 10)                         | <u>4,928,306</u>  | <u>4,966,627</u>  |
|  | <u>12,056,576</u> | <u>11,092,467</u> |

### Equity

|   |                      |                      |
|---|----------------------|----------------------|
| Surplus (deficit)                                   | 465,427              | (89,937)             |
| Investment in capital assets                        | 2,917,333            | 2,469,407            |
| Replacement reserve (Page 6)                        | 158,157              | 162,378              |
| Moveable capital asset replacement reserve (Page 6) | 46,000               |                      |
| Reserve for Band funds in trust (Page 6)            | <u>16,853</u>        | <u>15,587</u>        |
|   | <u>3,603,770</u>     | <u>2,557,435</u>     |
|   | <u>\$ 15,660,346</u> | <u>\$ 13,649,902</u> |

Contingencies (Note 13)

Commitments (Note 14)

On behalf of the Band Council

\_\_\_\_\_ Chief

\_\_\_\_\_ Councillor

See accompanying notes to the consolidated financial statements.

---

## Membertou Reserve Band Council

### Consolidated Statement of Operating Surplus

| Year Ended March 31                      | 2004                        | 2003                        |
|--|-----------------------------|-----------------------------|
| Deficit, beginning of year               | \$ (89,844)                 | \$ (111,277)                |
| Excess of revenue over expenditures      | 578,271                     | 21,340                      |
| Deficit reclassified to MCAR             | <u>(23,000)</u>             | <u>                    </u> |
| Surplus (Deficiency), end of year        | <u>\$ 465,427</u>           | <u>\$ (89,937)</u>          |
| Comprised of:                            |                             |                             |
| Operating Fund                           | \$ (681,382)                | \$ (1,024,597)              |
| Housing Fund                             | (1,160,563)                 | (416,963)                   |
| Membertou Enterprise Fund                | 12,945                      | 622                         |
| Membertou Gaming Commission Incorporated | 2,137,092                   | 1,637,627                   |
| Membertou Market                         | (148,179)                   | 5,083                       |
| Membertou Development Corporation        | 305,514                     | 169,629                     |
| Caribou Marsh Enterprises                | <u>                    </u> | <u>(461,338)</u>            |
|  | <u>\$ 465,427</u>           | <u>\$ (89,937)</u>          |

---

## Membertou Reserve Band Council

### Consolidated Statement of Investment in Capital Assets

| Year Ended March 31                  | 2004                | 2003                |
|--------------------------------------|---------------------|---------------------|
| Balance, beginning of year           | \$ 2,469,407        | \$ 2,461,993        |
| Acquisition of capital assets        | 447,926             | 191,575             |
| Principal payments on long term debt | 628,448             | 145,720             |
| Asset disposal                       |                     | (8,359)             |
| Assets reclassified                  |                     | (184,162)           |
| Depreciation of fixed assets         | <u>(628,448)</u>    | <u>(137,360)</u>    |
| Balance, end of year                 | <u>\$ 2,917,333</u> | <u>\$ 2,469,407</u> |

---

See accompanying notes to the consolidated financial statements.

---

# Membertou Reserve Band Council

## Consolidated Statement of Fund Balances

Year Ended March 31

2004

2003

---

### Moveable Capital Asset Reserve

|                                |    |               |  |
|--------------------------------|----|---------------|--|
| MCAR reclassified from deficit | \$ | 23,000        |  |
| Contributions during year      |    | <u>23,000</u> |  |
| Balance, end of year           | \$ | <u>46,000</u> |  |

---

### Replacement reserve

|   |    |                 |                   |
|---|----|-----------------|-------------------|
| Balance, beginning of year                            | \$ | 162,378         | \$ 145,605        |
| Contributions   |    | 92,376          | 33,276            |
| Payment from replacement reserve for approved repairs |    | <u>(96,597)</u> | <u>(16,503)</u>   |
| Balance, end of year (Note 15)                        | \$ | <u>158,157</u>  | \$ <u>162,378</u> |

---

### Reserve for Band Funds in Trust

|                             |    |               |                  |
|-----------------------------|----|---------------|------------------|
| Balance, beginning of year  | \$ | 15,587        | \$ 14,730        |
| Interest and other revenues |    | <u>1,266</u>  | <u>857</u>       |
| Balance, end of year        | \$ | <u>16,853</u> | \$ <u>15,587</u> |

---

See accompanying notes to the non-consolidated financial statements.

# Membertou Reserve Band Council

## Consolidated Statement of Cash Flows

Year Ended March 31

2004

2003

Decrease in cash and cash equivalents

| <b>Operating</b>                              |                     |                     |
|---|---------------------|---------------------|
| Excess of revenue over expenditures           | \$ 578,241          | \$ 21,340           |
| Depreciation                                  | 1,319,856           | 352,919             |
| Gain on disposal of assets                    | (376,704)           |                     |
| Capital payments from operations              | 628,448             | 145,720             |
| Replacement reserve (net of approved repairs) | <u>4,221</u>        | <u>(16,773)</u>     |
|   | <b>2,154,062</b>    | <b>503,206</b>      |
| Change in non-cash operating working capital  |                     |                     |
| Receivables                                   | (517,185)           | (426,765)           |
| Prepaid expenses                              | 59,306              | 26,846              |
| Inventory                                     | (56,133)            | (74,400)            |
| Payables and accruals                         | 1,102,746           | 1,401,976           |
| Deferred revenue                              | 608,377             | (465,971)           |
| Unearned revenue                              | <u>(150,986)</u>    | <u>372,603</u>      |
|   | <b>3,200,187</b>    | <b>1,337,495</b>    |
| <b>Financing</b>                              |                     |                     |
| Trust contributions                           | (137,540)           |                     |
| New long term debt                            | 1,057,338           | 2,008,851           |
| Repayment of long term debt                   | <u>(1,137,957)</u>  | <u>(512,551)</u>    |
|   | <b>(218,159)</b>    | <b>1,496,300</b>    |
| <b>Investing</b>                              |                     |                     |
| Purchase of Investments                       | (191,000)           |                     |
| Proceeds from disposal of capital assets      | 427,904             | 22,723              |
| Capital assets acquired                       | <u>(1,809,589)</u>  | <u>(3,086,954)</u>  |
|   | <b>(1,572,685)</b>  | <b>(3,064,231)</b>  |
| Net decrease in cash and cash equivalents     | <b>1,409,843</b>    | <b>(230,436)</b>    |
| Cash and cash equivalents, beginning of year  | <u>(281,969)</u>    | <u>(51,533)</u>     |
| Cash and cash equivalents, end of year        | <b>\$ 1,127,874</b> | <b>\$ (281,969)</b> |
| <hr/>   |                     |                     |
| Cash and cash equivalents consists of:        |                     |                     |
| Cash and cash equivalents                     | \$ 1,031,974        | \$ (515,409)        |
| Funds in trust                                | 16,853              | 15,587              |
| Restricted cash                               | <u>79,047</u>       | <u>217,853</u>      |
|   | <b>\$ 1,127,874</b> | <b>\$ (281,969)</b> |

See accompanying notes to the consolidated financial statements.

---

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

---

March 31, 2004

---

### 1. 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 as set out in Note 2.

---

### 2. Summary of significant accounting policies

#### Principles of consolidation

The consolidated financial statements include the accounts of all funds and operations in which the Membertou First Nation has a controlling interest, after the elimination of inter-fund transactions and balances. The entities include the Membertou Reserve Band Council – Operating Fund, Membertou Reserve Band Council – Capital Fund, Membertou Reserve Band Council – Canada Mortgage and Housing Projects Fund, Membertou Reserve Band Council – Enterprise Fund, Membertou Development Corporation, Membertou Market – Division of the Membertou Reserve Band Council, Membertou Gaming Commission Inc., and Caribou Marsh Enterprise Limited.

#### Basis of accounting

These consolidated financial statements have been prepared to conform in all material respects to the accounting principles prescribed for First Nations in the Year End Reporting Handbook by Indian and Northern Affairs Canada. These principles differ from Canadian generally accepted accounting principles for entities other than local governments by the following items:

- (a) Presentation  
These financial statements have not been formatted to conform to the presentation of net financial assets and net financial liabilities as prescribed by GAAP for entities other than local governments.
- (b) Consolidation  
Government Business Enterprises are consolidated into all of the accounts of Membertou Reserve Band Council instead of on the proportionate consolidation basis. All trust funds maintained by Membertou Reserve Band Council are consolidated.
- (c) Capital assets  
Capital assets acquired with operating funds are charged against operations in the year of acquisition. Capital assets which are to be funded with external debt are capitalized in the year of acquisition provided that financing arrangements are substantially complete prior to the year end. Capital assets are charged against operations as the related debt obligations are repaid. The cost of capital assets is shown net of government assistance.

---

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

---

March 31, 2004

---

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

#### Basis of preparation of consolidated financial statements

The Band maintains a separate self-balancing set of accounts for the operating fund and the housing fund. The operating fund includes the following statements of operations:

|                            |                        |
|----------------------------|------------------------|
| Social Development         | Education Program      |
| Band Administration        | Economic Development   |
| Capital Projects           | Employment Development |
| Operations and Maintenance | Medical Services       |
| Band Operated School       | Fisheries and Oceans   |
| Wallace Bernard Centre     | Miscellaneous          |

#### Depreciation

Depreciation is provided on capital assets at a rate equal to the annual principal reduction of the long term debt.

#### Cash and cash equivalents

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

#### Investments

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

#### Use of estimates

In preparing the Company'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*.

#### Debt obligations

Principal payments on debt obligations are charged to operations in the current period.

#### Inventory

Inventory is valued at the lower of cost or market.

---

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

March 31, 2004

---

### 2. 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.

#### 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.

#### Financial instruments

The Membertou Reserve Band Council's financial instruments consist of cash and cash equivalents, receivables, payables and accruals and long term debt. Unless otherwise noted, it is management's opinion that the Membertou Reserve Band Council is not exposed to significant interest, currency, or credit risk arising from financial instruments. The fair market values of these financial instruments approximate their carrying values.

---

### 3. 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.

---

### 4. Department of Indian and Northern Affairs Canada funding

|                                | <u>2004</u>                 | <u>2003</u>         |
|--------------------------------|-----------------------------|---------------------|
| Funding allocations received   | \$ 8,781,684                | \$ 7,968,267        |
| Funding allocations receivable | 465,881                     | 11,256              |
| Prior year deferred revenue    | 50,932                      | 604,599             |
| Current year deferred revenue  | <u>                    </u> | <u>(50,932)</u>     |
|                                | <u>\$ 9,298,497</u>         | <u>\$ 8,533,190</u> |

---

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

March 31, 2004

| <b>5. Receivables</b>                            | <u>2004</u>         | <u>2003</u>         |
|--|---------------------|---------------------|
| Department of Indian and Northern Affairs Canada | \$ 465,851          | \$ 11,256           |
| Office and housing rents                         | 360,067             | 285,337             |
| Mi'Kmaq Employment Training Secretariat          | 340,200             | 219,223             |
| Department of Fisheries and Oceans               | 277,666             | 240,612             |
| Department of Health and Welfare Canada          | 223,712             | 82,319              |
| Harmonized Sales Tax                             | 157,609             | 71,032              |
| Province of Nova Scotia                          | 128,790             | 236,771             |
| Mi'Kmaq Kina'matnewey                            | 33,190              |                     |
| Sundry   | 473,333             | 481,075             |
| CMHC   |                     | 12,000              |
| Enterprise Cape Breton Corporation               |                     | 153,152             |
| Aboriginal Business Canada                       |                     | 15,275              |
| Unamaki Tribal Police                            |                     | 54,041              |
| Tobacco - Trade                                  |                     | 6,426               |
|  | <u>2,460,418</u>    | <u>1,868,519</u>    |
| Less: allowance for doubtful accounts            | <u>(224,220)</u>    | <u>(149,506)</u>    |
|  | <u>\$ 2,236,198</u> | <u>\$ 1,719,013</u> |

### 6. 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*.

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

|                               | <u>2004</u>      | <u>2003</u>      |
|-------------------------------|------------------|------------------|
| Net assets, beginning of year | \$ 15,587        | \$ 14,730        |
| Interest earned               | <u>1,266</u>     | <u>857</u>       |
| Net assets, end of year       | <u>\$ 16,853</u> | <u>\$ 15,587</u> |

---

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

March 31, 2004

---

| 7. Capital assets            | 2004                  | 2003                  |
|------------------------------|-----------------------|-----------------------|
|                              | <u>Net Book Value</u> | <u>Net Book Value</u> |
| CMHC housing                 | \$ 5,374,588          | \$ 4,585,538          |
| Membertou Market             | 1,839,409             | 1,875,266             |
| Membertou Gaming Commission  | 1,433,619             | 511,899               |
| Adult education centre       | 827,182               | 678,591               |
| Band administration building | 596,425               | 596,425               |
| Wallace Bernard Centre       | 450,000               | 450,000               |
| Wellness centre              | 408,966               | 408,966               |
| Police station               | 207,000               | 215,125               |
| Membertou Development        | 182,380               | 302,901               |
| Veterans memorial building   | 164,793               | 696,794               |
| Community buildings          | 107,597               | 107,597               |
| Office equipment             | 84,879                | 98,644                |
| Public Works equipment       | 54,771                |                       |
| Buses                        | 51,272                | 64,064                |
| Buildings under construction | 184,641               | 871,686               |
| Caribou Marsh Enterprises    |                       | 93,028                |
|                              | <u>\$ 11,967,522</u>  | <u>\$ 11,556,524</u>  |

Government assistance received consisted of \$1,925,000 from the Department of Indian and Northern Affairs of Canada, \$1,033,266 from the Department of Fisheries and Oceans, \$392,691 from Enterprise Cape Breton Corporation, \$974,773 from the Cape Breton Growth Fund and \$56,551 from Aboriginal Business Canada.

The Band Council has entered into agreements with Canada Mortgage and Housing Corporation for the construction of housing units for Band members. The housing properties have been recorded at the amount financed from the Membertou Band Council.

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.

---

### 8. Restricted cash

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

---

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

March 31, 2004

| <b>9. Payables and accruals</b> | <b><u>2004</u></b>         | <b><u>2003</u></b>         |
|---------------------------------|----------------------------|----------------------------|
| Trade                           | \$ 1,935,609               | \$ 2,263,800               |
| Accrued liabilities             | 1,185,964                  | 73,730                     |
| Commodity tax                   | 311,091                    | 11,822                     |
| Employee benefits               | <u>36,370</u>              | <u>16,936</u>              |
|                                 | <b><u>\$ 3,469,034</u></b> | <b><u>\$ 2,366,288</u></b> |

| <b>10. Long term debt</b> | <b><u>2004</u></b> | <b><u>2003</u></b> |
|---------------------------|--------------------|--------------------|
|---------------------------|--------------------|--------------------|

### Canadian Imperial Bank of Commerce

|  |            |            |
|--|------------|------------|
| Demand loan bearing interest at prime plus 1% payable in equal monthly instalments of \$6,942 plus interest.   | \$ 756,678 | \$ 211,638 |
| Demand loan.   |            | 532,000    |
| Demand loan bearing interest at prime + 1%, payable in equal monthly instalments of \$1,959 plus interest.   | 180,148    | 203,656    |
| Demand loan bearing interest at prime + 1%, payable in equal monthly instalments of \$1,066 plus interest.   | 44,772     | 57,564     |
| Demand loan bearing interest at prime + 1%, payable in equal monthly instalments of \$1,800 plus interest.   | 207,000    |            |
| Demand loan bearing interest at prime + 1%, payable in equal monthly instalments of \$10,000 plus interest, secured by a chattel mortgage on two fishing vessels.<br>1,170,000 | 1,050,000  |            |
| 9.75% capital lease obligation, repayable in equal monthly instalments of \$1,571 including interest .   | 27,600     | 43,004     |

---

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

---

March 31, 2004

---

**10. Long term debt (Cont'd)** 2004 2003

**Canadian Imperial Bank of Commerce  
Mortgage Corporation**

**Loan #1**

3.75% mortgage, repayable in monthly instalments of \$1,060 on account of interest and principal, maturing July 2011, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to August 2007.

**78,348** 88,457

**Loan #2**

2.99% mortgage, repayable in monthly instalments of \$602 on account of principal and interest, maturing August 2013, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to August 2008.

**51,329** 56,022

**Loan #3**

8.25% mortgage, repayable in monthly instalments of \$889 on account of principal and interest, maturing October 2012, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to January 2005.

**65,857** 70,964

**Loan # 4**

7% mortgage.

47

**Loan # 5**

2.99% mortgage, repayable in monthly instalments of \$1,108 on account of principal and interest, maturing December 2012, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to December 2008.

**94,573** 103,250

**Loan # 6**

6.5% mortgage, repayable in monthly instalments of \$3,933 on account of principal and interest, maturing May 2012, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to April 2006.

**349,767** 373,689

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

March 31, 2004

### 10. Long term debt (Cont'd) 2004 2003

#### Canadian Imperial Bank of Commerce Mortgage Corporation (Cont'd)

##### Loan # 7

7.6% mortgage, repayable in monthly instalments of \$6,930 on account of principal and interest, maturing April 2005, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to April 2005.

**86,288** 159,981

##### Loan # 8

7.2% mortgage, repayable in monthly instalments of \$2,930 on account of principal and interest, maturing January 2016, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to January 2006.

**281,004** 295,659

##### Loan # 9

7.0% mortgage, repayable in monthly instalments of \$793 on account of principal and interest, maturing February 2016, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to February 2006.

**77,234** 81,276

##### Loan # 10

7.2% mortgage, repayable in monthly instalments of \$252 on account of principal and interest, maturing January 2016, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to January 2006.

**24,190** 25,452

##### Loan # 11

3.75% mortgage, repayable in monthly instalments of \$287 on account of principal and interest, maturing May 2013, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to September 2007.

**26,378** 29,337

##### Loan # 12

3.75% mortgage, repayable in monthly instalments of \$2,502 on account of principal and interest, maturing April 2018, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to April 2008.

**264,637** 283,539

---

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

---

March 31, 2004

---

**10. Long term debt (Cont'd)** 2004 2003

**Canadian Imperial Bank of Commerce  
Mortgage Corporation (Cont'd)**

**Loan # 13**

3.75% mortgage, repayable in monthly instalments of \$1,658 on account of principal and interest, maturing April 2018, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to April 2008.

**216,855** 231,972

**Loan # 14**

3.75% mortgage, repayable in monthly instalments of \$2,796 on account of principal and interest, maturing April 2018, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to April 2008.

**365,690** 391,809

**Loan # 15**

2.99% mortgage, repayable in monthly instalments of \$1,702 on account of principal and interest, maturing January 2019, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to January 2009.

**246,952** 257,034

**Loan # 16**

2.99% mortgage, repayable in monthly instalments of \$165 on account of principal and interest, maturing April 2008, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to August 2008.

**7,611** 9,195

**Loan # 17**

2.99% mortgage, repayable in monthly instalments of \$139 on account of principal and interest, maturing April 2008, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to August 2008.

**6,306** 7,733

**Loan # 18**

5.95% mortgage, repayable in monthly instalments of \$1,763 on account of principal and interest, maturing February 2019, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to May 2004.

**209,908** 218,459

---

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

---

March 31, 2004

---

**10. Long term debt (Cont'd)** 2004 2003

**Canadian Imperial Bank of Commerce  
Mortgage Corporation (Cont'd)**

**Loan # 19**

7.5% mortgage, repayable in monthly instalments of \$1,587 on account of principal and interest, maturing July 2019, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to February 2005.

**174,477** 180,396

**Loan # 20**

7.5% mortgage, repayable in monthly instalments of \$2,179 on account of principal and interest, maturing November 2009, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to November 2004.

**10,068** 11,449

**Loan # 21**

7.0% mortgage, repayable in monthly instalments of \$901 on account of principal and interest, maturing October 2020, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to March 2006.

**107,767** 111,029

**Loan # 22**

7.0% mortgage, repayable in monthly instalments of \$1,401 on account of principal and interest, maturing December 2020, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to August 2006.

**166,787** 171,907

**Loan # 23**

6.10% mortgage, repayable in monthly instalments of \$1,027 on account of principal and interest, maturing January 2022, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to March 2007.

**133,544** 137,600

**Loan # 24**

2.99% mortgage, repayable in monthly instalments of \$1,084 on account of principal and interest, maturing June 2023, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to August 2008.

**147,698** 153,850

---

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

---

March 31, 2004

---

**10. Long term debt (Cont'd)** 2004 2003

**Canadian Imperial Bank of Commerce  
Mortgage Corporation (Cont'd)**

**Loan # 25**

2.99% mortgage, repayable in monthly instalments of \$569 on account of principal and interest, maturing June 2023, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to August 2008.

**99,183** 103,326

**Loan # 26**

2.99% mortgage, repayable in monthly instalments of \$1,552 on account of principal and interest, maturing October 2023, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to October 2008.

**270,168** 280,297

**Loan # 27**

6.25% mortgage, repayable in monthly instalments of \$2,731 on account of principal and interest, maturing May 2028, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to May 2008.

**409,909**

**Canada Mortgage and Housing Corporation**

**Loan # 1**

5.3% mortgage, repayable in monthly instalments of \$1,142 on account of principal and interest, maturing May 2024, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to August 2004.

**170,146** 175,554

**Loan # 2**

5.3% mortgage, repayable in monthly instalments of \$366 on account of principal and interest, maturing May 2024, secured by an Indian and Northern Affairs Canada Ministerial Guarantee. The interest rate is fixed to August 2004.

**54,458** 56,201

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

March 31, 2004

10. Long term debt (Cont'd) 2004 2003

### Canada Mortgage and Housing Corporation (Cont'd)

#### Loan # 3

6.44% mortgage, repayable in monthly instalments of \$1,252 on account of principal and interest, maturing July 2025, secured by an Indian and Northern Affairs Canada Ministerial Guarantee.

The interest rate is fixed to December 2005.

**175,478** 180,163

#### Loan # 4

5.5% mortgage, repayable in monthly instalments of \$2,128 on account of principal and interest, maturing September 2026, secured by an Indian and Northern Affairs Canada Ministerial Guarantee.

The interest rate is fixed to October 2006.

**331,054** 339,892

#### Loan # 5

4.18% mortgage, repayable in monthly instalments of \$1,715 on account of principal and interest, maturing October 2028, secured by an Indian and Northern Affairs Canada Ministerial Guarantee.

The interest rate is fixed to December 2008.

**293,555**

2.9% mortgage advance

**89,452** 511,875

### Peace Hills Trust

Prime plus 1% loan, maturing in July 2007, repayable in equal monthly instalments of \$4,069, including interest.

**148,936**

### Caterpillar Finance

Sales-type lease repayable in monthly instalments of \$1,459 including interest at 9.2%. Secured by a chattel mortgage on a 1999 Cat Backhoe loader. Matures June 2005.

**19,216** 34,199

Lease repayable in monthly instalments of \$1,556 including interest at 8.5%. Secured by a chattel mortgage on a 1995 Cat Excavator. Matures September 2003.

17,670

---

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

March 31, 2004

---

10. Long term debt (Cont'd) 2004 2003

### CIBC Equipment Finance Limited

7.6% capital lease, repayable in monthly instalments of \$1,255 on account of principal and interest, maturing November 2004. 9,765 23,530

### Chrysler Canada

Chrysler Canada loan repayable in monthly instalments of \$724 including interest at 8.45%. Secured by a chattel mortgage on a 1998 Dodge Ram 350. Matures November 2003. 5,604

### Bank of Montreal

|   |                     |                             |
|---|---------------------|-----------------------------|
| 7.5% loan                                 | <u>7,530,786</u>    | <u>215,126</u><br>7,611,405 |
| Current portion of long term debt         |                     |                             |
| Principal payments due within one year    | 1,324,826           | 801,534                     |
| Amounts reclassified as current (Note 10) | <u>1,277,654</u>    | <u>1,843,244</u>            |
|   | <b>\$ 4,928,306</b> | <b>\$ 4,966,627</b>         |

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.

The aggregate maturities of long-term debt, assuming mortgages are renewed under the same terms and conditions currently in effect, for each of the next five years subsequent to March 31, 2004 are as follows:

|      |            |
|------|------------|
| 2005 | \$ 651,452 |
| 2006 | \$ 553,979 |
| 2007 | \$ 557,131 |
| 2008 | \$ 539,842 |
| 2009 | \$ 533,282 |

---

---

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

March 31, 2004

---

### 11. Other

These amounts relate to debt obligations that carry a demand feature that has not been waived by the bank, and represent the balance of the loan, less regularly scheduled repayment terms presented as principal repayments due in one year. They are classified as a current liability to conform with Canadian Institute of Chartered Accountants Emerging Issues Committee Abstracts 122, Balance Sheet Classification of Callable Debt Obligations and Debt Obligations Expected to be Refinanced.

It is management's expectation that these debt obligations will be retired under the scheduled repayment terms and not demanded, by the bank, to be retired early.

---

| 12. Deferred revenue               | <u>2004</u>       | <u>2003</u>       |
|------------------------------------|-------------------|-------------------|
| Enterprise Cape Breton Corporation | \$ 620,000        |                   |
| Department of Fisheries and Oceans | 215,139           | \$ 175,830        |
| Indian and Northern Affairs Canada |                   | <u>50,932</u>     |
|                                    | <u>\$ 835,139</u> | <u>\$ 226,762</u> |

---

### 13. 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, 2003. 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, 2004, the Band has provided a guarantee for mortgages payable by a Band member, totalling \$82,500, 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 are repayable by the band.
- d) The Band has entered into contribution agreements with various government departments. Funding received under these contribution agreements are subject to repayment if the band fails to comply with the terms and conditions of the agreements.
-

---

# Membertou Reserve Band Council

## Notes to the Consolidated Financial Statements

March 31, 2004

---

### 14. Commitments

The Company has entered into an agreement to lease office space for a period of two (2) years. The annual rent of the premises consists of a minimum rent plus realty taxes, maintenance, heat and certain other expenses. Minimum rent payable for each of the next two (2) years is as follows:

|      |    |        |
|------|----|--------|
| 2005 | \$ | 63,350 |
| 2006 | \$ | 36,950 |

---

### 15. Replacement reserve fund

Under the terms of the agreement with the C.M.H.C., the replacement reserve account is to be increased by annual charges to equity. The charge in the current year is \$92,376 (2003 - \$33,276). 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 C.M.H.C. from time to time. The funds in the account may only be used as approved by the C.M.H.C. Withdrawals are credited to interest first and then principal. At year end, the funds in reserve consisted of the following:

|      | <u>2004</u>     | <u>2003</u>     |
|------|-----------------|-----------------|
| Cash | <u>\$ 6,191</u> | <u>\$ 6,140</u> |

As of March 31, 2004, there was a shortfall of \$151,966 in the Replacement Reserve account. Accordingly, the projects are not in compliance with the operating agreement.

---

### 16. Measurement uncertainty

The Membertou Market is required to pay commodity tax on non-native sales that has not been paid as at the balance sheet date. In order to accrue the liability, management has estimated the amount of exempt sales. Management 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.

---

### 17. Comparative figures

Certain of the 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2004.

---

# Membertou Reserve Band Council

## Schedule A – Indian and Northern Affairs Canada

### Revenue

| Year Ended March 31                        | Schedule | Budget              | 2004                       | 2003                |
|--|----------|---------------------|----------------------------|---------------------|
| Social development                         | B        |                     |                            |                     |
| Social assistance                          |          | \$ 3,491,519        | <b>\$ 3,491,519</b>        | \$ 3,414,698        |
| Social delivery                            |          | 108,997             | <b>108,997</b>             | 106,599             |
| Gathering Strength                         |          |                     |                            | 19,000              |
| Welfare reform                             |          |                     |                            | 10,940              |
|  |          | <u>3,600,516</u>    | <u><b>3,600,516</b></u>    | <u>3,551,237</u>    |
| Band government                            | C        |                     |                            |                     |
| Government support                         |          | 380,282             | <b>382,112</b>             | 373,704             |
| Capacity development                       |          |                     | <b>59,735</b>              | 9,500               |
| Band support                               |          | 27,008              | <b>27,008</b>              | 15,286              |
| Land Management Training                   |          |                     | <b>8,158</b>               | 10,750              |
| Lands and trust                            |          | 7,758               | <b>7,758</b>               | 7,587               |
| Aboriginal Day                             |          |                     | <b>1,000</b>               | 1,500               |
| Elections                                  |          |                     |                            | 10,735              |
| Management development                     |          |                     |                            | 8,158               |
|  |          | <u>415,048</u>      | <u><b>485,771</b></u>      | <u>437,220</u>      |
| Capital projects                           | D        |                     |                            |                     |
| Capital                                    |          | 264,914             | <b>264,914</b>             | 296,891             |
| Mold remediation                           |          |                     | <b>85,700</b>              | 13,374              |
| Infrastructure                             |          |                     |                            | 771,217             |
| Oil tank remediation                       |          |                     |                            | 5,975               |
|  |          | <u>264,914</u>      | <u><b>350,614</b></u>      | <u>1,087,457</u>    |
| Operations and maintenance                 | E        |                     |                            |                     |
| Operations and maintenance                 |          | <u>196,038</u>      | <u><b>200,449</b></u>      | <u>196,038</u>      |
| Education                                  | F        |                     |                            |                     |
| Education                                  |          | 2,445,618           | <b>2,445,618</b>           | 2,342,058           |
| Education pathways                         |          |                     | <b>60,810</b>              |                     |
| Education reform                           |          |                     |                            | 38,661              |
|  |          | <u>2,445,618</u>    | <u><b>2,506,428</b></u>    | <u>2,380,719</u>    |
| Economic development                       | G        |                     |                            |                     |
| Membertou Trade and<br>Convention Centre   |          |                     | <b>1,925,000</b>           | 75,000              |
| Mi'kmaq Association of Cultural<br>Studies |          |                     | <b>88,250</b>              | 82,000              |
| Economic development                       |          | 68,985              | <b>70,537</b>              | 68,985              |
| Joint Community Planning                   |          |                     |                            | 253,680             |
| Heritage Centre                            |          | 50,932              | <b>50,932</b>              | 97,880              |
| Membertou Market                           |          |                     |                            | 273,640             |
| Opportunity fund                           |          |                     |                            | 11,334              |
| Summer students                            |          |                     | <b>20,000</b>              | 18,000              |
|  |          | <u>119,917</u>      | <u><b>2,154,719</b></u>    | <u>880,519</u>      |
|  |          | <u>\$ 7,042,051</u> | <u><b>\$ 9,298,497</b></u> | <u>\$ 8,533,190</u> |

Indian and Northern Affairs Canada funding reconciliation (Note 4)

See accompanying notes to the consolidated financial statements.

---

## Membertou Reserve Band Council Schedule B – Social Development Revenue and Expenditure

| Year Ended March 31                | Budget            | 2004                       | 2003              |
|------------------------------------|-------------------|----------------------------|-------------------|
| Revenue                            |                   |                            |                   |
| Social assistance                  | \$ 3,491,519      | <b>\$ 3,491,519</b>        | \$ 3,414,698      |
| Social delivery                    | 108,997           | <b>108,997</b>             | 106,599           |
| Gathering Strength                 |                   |                            | 19,000            |
| Welfare reform                     |                   |                            | 10,940            |
|                                    | <u>3,600,516</u>  | <u><b>3,600,516</b></u>    | <u>3,551,237</u>  |
| Expenditure                        |                   |                            |                   |
| Administration                     | 212,748           | <b>155,363</b>             | 152,281           |
| Adult care                         | 66,485            | <b>64,748</b>              | 48,231            |
| Basic and special needs            | 2,419,296         | <b>2,058,120</b>           | 2,221,366         |
| Social assistance transfers        | 174,872           | <b>316,425</b>             | 157,147           |
|                                    | <u>2,873,401</u>  | <u><b>2,594,656</b></u>    | <u>2,579,025</u>  |
| Excess of revenue over expenditure | <u>\$ 727,115</u> | <u><b>\$ 1,005,860</b></u> | <u>\$ 972,212</u> |

---

See accompanying notes to the consolidated financial statements.

# Membertou Reserve Band Council

## Schedule C – Band Government

### Revenue and Expenditure

| Year Ended March 31                 | Budget                | 2004                  | 2003                  |
|-------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Revenue</b>                      |                       |                       |                       |
| Government support                  | \$ 380,282            | \$ 382,112            | \$ 373,704            |
| Capacity development                |                       | 59,735                | 9,500                 |
| Band support                        | 27,008                | 27,008                | 15,286                |
| Land Management Training            |                       | 8,158                 | 10,750                |
| Lands and trust                     | 7,758                 | 7,758                 | 7,587                 |
| Aboriginal Day                      |                       | 1,000                 | 1,500                 |
| Elections                           |                       |                       | 10,735                |
| Management development              |                       |                       | 8,158                 |
|                                     | <u>415,048</u>        | <u>485,771</u>        | <u>437,220</u>        |
| <b>Expenditure</b>                  |                       |                       |                       |
| Band support                        |                       |                       |                       |
| Core funding                        | 415,000               | 415,000               | 312,000               |
| Salaries                            | 882,353               | 956,814               | 824,657               |
| Travel                              | 96,000                | 61,925                | 90,889                |
|                                     | <u>1,393,353</u>      | <u>1,433,739</u>      | <u>1,227,546</u>      |
| General                             |                       |                       |                       |
| Bad debts                           |                       | 108,955               | 10,000                |
| Council meetings                    | 3,600                 | 4,943                 | 3,506                 |
| Heat and light                      | 9,600                 | 9,602                 | 17,862                |
| Interest and bank charges           | 21,600                | 12,885                | 26,714                |
| Interest on operating loan          |                       |                       | 3,329                 |
| Janitorial services                 | 18,000                | 13,843                | 29,724                |
| Miscellaneous                       | 14,400                | 32,215                | 10,285                |
| Office and stationary               | 26,736                | 25,568                | 8,270                 |
| Office equipment                    | 78,348                | 84,490                | 46,905                |
| Postage                             | 12,000                | 16,793                | 11,324                |
| Professional services               | 85,600                | 114,685               | 104,822               |
| Professional development            | 14,004                | 27,820                | 32,503                |
| Telephone and internet              | 38,400                | 40,993                | 55,927                |
|                                     | <u>1,715,641</u>      | <u>1,926,531</u>      | <u>1,588,717</u>      |
| Less: Transferred to other programs | <u>(269,796)</u>      | <u>(172,300)</u>      | <u>(145,633)</u>      |
|                                     | <u>1,445,845</u>      | <u>1,754,231</u>      | <u>1,443,084</u>      |
| Excess of expenditure over revenue  | \$ <u>(1,030,797)</u> | \$ <u>(1,268,460)</u> | \$ <u>(1,005,864)</u> |

See accompanying notes to the consolidated financial statements.

---

## Membertou Reserve Band Council

### Schedule D – Capital Projects

### Revenue and Expenditure

| Year Ended March 31                | Budget         | 2004             | 2003             |
|------------------------------------|----------------|------------------|------------------|
| Revenue                            |                |                  |                  |
| Capital                            | \$ 264,914     | \$ 264,914       | \$ 296,891       |
| Mold remediation                   |                | 85,700           | 13,374           |
| Infrastructure                     |                |                  | 771,217          |
| Oil tank remediation               |                |                  | 5,975            |
|                                    | <u>264,914</u> | <u>350,614</u>   | <u>1,087,457</u> |
| Expenditure                        |                |                  |                  |
| Community infrastructure           |                |                  |                  |
| Community infrastructure           | 435,000        | 1,058,163        | 1,209,960        |
| Principal on long term debt        | 108,356        | 540,126          | 91,723           |
| Interest on long term debt         | 31,200         | 28,279           | 47,251           |
|                                    | <u>574,556</u> | <u>1,626,568</u> | <u>1,348,934</u> |
| Housing                            |                |                  |                  |
| On reserve housing                 |                |                  |                  |
| New units - equity                 | 272,000        | 237,791          | 188,132          |
| Renovations                        | 150,000        | 235,700          | 150,501          |
|                                    | <u>422,000</u> | <u>473,491</u>   | <u>338,633</u>   |
|                                    | <u>996,556</u> | <u>2,100,059</u> | <u>1,687,567</u> |
| Excess of expenditure over revenue | \$ (731,642)   | \$ (1,749,445)   | \$ (600,110)     |

---

See accompanying notes to the consolidated financial statements.

---

## Membertou Reserve Band Council

### Schedule E – Operations and Maintenance

### Revenue and Expenditure

| Year Ended March 31                | Budget              | 2004                       | 2003                |
|------------------------------------|---------------------|----------------------------|---------------------|
| Revenue                            |                     |                            |                     |
| Operations and maintenance         | \$ 196,038          | <b>\$ 200,449</b>          | \$ 196,038          |
| Expenditure                        |                     |                            |                     |
| Municipal services                 | 275,680             | <b>275,680</b>             | 275,680             |
| Police station                     | 40,736              | <b>141,956</b>             | 32,274              |
| Community buildings                | 57,600              | <b>79,549</b>              | 34,958              |
| Administration insurance           |                     | <b>76,692</b>              | 19,025              |
| Membertou gym                      | 17,340              | <b>10,120</b>              | 13,869              |
| Fire prevention                    | 6,000               | <b>1,425</b>               | 8,960               |
| Non-residential environment        |                     |                            | 2,945               |
|                                    | <u>397,356</u>      | <u><b>585,422</b></u>      | <u>387,711</u>      |
| Excess of expenditure over revenue | <u>\$ (201,318)</u> | <u><b>\$ (384,973)</b></u> | <u>\$ (191,673)</u> |

---

See accompanying notes to the consolidated financial statements.

# Membertou Reserve Band Council

## Schedule F – Education

### Revenue and Expenditure

| Year Ended March 31                | Budget           | 2004             | 2003             |
|------------------------------------|------------------|------------------|------------------|
| <b>Revenue</b>                     |                  |                  |                  |
| Education                          | \$ 2,445,618     | \$ 2,445,618     | \$ 2,342,058     |
| Education pathways                 |                  | 60,810           |                  |
| Mi'kmaw Kina'matnewey band support |                  | 76,655           | 115,034          |
| Education reform                   |                  |                  | 38,661           |
|                                    | <u>2,445,618</u> | <u>2,583,083</u> | <u>2,495,753</u> |
| <b>Expenditure</b>                 |                  |                  |                  |
| <b>Band operated school</b>        |                  |                  |                  |
| Equipment                          | 22,000           | 20,409           | 15,535           |
| Operation and maintenance          | 6,000            | 28,400           | 32,713           |
| Professional development           | 12,000           | 4,186            | 8,052            |
| Salaries - benefits                | 67,767           | 44,865           | 44,279           |
| Salaries - teachers aid            | 46,320           | 38,169           | 38,098           |
| Salaries - teachers                | 471,487          | 470,467          | 429,423          |
| School extension – capital         | 172,099          | 172,099          |                  |
| School extension loan – principal  | 21,113           | 23,508           | 26,426           |
| School extension loan – interest   |                  | 10,960           | 6,772            |
| Supplies                           | 74,145           | 61,786           | 36,346           |
| Utilities                          | 8,511            | 29,967           | 23,526           |
|                                    | <u>901,442</u>   | <u>904,816</u>   | <u>661,170</u>   |
| <b>Wallace Bernard Centre</b>      |                  |                  |                  |
| Professional development           | 4,000            | 3,668            | 490              |
| Repairs and maintenance            | 10,200           | 27,147           | 35,089           |
| Salaries - benefits                | 24,972           | 8,597            | 7,050            |
| Salaries - director                | 33,767           | 34,744           | 33,987           |
| Salaries - teachers                | 137,752          | 118,368          | 123,491          |
| Salaries - maintenance             | 29,820           | 25,000           | 23,410           |
| School replacement reserve         | 35,000           |                  | 35,000           |
| Supplies                           |                  | 24,337           | 24,900           |
| Utilities                          | 7,860            | 8,931            | 9,314            |
| Less: expense transferred          | (75,000)         | (75,000)         | (99,854)         |
|                                    | <u>208,371</u>   | <u>175,792</u>   | <u>192,877</u>   |



# Membertou Reserve Band Council

## Schedule G – Economic Development

### Revenue and Expenditure

| Year Ended March 31  | Budget           | 2004                      | 2003             |
|--|------------------|---------------------------|------------------|
| <b>Revenue</b>   |                  |                           |                  |
| Membertou Trade and Convention Centre                            |                  | <b>\$ 1,925,000</b>       | \$ 75,000        |
| Mi'kmaq Association of Cultural Studies                          |                  | <b>88,250</b>             | 82,000           |
| Economic development   | \$ 68,985        | <b>70,537</b>             | 68,985           |
| Joint Community Planning   |                  |                           | 253,680          |
| Heritage Centre  | 50,932           | <b>50,932</b>             | 97,880           |
| Membertou Market   |                  |                           | 273,640          |
| Opportunity fund   |                  |                           | 11,334           |
| Summer students  |                  | <b>20,000</b>             | 18,000           |
|  | <u>119,917</u>   | <u><b>2,154,719</b></u>   | <u>880,519</u>   |
| <b>Expenditure</b>   |                  |                           |                  |
| Economic development   | 30,000           | <b>26,952</b>             | 36,302           |
| Electronic data management storage                               | 44,186           | <b>41,338</b>             | 45,147           |
| Heritage Centre  |                  | <b>50,932</b>             | 97,879           |
| Mi'kmaq Association of Cultural Studies                          |                  | <b>88,250</b>             | 82,000           |
| Joint community planning   |                  | <b>83,548</b>             | 242,192          |
| Membertou Market   |                  |                           | 273,640          |
| Membertou Trade and Convention Centre                            |                  | <b>1,925,000</b>          | 75,000           |
|  | <u>74,186</u>    | <u><b>2,216,020</b></u>   | <u>852,160</u>   |
| Excess of (expenditure over revenue)<br>revenue over expenditure | <u>\$ 45,731</u> | <u><b>\$ (61,301)</b></u> | <u>\$ 28,359</u> |

See accompanying notes to the consolidated financial statements.

---

## Membertou Reserve Band Council

### Schedule H – Employment Development

### Revenue and Expenditure

| Year Ended March 31  | Budget           | 2004                      | 2003             |
|--|------------------|---------------------------|------------------|
| Revenue  |                  |                           |                  |
| Mi'kmaq Employment Training                                      |                  |                           |                  |
| Secretariat  | \$ 413,938       | <b>\$ 446,665</b>         | \$ 469,590       |
| Expenditure  |                  |                           |                  |
| Housing repair project   |                  |                           | 136,583          |
| Outreach   | 45,000           | <b>46,828</b>             | 49,304           |
| Heavy equipment training   | 90,000           | <b>127,564</b>            |                  |
| Pathways   | 190,000          | <b>218,384</b>            | 139,467          |
| First Nations Childcare  | 75,000           | <b>75,000</b>             | 75,000           |
|  | <u>400,000</u>   | <u><b>467,776</b></u>     | <u>400,354</u>   |
| Excess of (expenditure over revenue)<br>revenue over expenditure | <u>\$ 13,938</u> | <u><b>\$ (21,111)</b></u> | <u>\$ 69,236</u> |

---

See accompanying notes to the consolidated financial statements.

# Membertou Reserve Band Council

## Schedule I – Health Canada Programs Revenue and Expenditure

| Year Ended March 31                | Budget           | 2004             | 2003             |
|------------------------------------|------------------|------------------|------------------|
| <b>Revenue</b>                     |                  |                  |                  |
| Health services transfer programs  | \$ 766,358       | \$ 454,008       | \$ 513,083       |
| Targeted programs                  |                  |                  |                  |
| Aboriginal headstart               |                  | 35,935           | 42,854           |
| Health information systems         |                  | 6,080            | 6,080            |
| Health careers                     |                  | 12,000           | 4,000            |
| Home and community care            |                  | 143,919          | 136,109          |
| Non-insured health benefits        |                  | 96,596           | 96,596           |
| Tuberculosis elimination           |                  | 1,375            | 1,400            |
|                                    | <u>766,358</u>   | <u>749,913</u>   | <u>800,122</u>   |
| <b>Expenditure</b>                 |                  |                  |                  |
| Transferred programs               |                  |                  |                  |
| Brighter futures                   | 51,600           | 46,335           | 43,976           |
| Community health nurse             | 94,454           | 78,347           | 67,358           |
| Community health representative    | 45,153           | 51,585           | 42,428           |
| Health clerk supplies and travel   |                  | 2,308            | 3,837            |
| Health administration              | 63,781           | 68,455           | 64,558           |
| Operations and maintenance         | 51,862           | 51,389           | 61,291           |
| Mental health                      | 32,113           | 39,168           | 32,678           |
| Pre-natal nutrition program        | 14,786           | 11,556           | 10,170           |
| Training plan                      |                  |                  | 250              |
| Advisory board                     |                  | 1,083            | 499              |
| Audit                              | 2,500            | 2,500            | 2,500            |
| Contingency                        | 63,846           | 3,066            | 10,992           |
| Moveable Capital Asset             |                  |                  |                  |
| Replacement Reserve                | 23,000           | 23,000           | 23,000           |
| Aboriginal Healing Fund            |                  |                  | 52,925           |
|                                    | <u>443,095</u>   | <u>378,792</u>   | <u>416,462</u>   |
| Targeted programs                  |                  |                  |                  |
| Aboriginal head start program      | 58,054           | 36,422           | 30,487           |
| Health information systems         | 6,080            | 26,861           | 26,358           |
| Health careers                     |                  | 19,130           | 38,278           |
| Home care nursing                  | 136,109          | 146,918          | 138,295          |
| Non-insured health benefits        |                  |                  |                  |
| - transportation                   | 96,825           | 90,196           | 77,396           |
| Tuberculosis elimination           | 2,000            | 1,523            | 1,944            |
|                                    | <u>299,068</u>   | <u>321,050</u>   | <u>312,758</u>   |
|                                    | <u>742,163</u>   | <u>699,842</u>   | <u>729,220</u>   |
| Excess of revenue over expenditure | <u>\$ 24,195</u> | <u>\$ 50,071</u> | <u>\$ 70,902</u> |

See accompanying notes to the consolidated financial statements.



---

## Membertou Reserve Band Council

### Schedule K – Miscellaneous Revenue and Expenditure

Year Ended March 31 Budget 2004 2003

---

|                                      |                   |                              |                  |
|--------------------------------------|-------------------|------------------------------|------------------|
| Revenue                              |                   |                              |                  |
| Interest, rental and subsidy         | \$ 113,709        | \$ 147,544                   | \$ 198,707       |
| Aboriginal Healing Fund              |                   | <b>10,790</b>                |                  |
|                                      | <u>113,709</u>    | <u><b>158,334</b></u>        | <u>198,707</u>   |
| Expenditure                          |                   |                              |                  |
| Gathering Strength                   |                   | <b>34,744</b>                | 40,487           |
| Other                                |                   | <b>12,497</b>                | 1,372            |
| Community expense                    |                   | <b>1,090,480</b>             |                  |
| Summer student employment            |                   | <b>101,000</b>               | 84,670           |
|                                      |                   | <u><b>1,238,721</b></u>      | <u>126,529</u>   |
| Excess of (expenditure over revenue) |                   |                              |                  |
| revenue over expenditure             | <u>\$ 113,709</u> | <u><b>\$ (1,080,387)</b></u> | <u>\$ 72,178</u> |

---

See accompanying notes to the consolidated financial statements.

---

## Membertou Reserve Band Council

### Schedule L - Canada Mortgage and Housing Projects Fund

### Statement of Revenue and Expenditure

| Year Ended March 31                               | Budget                      | 2004                | 2003                        |
|---|-----------------------------|---------------------|-----------------------------|
| Revenue   |                             |                     |                             |
| Rentals   |                             |                     |                             |
| Social Services, shelter allowance                | \$ 782,616                  | \$ 638,850          | \$ 709,637                  |
| Canada Mortgage and Housing Corporation subsidies | 238,584                     | 265,216             | 227,380                     |
| Public works – municipal services (Schedule M)    | 283,680                     | 280,111             | 81,220                      |
| Interest  | <u>                    </u> | <u>49</u>           | <u>                    </u> |
|   | <u>1,304,880</u>            | <u>1,184,226</u>    | <u>1,018,237</u>            |
| Expenditure                                       |                             |                     |                             |
| Administration                                    | 218,984                     | 213,486             | 201,609                     |
| Allocation to replacement reserve                 | 95,376                      | 92,376              | 33,276                      |
| Bad debts   | 18,000                      | 129,859             | 16,500                      |
| Insurance   | 27,000                      | 34,309              | 21,921                      |
| Interest and bank charges                         | <u>                    </u> | <u>575</u>          | <u>2,519</u>                |
| Maintenance                                       | 240,000                     | 530,617             | 449,279                     |
| Mortgage interest                                 | 599,388                     | 284,343             | 304,243                     |
| Mortgage principal                                | <u>                    </u> | <u>293,069</u>      | <u>238,914</u>              |
| Other   | <u>                    </u> | <u>10,147</u>       | <u>9,091</u>                |
| Public works – municipal services (Schedule M)    | 589,290                     | 493,204             | 89,326                      |
| Transfer from Membertou Operating Fund            | <u>(150,000)</u>            | <u>(154,160)</u>    | <u>(145,633)</u>            |
|   | <u>1,638,038</u>            | <u>1,927,825</u>    | <u>1,221,045</u>            |
| Excess of expenditure over revenue                | <u>\$ (333,158)</u>         | <u>\$ (743,599)</u> | <u>\$ (202,808)</u>         |

---

(Note: For detailed information see Page 13 of the Non-Consolidated Financial Statements.)

See accompanying notes to the consolidated financial statements.

**Membertou Reserve Band Council**  
**Schedule M - Canada Mortgage and Housing Projects Fund**  
**Schedule of Public Works Revenue and Expenditure**

| Year Ended March 31                | Budget         | 2004           | 2003          |
|------------------------------------|----------------|----------------|---------------|
| <b>Revenue</b>                     |                |                |               |
| Municipal services                 | \$ 283,680     | \$ 271,580     | \$ 81,220     |
| CMHC Internship revenue            |                | <u>8,531</u>   |               |
|                                    | <u>283,680</u> | <u>280,111</u> | <u>81,220</u> |
| <b>Expenditure</b>                 |                |                |               |
| Salaries, wages and benefits       | 340,608        | 221,362        | 35,592        |
| Telephone                          | 8,976          | 5,376          | 762           |
| Training                           | 6,000          |                |               |
| Repairs and maintenance            | 26,400         | 30,751         | 5,160         |
| Equipment lease payments           | 29,490         | 23,014         |               |
| Insurance                          | 12,144         | 6,991          |               |
| Equipment                          | 23,900         | 36,105         |               |
| Snow removal                       | 40,000         | 68,604         | 39,320        |
| Electricity                        |                | 1,558          |               |
| Travel                             | 6,000          | 1              |               |
| Vehicle operation and maintenance  | 18,852         | 35,058         | 3,479         |
| Garbage collection                 | 39,600         | 48,271         | 4,963         |
| Water and sewer                    | 12,000         | 395            |               |
| Housing truck loan                 | 9,960          | 3,406          |               |
| Street maintenance                 | 15,360         | 9,561          | 50            |
| CMHC intern                        |                | <u>2,751</u>   |               |
|                                    | <u>589,290</u> | <u>493,204</u> | <u>89,326</u> |
| Excess of expenditure over revenue | \$ (305,610)   | \$ (213,093)   | \$ (8,106)    |

See accompanying notes to the consolidated financial statements.

# Membertou Reserve Band Council

## Schedule N - Membertou Enterprise Fund – Statement of Revenue and Expenditure

| Year Ended March 31<br>(Unaudited) | 2004               | 2003               |
|------------------------------------|--------------------|--------------------|
| <hr/>                              |                    |                    |
| Revenue                            |                    |                    |
| Bingo                              | \$ 692,189         | \$ 768,895         |
| Tobacco                            | <u>1,939,775</u>   | <u>1,650,298</u>   |
|                                    | <u>2,631,964</u>   | <u>2,419,193</u>   |
| Operating costs                    |                    |                    |
| Bingo                              | 623,969            | 621,224            |
| Tobacco                            | <u>1,613,740</u>   | <u>1,453,246</u>   |
|                                    | <u>2,237,709</u>   | <u>2,074,470</u>   |
| Net contribution                   | <u>394,255</u>     | <u>344,723</u>     |
| Expenditure                        |                    |                    |
| Administration fees                |                    | 36,000             |
| Bank charges                       | 1,263              | 1,070              |
| Playground equipment               | 32,622             |                    |
| Sports                             | 29,350             | 24,686             |
| Community                          | 210,531            | 142,261            |
| Dog control                        | 17,322             | 19,223             |
| Seniors                            | 28,855             | 10,140             |
| Youth                              | 46,135             | 111,510            |
| Medical assistance                 |                    | 24,219             |
| Recreation salaries                | 47,084             |                    |
| Christmas bonuses                  | 11,600             | 7,600              |
| Donald Marshall Music Festival     | 13,139             |                    |
| Wallace Bernard Tournament         | <u>276</u>         | <u>11,070</u>      |
|                                    | <u>438,177</u>     | <u>387,779</u>     |
| Other income                       |                    |                    |
| Miscellaneous income               | <u>892</u>         | <u>3,095</u>       |
| Excess of expenditure over revenue | <u>\$ (43,030)</u> | <u>\$ (39,961)</u> |

See accompanying notes to the consolidated financial statements.

# Membertou Reserve Band Council

## Schedule O - Membertou Development

### Statement of Revenue and Expenditure

| Year Ended March 31<br>(Unaudited)                        | Budget            | 2004                    | 2003             |
|---|-------------------|-------------------------|------------------|
| <b>Revenue</b>  |                   |                         |                  |
| Commercial fishing  | \$ 1,252,400      | <b>\$ 2,012,444</b>     | \$ 1,492,335     |
| Department of Fisheries (Schedule P)                      | 360,000           | <b>372,000</b>          | 484,088          |
| Consulting fees (net)                                     | 137,500           | <b>19,784</b>           | 74,074           |
| Rental income   | 30,000            | <b>16,042</b>           | 25,792           |
| Investment income   |                   | <b>1,565</b>            | 982              |
| Gain on sale of equipment                                 |                   | <b>376,704</b>          |                  |
| Mi'kmaq Employment Training Secretariat                   |                   | <b>139,877</b>          | 60,507           |
| Aboriginal Business Canada                                |                   | <b>46,298</b>           |                  |
| Enterprise Cape Breton Corporation                        |                   | <b>39,904</b>           |                  |
| Clearwater processing (net)                               | 120,000           |                         | 87,892           |
| Miscellaneous   | 45,000            | <b>17,180</b>           | 8,500            |
|   | <u>1,944,900</u>  | <u><b>3,041,798</b></u> | <u>2,234,170</u> |
| <b>Expenditure</b>  |                   |                         |                  |
| Commercial fishing  | 938,765           | <b>1,429,310</b>        | 918,442          |
| Department of Fisheries (Schedule P)                      | 360,000           | <b>374,432</b>          | 495,762          |
| Contribution to Marshall Trust Fund                       |                   | <b>25,000</b>           | 50,000           |
| Accounting software support                               |                   |                         | 11,012           |
| Microsoft Engineering Project                             |                   | <b>131,028</b>          | 135,150          |
| Wages and benefits - corporate                            | 134,460           | <b>157,997</b>          | 154,465          |
| Office rent – corporate                                   | 75,252            | <b>73,175</b>           | 73,743           |
| Interest on capital lease                                 | 1,242             | <b>4,773</b>            | 7,700            |
| Telephone - corporate                                     | 10,500            | <b>13,899</b>           | 15,338           |
| Legal fees  |                   | <b>43,087</b>           | 48,495           |
| Bank charges  |                   | <b>384</b>              | 1,110            |
| Interest on long term debt                                |                   | <b>7,095</b>            |                  |
| Community   |                   |                         | 2,970            |
| Travel  | 50,000            | <b>64,158</b>           | 51,470           |
| Office  | 36,000            | <b>36,416</b>           | 27,127           |
| Depreciation  |                   | <b>11,609</b>           | 11,610           |
| Consulting fees   |                   | <b>73,378</b>           | 5,968            |
| Professional development                                  |                   | <b>353</b>              | 96               |
| Marketing and trade show                                  | 45,000            | <b>85,823</b>           | 23,220           |
| Marketing project – The Membertou Market                  |                   | <b>68,242</b>           |                  |
| Marketing project – Membertou Trade and Convention Centre |                   | <b>36,065</b>           |                  |
| Miscellaneous   | 25,000            | <b>15,662</b>           | 25,075           |
| Bad debts   |                   | <b>15,977</b>           |                  |
| Administrative fees                                       | 124,800           | <b>124,800</b>          | 124,800          |
|   | <u>1,801,019</u>  | <u><b>2,792,663</b></u> | <u>2,183,553</u> |
| Other items   | 143,881           | <b>249,135</b>          | 50,617           |
| Severance   |                   | <b>150,000</b>          |                  |
| Excess of revenue over expenditure                        | <u>\$ 143,881</u> | <u><b>\$ 99,135</b></u> | <u>\$ 50,617</u> |

See accompanying notes to the consolidated financial statements.

**Membertou Reserve Band Council**  
**Schedule P - Membertou Development - Fisheries Agreement**  
**Statement of Revenue and Expenditure**

Year Ended March 31  
(Unaudited)

Budget                      **2004**                      2003

|                                    |                      |                          |                    |
|------------------------------------|----------------------|--------------------------|--------------------|
| Revenue                            |                      |                          |                    |
| Department of Fisheries and Oceans | \$ <u>360,000</u>    | <b>\$ <u>372,000</u></b> | \$ <u>484,088</u>  |
| Expenditure                        |                      |                          |                    |
| MED training                       |                      | <b>1,200</b>             |                    |
| Basic survival training            |                      |                          | 14,153             |
| Deckhand training                  |                      | <b>10,915</b>            | 119,169            |
| Class IV training                  |                      | <b>6,810</b>             |                    |
| Fisheries technicians training     | 75,000               | <b>75,000</b>            | 54,236             |
| Training - vessel rental           |                      |                          | 5,000              |
| Training - classroom rental        |                      |                          | 5,000              |
| Training - administration          |                      |                          | 7,500              |
| Geometrics training and mentorship | 225,000              | <b>220,025</b>           | 211,236            |
| Office equipment                   |                      | <b>482</b>               | 245                |
| Vessel expense                     |                      |                          | 19,223             |
| Fisheries coordinator              | <u>60,000</u>        | <b><u>60,000</u></b>     | <u>60,000</u>      |
|                                    | <u>360,000</u>       | <b><u>374,432</u></b>    | <u>495,762</u>     |
| Excess of expenditure over revenue | \$ <u>          </u> | <b>\$ <u>(2,432)</u></b> | \$ <u>(11,674)</u> |

See accompanying notes to the consolidated financial statements.