

Membertou Reserve Band Council
Consolidated
Financial Statements
March 31, 2005

Grant Thornton 

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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, 2005, 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, 2005, 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.

Sydney, Nova Scotia
July 15, 2005

Grant Thornton LLP

Grant Thornton LLP
Chartered Accountants

Membertou Reserve Band Council

Consolidated Statement of Operations

Year Ended March 31

	Schedule	2005 Budget (Note 3)	2005 Actual	2004 Actual
Revenue				
Department of Indian and Northern Affairs (Note 4)	A	\$ 7,227,748	\$ 7,486,716	\$ 9,298,497
Health Canada	I	674,439	780,795	749,913
Mi'kmaq Employment Training Secretariat	H	413,928	359,915	446,665
Department of Fisheries and Oceans	J	162,000	162,000	162,000
Mi'kmaw Kina'matnewey Band Support	F		119,706	76,655
Aboriginal Healing Fund	K			10,790
Interest, rental, and sundry Province of Nova Scotia	K	126,500	120,544	146,276
		<u>620,000</u>	<u>620,000</u>	
		<u>9,224,615</u>	<u>9,649,676</u>	<u>10,890,796</u>
Expenditure				
Social development	B	2,740,677	2,757,972	2,594,656
Band government	C	1,851,746	2,296,816	1,754,231
Capital projects	D	1,317,400	2,521,018	2,100,059
Operations and maintenance	E	414,536	430,047	585,422
Band operated school	F	756,461	755,212	904,816
Wallace Bernard Centre	F	168,537	150,882	175,792
Education program	F	2,103,769	2,149,035	2,131,788
Economic development	G	84,000	264,910	2,317,020
Employment development	H	608,236	308,552	467,776
Health Canada Programs	I	713,034	695,700	699,842
Department of Fisheries - AFS Program	J	232,534	381,426	181,744
Miscellaneous	K	<u>2,139,791</u>	<u>2,634,948</u>	<u>1,137,721</u>
		<u>13,130,721</u>	<u>15,346,518</u>	<u>15,050,867</u>
		<u>(3,906,106)</u>	<u>(5,696,842)</u>	<u>(4,160,071)</u>
Other revenues, net				
Membertou Housing Fund	L	(248,611)	(509,762)	(743,599)
Membertou Enterprise Fund	N	(54,152)	46,041	(43,030)
Membertou Development Corporation	O	34,423	(807,595)	99,135
Membertou Gaming Commission	Q	2,592,470	7,709,997	5,579,068
Membertou Market	R	203,123	(197,090)	(153,262)
Membertou Trade & Convention Centre	S	<u>107,681</u>	<u>(926,938)</u>	
		<u>2,634,934</u>	<u>5,314,653</u>	<u>4,738,312</u>
Excess of (expenditures over revenue) revenue over expenditures		<u>\$ (1,271,172)</u>	<u>\$ (382,189)</u>	<u>\$ 578,241</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Consolidated Balance Sheet

March 31

2005

2004

Assets

Current

Cash		\$	1,031,974
Receivables (Note 5)	\$	1,377,849	2,236,198
Prepaid expenses		16,719	4,000
Inventory		<u>215,752</u>	<u>133,752</u>
		1,610,320	3,405,924

Investment

Band funds in trust (Note 6)		191,200	191,000
Capital assets (Notes 7)		17,292	16,853
Restricted cash (Note 8)		<u>15,472,714</u>	<u>11,967,522</u>
		260,405	79,047

	\$	<u>17,551,931</u>	\$	<u>15,660,346</u>
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Liabilities

Current

Bank overdraft	\$	2,084,014	
Payables and accruals (Note 9)		2,617,513	\$ 3,469,034
Due to Tui' kn Health Initiative		268,075	
Current portion of long term debt			
Principal payments due within one year (Note 10)		721,505	1,324,826
Other (Note 11)		1,925,635	1,277,654
Deferred revenue (Note 12)			835,139
Unearned revenue		<u>127,070</u>	<u>221,617</u>
		7,743,812	7,128,270

Long term debt (Note 10)

		<u>5,639,265</u>	<u>4,928,306</u>
		<u>13,383,077</u>	<u>12,056,576</u>

Equity

Surplus (deficit)		83,236	465,427
Investment in capital assets		3,797,969	2,917,333
Replacement reserve (Page 6)		224,257	158,157
Moveable capital asset replacement reserve (Page 6)		46,000	46,000
Reserve for Band funds in trust (Page 6)		17,292	16,853
Capital Stock		<u>100</u>	<u></u>
		<u>4,168,854</u>	<u>3,603,770</u>

	\$	<u>17,551,931</u>	\$	<u>15,660,346</u>
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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	2005	2004
Deficit, beginning of year	\$ 465,425	\$ (89,846)
Excess of revenue over expenditures	(382,189)	578,271
Deficit reclassified to MCAR	_____	(23,000)
Surplus (Deficiency), end of year	<u>\$ 82,236</u>	<u>\$ 465,425</u>
Comprised of:		
Operating Fund	\$ (1,378,224)	\$ (681,382)
Housing Fund	(1,670,328)	(1,160,563)
Membertou Enterprise Fund	152,985	12,945
Membertou Gaming Commission Incorporated	4,847,089	2,137,092
Membertou Market	(5,240)	(148,179)
Membertou Development Corporation	(936,108)	305,514
Membertou Trade and Convention Centre	(926,938)	_____
	<u>\$ 83,236</u>	<u>\$ 465,427</u>

Membertou Reserve Band Council

Consolidated Statement of Investment in Capital Assets

Year Ended March 31	2005	2004
Balance, beginning of year	\$ 2,917,333	\$ 2,469,407
Acquisition of capital assets	880,636	447,926
Principal payments on long term debt	470,251	628,448
Asset disposal		
Assets reclassified		
Depreciation of fixed assets	(470,251)	(628,448)
Balance, end of year	<u>\$ 3,797,969</u>	<u>\$ 2,917,333</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Consolidated Statement of Fund Balances

Year Ended March 31

2005

2004

Moveable Capital Asset Reserve

MCAR reclassified from deficit	\$	46,000	\$	23,000
Contributions during year				23,000
Balance, end of year	\$	46,000	\$	46,000

Replacement reserve

Balance, beginning of year	\$	158,157	\$	162,378
Contributions		95,376		92,376
Payment from replacement reserve for approved repairs		(29,276)		(96,597)
Balance, end of year (Note 15)	\$	224,257	\$	158,157

Reserve for Band Funds in Trust

Balance, beginning of year	\$	16,853	\$	15,587
Interest and other revenues		439		1,266
Balance, end of year	\$	17,292	\$	16,853

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Consolidated Statement of Cash Flows

Year Ended March 31

2005

2004

(Decrease) increase in cash and cash equivalents

Operating		
Excess of revenue over expenditures	\$ (382,189)	\$ 578,241
Depreciation	867,623	1,319,856
Gain on disposal of assets		(376,704)
Capital payments from operations	470,251	628,448
Replacement reserve (net of approved repairs)	<u>(66,100)</u>	<u>4,221</u>
	889,585	2,154,062
Change in non-cash operating working capital		
Receivables	858,349	(517,185)
Prepaid expenses	(12,719)	59,306
Inventory	(82,000)	(56,133)
Payables and accruals	(583,446)	1,102,746
Deferred revenue	(835,139)	608,377
Unearned revenue	<u>(100,547)</u>	<u>(150,986)</u>
	134,083	3,200,187
Financing		
Issue of Capital Stock	100	
Trust contributions	181,797	(137,540)
New long term debt	1,557,975	1,057,338
Repayment of long term debt	<u>(802,356)</u>	<u>(1,137,957)</u>
	937,516	(218,159)
Investing		
Purchase of Investments	(200)	(191,000)
Proceeds from disposal of capital assets	32,842	427,904
Capital assets acquired	<u>(4,038,432)</u>	<u>(1,809,589)</u>
	(4,005,790)	(1,572,685)
Net (decrease) increase in cash and cash equivalents	(2,934,191)	1,409,843
Cash and cash equivalents, beginning of year	<u>1,127,874</u>	<u>(281,969)</u>
Cash and cash equivalents, end of year	\$ (1,806,317)	\$ 1,127,874
Cash and cash equivalents consists of:		
Cash and cash equivalents	\$ (2,084,014)	\$ 1,031,974
Funds in trust	17,292	16,853
Restricted cash	<u>260,405</u>	<u>79,047</u>
	\$ (1,806,317)	\$ 1,127,874

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Notes to the Consolidated Financial Statements

March 31, 2005

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, 2005

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, 2005

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>2005</u>	<u>2004</u>
Funding allocations received	\$ 7,369,960	\$ 8,781,684
Funding allocations receivable	116,756	465,881
Prior year deferred revenue		50,932
Current year deferred revenue		
	<u>\$ 7,486,716</u>	<u>\$ 9,298,497</u>

Membertou Reserve Band Council

Notes to the Consolidated Financial Statements

March 31, 2005

5. Receivables	<u>2005</u>	<u>2004</u>
Department of Indian and Northern Affairs Canada	\$ 116,756	\$ 465,851
Office and housing rents	475,181	360,067
Mi'Kmaq Employment Training Secretariat	91,597	340,200
Department of Fisheries and Oceans		277,666
Department of Health and Welfare Canada	243,403	223,712
Harmonized Sales Tax	133,055	157,609
Province of Nova Scotia	21,800	128,790
Mi'Kmaq Kina'matnewey	6,283	33,190
Sundry	169,082	473,333
CMHC		
Enterprise Cape Breton Corporation	51,573	
Trade receivables	<u>405,627</u>	
	1,714,357	2,460,418
Less: allowance for doubtful accounts	<u>(336,508)</u>	<u>(224,220)</u>
	<u>\$ 1,377,849</u>	<u>\$ 2,236,198</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>2005</u>	<u>2004</u>
Net assets, beginning of year	\$ 16,853	\$ 15,587
Interest earned	<u>439</u>	<u>1,266</u>
Net assets, end of year	<u>\$ 17,292</u>	<u>\$ 16,853</u>

Membertou Reserve Band Council

Notes to the Consolidated Financial Statements

March 31, 2005

7. Capital assets	2005	2004
	<u>Net Book Value</u>	<u>Net Book Value</u>
CMHC housing	\$ 6,647,750	\$ 5,374,588
Membertou Market	1,852,014	1,839,409
Membertou Gaming Commission	1,552,958	1,433,619
Adult education centre	803,674	827,182
Band administration building	596,425	596,425
Wallace Bernard Centre	450,000	450,000
Wellness centre	408,966	408,966
Police station	185,400	207,000
Membertou Development	529,050	182,380
Veterans memorial building	164,793	164,793
Community buildings	107,597	107,597
Office equipment	75,114	84,879
Public Works equipment	217,224	54,771
Buses	74,641	51,272
Buildings under construction	144,092	184,641
Membertou Trade and Convention Centre	<u>1,663,016</u>	<u> </u>
	<u>\$ 15,472,714</u>	<u>\$ 11,967,522</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, 2005

9. Payables and accruals	<u>2005</u>	<u>2004</u>
Trade	\$ 1,084,161	\$ 1,935,609
Accrued liabilities	1,233,346	1,185,964
Commodity tax	294,220	311,091
Employee benefits	<u>5,786</u>	<u>36,370</u>
	<u>\$ 2,617,513</u>	<u>\$ 3,469,034</u>

10. Long term debt	<u>2005</u>	<u>2004</u>
Canadian Imperial Bank of Commerce		
Demand loan bearing interest at prime plus 1% payable in equal monthly instalments of \$6,942 plus interest.	\$ 673,374	\$ 756,678
Demand loan bearing interest at prime + 1%, payable in equal monthly instalments of \$1,959 plus interest.	156,640	180,148
Demand loan bearing interest at prime + 1%, payable in equal monthly instalments of \$1,066 plus interest.	31,980	44,772
Demand loan bearing interest at prime + 1%, payable in equal monthly instalments of \$1,800 plus interest.	185,400	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.	930,000	1,050,000
9.75% capital lease obligation, repayable in equal monthly instalments of \$1,571 including interest.	10,666	27,600
Demand loan bearing interest at prime + 1%, payable in equal monthly instalments of \$6,700 plus interest, maturing November 2014.	766,500	
Demand loan bearing interest at prime + 1% payable in equal monthly instalments of \$1,175.	64,625	

Membertou Reserve Band Council

Notes to the Consolidated Financial Statements

March 31, 2005

10. Long term debt (continued) 2005 2004

**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.

67,378 78,348

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.

45,860 51,329

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.

60,233 65,857

Loan # 4

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.

83,562 94,573

Loan # 5

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.

324,264 349,767

Membertou Reserve Band Council

Notes to the Consolidated Financial Statements

March 31, 2005

10. Long term debt (continued) 2005 2004

**Canadian Imperial Bank of Commerce
Mortgage Corporation (continued)**

Loan # 6

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. 6,888 86,288

Loan # 7

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. 265,275 281,004

Loan # 8

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. 72,903 77,234

Loan # 9

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. 22,836 24,190

Loan # 10

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. 23,166 26,378

Loan # 11

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. 244,156 264,637

Membertou Reserve Band Council

Notes to the Consolidated Financial Statements

March 31, 2005

10. Long term debt (continued) 2005 2004

**Canadian Imperial Bank of Commerce
Mortgage Corporation (continued)**

Loan # 12

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. 200,491 216,855

Loan # 13

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. 337,388 365,690

Loan # 14

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. 227,987 246,952

Loan # 15

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. 5,871 7,611

Loan # 16

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. 4,745 6,306

Loan # 17

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 2005. 199,570 209,908

Membertou Reserve Band Council

Notes to the Consolidated Financial Statements

March 31, 2005

10. Long term debt (continued) 2005 2004

**Canadian Imperial Bank of Commerce
Mortgage Corporation (continued)**

Loan # 18

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. 168,039 174,477

Loan # 19

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 2005. 8,578 10,068

Loan # 20

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. 104,272 107,767

Loan # 21

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. 161,302 166,787

Loan # 22

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. 129,236 133,544

Loan # 23

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. 139,936 147,698

Membertou Reserve Band Council

Notes to the Consolidated Financial Statements

March 31, 2005

10. Long term debt (continued) 2005 2004

Canadian Imperial Bank of Commerce Mortgage Corporation (continued)

Loan # 24

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. 93,950 99,183

Loan # 25

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. 255,334 270,168

Loan # 26

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. 402,310 409,909

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 2005. 165,007 170,146

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 2005. 52,795 54,458

Membertou Reserve Band Council

Notes to the Consolidated Financial Statements

March 31, 2005

10. Long term debt (continued) 2005 2004

Canada Mortgage and Housing Corporation (continued)

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.

171,464 175,478

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.

323,289 331,054

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.

308,778 293,555

Loan # 6

3.88% mortgage, repayable in monthly instalments of \$412 on account of principle and interest, maturing February 2020, secured by an Indian and Northern Affairs Ministerial guarantee.

The interest rate is fixed to February 2010.

76,213

Mortgage advances

Section 10

154,549

Section 95

281,216

89,452

Peace Hills Trust

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

106,710

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.

2,795

19,216

Membertou Reserve Band Council

Notes to the Consolidated Financial Statements

March 31, 2005

10. Long term debt (continued) 2005 2004

Caterpillar Finance

5.23% capital lease, repayable in monthly instalments of \$2,734 on account of principle and interest, maturing May 2009, secured by a chattel mortgage, Caterpillar Integrated Tool Carrier.

120,408

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

Ford Credit Canada Limited

5.25% capital lease, repayable in monthly Instalments of \$1,505 on account of principle and interest, maturing in July 2007. Secured by a Chattel mortgage on a 2004 Ford F450 truck.

48,466

8,286,405

7,530,786

Current portion of long term debt

Principal payments due within one year

1,925,635

1,324,826

Amounts reclassified as current (Note 10).

721,505

1,277,654

\$ 5,639,265

\$ 4,928,306

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, 2005 are as follows:

2006	\$ 721,505
2007	\$ 716,349
2008	\$ 690,412
2009	\$ 662,860
2010	\$ 645,313

Membertou Reserve Band Council

Notes to the Consolidated Financial Statements

March 31, 2005

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>2005</u>	<u>2004</u>
Enterprise Cape Breton Corporation	\$	620,000
Department of Fisheries and Oceans		215,139
Indian and Northern Affairs Canada		
	<hr/>	<hr/>
	\$	<u>835,139</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, 2005, 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 is 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, 2005

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 \$95,376 (2004 - \$92,376). 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>2005</u>	<u>2004</u>
Cash	<u>\$ 224,257</u>	<u>\$ 6,191</u>

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 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2005.

Membertou Reserve Band Council

Schedule A – Indian and Northern Affairs Canada

Revenue

Year Ended March 31	Schedule	Budget	2005	2004
Social development	B			
Social assistance		\$ 3,491,519	\$ 3,659,964	\$ 3,491,519
Social delivery		108,997	114,255	108,997
		<u>3,600,516</u>	<u>3,774,219</u>	<u>3,600,516</u>
Band government	C			
Government support		400,547	400,547	382,112
Capacity development				59,735
Band support		27,008	46,888	27,008
Land Management Training			19,990	8,158
Lands and trust		7,758	8,132	7,758
Aboriginal Day				1,000
Indian Registry Administration			1,218	
Management development				
		<u>435,313</u>	<u>476,775</u>	<u>485,771</u>
Capital projects	D			
Capital		264,914	277,695	264,914
Mold remediation				85,700
Infrastructure				
Oil tank remediation				
		<u>264,914</u>	<u>277,695</u>	<u>350,614</u>
Operations and maintenance	E			
Youth Centre repairs			5,000	
Water system – hydrants			3,700	
Operations and maintenance		196,038	210,119	200,449
		<u>196,038</u>	<u>218,819</u>	<u>200,449</u>
Education	F			
Education		2,640,430	2,566,300	2,445,618
Education pathways				60,810
Education reform				
		<u>2,640,430</u>	<u>2,566,300</u>	<u>2,506,428</u>
Economic development	G			
Membertou Trade and Convention Centre				1,925,000
Mi'kmaq Association of Cultural Studies				88,250
Economic development		70,537	73,940	70,537
Energy project			10,000	
Heritage Centre				50,932
Membertou Market				
Opportunity fund			68,968	
Summer students		20,000	20,000	20,000
		<u>90,537</u>	<u>172,908</u>	<u>2,154,719</u>
		<u>\$ 7,227,748</u>	<u>\$ 7,486,716</u>	<u>\$ 9,298,497</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	2005	2004
Revenue			
Social assistance	\$ 3,491,519	\$ 3,659,964	\$ 3,491,519
Social delivery	108,997	114,255	108,997
Gathering Strength			
Welfare reform			
	<u>3,600,516</u>	<u>3,774,219</u>	<u>3,600,516</u>
Expenditure			
Administration	227,285	176,615	155,363
Adult care	79,404	78,157	64,748
Basic needs	2,040,000	1,935,800	1,909,066
Special needs	120,000	178,190	149,054
Social assistance transfers	273,988	389,210	316,425
	<u>2,740,677</u>	<u>2,757,972</u>	<u>2,594,656</u>
Excess of revenue over expenditure	<u>\$ 859,839</u>	<u>\$ 1,016,247</u>	<u>\$ 1,005,860</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	2005	2004
Revenue			
Government support	\$ 400,547	\$ 400,547	\$ 382,112
Capacity development			59,735
Band support	27,008	46,888	27,008
Land Management Training		19,990	8,158
Lands and trust	7,758	8,132	7,758
Aboriginal Day			1,000
Indian Registry		1,218	
Management development			
	<u>435,313</u>	<u>476,775</u>	<u>485,771</u>
Expenditure			
Band support			
Core funding	445,000	536,905	415,000
Salaries	1,088,706	1,268,840	956,814
Travel	96,000	76,092	61,925
	<u>1,629,706</u>	<u>1,881,837</u>	<u>1,433,739</u>
General			
Bad debts	5,000	33,160	108,955
Council meetings	2,100	11,811	4,943
Heat and light	9,600	9,623	9,602
Interest and bank charges	14,400	15,233	12,885
Employee safety development		18,403	
Election		13,265	47
Janitorial supplies	18,000	5,367	13,843
Miscellaneous	56,400	45,232	32,215
Office and stationary	16,992	19,864	25,521
Office equipment	57,348	65,521	84,490
Postage	12,000	13,926	16,793
Professional services	77,600	75,765	114,685
Professional development	36,000	47,189	27,820
Telephone and internet	41,400	44,620	40,993
	<u>1,976,546</u>	<u>2,296,816</u>	<u>1,926,531</u>
Less: Transferred to other programs	<u>(124,800)</u>	<u></u>	<u>(172,300)</u>
	<u>1,851,746</u>	<u>2,296,816</u>	<u>1,754,231</u>
Excess of expenditure over revenue	<u>\$ (1,416,433)</u>	<u>\$ (1,820,041)</u>	<u>\$ (1,268,460)</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	2005	2004
Revenue			
Capital	\$ 264,914	\$ 277,695	\$ 264,914
Mold remediation			85,700
Infrastructure			
Oil tank remediation			
	<u>264,914</u>	<u>277,695</u>	<u>350,614</u>
Expenditure			
Community infrastructure			
Community infrastructure	850,000	970,115	1,058,163
Membertou Youth Centre	150,000	144,092	
Capital Equipment		10,000	
Membertou Trade and Convention Centre		1,000,000	
Principal on long term debt	11,400	21,600	540,126
Interest on long term debt	3,000	9,828	28,279
	<u>1,014,400</u>	<u>2,155,635</u>	<u>1,626,568</u>
Housing			
On reserve housing			
New units - equity	78,000	140,383	237,791
Renovations	225,000	225,000	235,700
	<u>303,000</u>	<u>365,383</u>	<u>473,491</u>
	<u>1,317,400</u>	<u>2,521,018</u>	<u>2,100,059</u>
Excess of expenditure over revenue	\$ (1,052,486)	\$ (2,243,323)	\$ (1,749,445)

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	2005	2004
Revenue			
Operations and maintenance	\$ 196,038	\$ 210,119	\$ 200,449
Youth Centre repairs		5,000	
Water system		3,700	
	<u>196,038</u>	<u>218,819</u>	<u>200,449</u>
Expenditure			
Municipal services	275,680	275,680	275,680
Police station	30,000	10,941	141,956
Community buildings	23,996	32,342	79,549
Administration insurance	60,000	78,563	76,692
Membertou gym	22,460	3,429	10,120
Fire prevention	2,400	11,375	1,425
Youth Centre repairs		5,000	
Water system		3,700	
Landscaping		9,017	
	<u>414,536</u>	<u>430,047</u>	<u>585,422</u>
Excess of expenditure over revenue	\$ (218,498)	\$ (211,228)	\$ (384,973)

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Schedule F – Education

Revenue and Expenditure

Year Ended March 31	Budget	2005	2004
Revenue			
Education	\$ 2,640,430	\$ 2,566,300	\$ 2,445,618
Education pathways			60,810
Mi'kmaw Kina'matnewey band support		119,706	76,655
Education reform			
	<u>2,640,430</u>	<u>2,686,006</u>	<u>2,583,083</u>
Expenditure			
Band operated school			
Equipment	17,280	13,339	20,409
Operation and maintenance	26,500	70,291	28,400
Professional development	7,000	3,693	4,186
Salaries - benefits	76,201	41,974	44,865
Salaries - teachers aid	37,338	39,726	38,169
Salaries - teachers	500,996	489,871	470,467
School extension – capital			172,099
School extension loan – principal	23,508	23,508	23,508
School extension loan – interest	12,720	8,444	10,960
Supplies	34,500	38,330	61,786
Utilities	20,418	26,036	29,967
	<u>756,461</u>	<u>755,212</u>	<u>904,816</u>
Wallace Bernard Centre			
Professional development		1,751	3,668
Repairs and maintenance	10,750	9,982	27,147
Salaries - benefits	24,505	11,316	8,597
Salaries - director	34,776	32,566	34,744
Salaries - teachers	140,466	115,450	118,368
Salaries - maintenance	12,550	25,000	25,000
Supplies	13,410	18,810	24,337
Utilities	7,080	11,007	8,931
Less: expense transferred	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>
	<u>168,537</u>	<u>150,882</u>	<u>175,792</u>

Membertou Reserve Band Council

Schedule G – Economic Development

Revenue and Expenditure

Year Ended March 31	Budget	2005	2004
Revenue			
Membertou Trade and Convention Centre		\$	1,925,000
Mi'kmaq Association of Cultural Studies			88,250
Economic development	\$ 90,537	\$ 73,940	70,537
Energy project		10,000	
Heritage Centre			50,932
Membertou Market			
Opportunity fund		68,968	
Summer students		20,000	20,000
	<u>90,537</u>	<u>172,908</u>	<u>2,154,719</u>
Expenditure			
Economic development	30,000	4,425	26,952
Electronic data management storage	36,000	6,392	41,338
Heritage Centre	10,000	15,413	50,932
Mi'kmaq Association of Cultural Studies			88,250
Joint community planning	8,000	21,708	83,548
Energy Project		10,000	
Opportunity Fund		68,968	
Summer students		138,004	101,000
Membertou Trade and Convention Centre			1,925,000
	<u>84,000</u>	<u>264,910</u>	<u>2,317,020</u>
Excess of expenditure over revenue	<u>\$ 6,537</u>	<u>\$ (92,002)</u>	<u>\$ (162,301)</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	2005	2004
Revenue			
Mi'kmaq Employment Training			
Secretariat	\$ 413,928	\$ 359,915	\$ 446,665
Expenditure			
Housing repair project		92,552	
Outreach	41,236	50,404	46,828
Heavy equipment training			127,564
Pathways	492,000	90,596	218,384
First Nations Childcare	75,000	75,000	75,000
	<u>608,236</u>	<u>308,552</u>	<u>467,776</u>
Excess of revenue over expenditure (expenditure over revenue)	\$ (194,308)	\$ 51,363	\$ (21,111)

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	2005	2004
Revenue			
Health services transfer programs	\$ 429,522	\$ 480,088	\$ 454,008
Targeted programs			
Aboriginal headstart	24,854	38,935	35,935
Health information systems	6,080	6,080	6,080
Health careers	8,000	8,000	12,000
Home and community care	141,197	141,197	143,919
Tobacco control		5,000	
Fetal Alcohol Disorder		2,000	
Emergency preparedness		5,000	
Non-insured health benefits	64,786	92,245	96,596
Tuberculosis elimination		2,250	1,375
	<u>674,439</u>	<u>780,795</u>	<u>749,913</u>
Expenditure			
Transferred programs			
Brighter futures	74,850	48,610	46,335
Community health nurse	73,844	81,428	78,347
Community health representative	32,258	52,118	51,585
Health clerk supplies and travel		528	2,308
Health administration	74,184	71,979	68,455
Operations and maintenance	55,000	54,333	51,389
Mental health	52,134	42,777	39,168
Pre-natal nutrition program	16,800	20,249	11,556
Advisory board		314	1,083
Audit	2,500	3,500	2,500
Contingency	23,166	8,741	3,066
Moveable Capital Asset			
Replacement Reserve	23,000		23,000
	<u>427,736</u>	<u>384,577</u>	<u>378,792</u>
Targeted programs			
Aboriginal head start program	24,854	39,915	36,422
Health information systems	27,016	6,789	26,861
Health careers	12,000	8,480	19,130
Home care nursing	156,442	142,090	146,918
Non-insured health benefits			
transportation	64,786	97,403	90,196
Tuberculosis elimination	1,000	2,446	1,523
Tobacco control		2,000	
Fetal Alcohol Disorder		5,000	
Emergency preparedness		7,000	
	<u>286,098</u>	<u>311,123</u>	<u>321,050</u>
	<u>713,834</u>	<u>695,700</u>	<u>699,842</u>
Excess of revenue over expenditure	<u>\$ (39,395)</u>	<u>\$ 85,095</u>	<u>\$ 50,071</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council

Schedule K – Miscellaneous Revenue and Expenditure

Year Ended March 31	Budget	2005	2004
Revenue			
Interest, rental and subsidy	\$ 126,500	\$ 120,544	\$ 146,276
Aboriginal Healing Fund			10,790
	<u>126,500</u>	<u>120,544</u>	<u>157,066</u>
Expenditure			
Gathering Strength	34,776	36,812	34,744
Other	40,015	5,846	12,497
Community expense	<u>2,065,000</u>	<u>2,592,290</u>	<u>1,090,480</u>
	<u>2,139,791</u>	<u>2,634,948</u>	<u>1,137,721</u>
Excess of (expenditure over revenue) revenue over expenditure	<u>\$ (2,013,291)</u>	<u>\$ (2,514,404)</u>	<u>\$ (980,655)</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	2005	2004
Revenue			
Rentals			
Social Services, shelter allowance	\$ 766,200	\$ 615,900	\$ 638,850
Canada Mortgage and Housing Corporation subsidies	247,764	237,785	265,216
Public works – municipal services (Schedule M)	280,555	276,899	280,111
Interest	<u> </u>	<u> </u>	<u> </u>
	<u>1,294,519</u>	<u>1,130,584</u>	<u>1,184,226</u>
Expenditure			
Administration	190,376	198,966	213,486
Allocation to replacement reserve	120,750	95,376	92,376
Bad debts	39,000	122,288	129,859
Insurance	30,396	21,785	34,309
Interest and bank charges	1,980	1,053	575
Maintenance	360,000	356,005	530,617
Mortgage interest	245,749	250,640	284,343
Mortgage principal	353,639	351,697	293,069
Contribution to Section 10 Housing		15,200	10,147
Public works – municipal services (Schedule M)	426,240	556,624	493,204
Transfer from Membertou Operating Fund	<u>(225,000)</u>	<u>(319,288)</u>	<u>(154,160)</u>
	<u>1,543,130</u>	<u>1,640,346</u>	<u>1,927,825</u>
Excess of expenditure over revenue	<u>\$ (248,611)</u>	<u>\$ (509,762)</u>	<u>\$ (743,599)</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	2005	2004
Revenue			
Municipal services	\$ 275,680	\$ 275,680	\$ 271,580
CMHC Internship revenue	4,875	1,219	8,531
	<u>280,555</u>	<u>276,899</u>	<u>280,111</u>
Expenditure			
Salaries, wages and benefits	187,024	105,118	221,362
Telephone	3,576	4,003	5,376
Training	3,000	2,500	
Repairs and maintenance	18,000	39,635	30,751
Equipment lease payments	20,148	51,863	23,014
Insurance	12,144	185	6,991
Equipment rental and supplies	59,748	139,874	36,105
Snow removal	40,000	91,944	68,604
Heat and lights	3,000	5,867	1,558
Vehicle operation and maintenance	12,600	41,423	38,465
Garbage collection	39,600	50,639	48,271
Water and sewer			395
Landscaping project		6,087	
Sundry	25,000	11,675	
Street maintenance		5,811	9,561
CMHC intern	2,400		2,751
	<u>426,240</u>	<u>556,624</u>	<u>493,204</u>
Excess of expenditure over revenue	\$ (145,685)	\$ (279,725)	\$ (213,093)

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 (Unaudited)	Budget	2005	2004
Revenue			
Bingo	\$ 681,444	\$ 695,758	\$ 692,189
Tobacco	<u>1,610,016</u>	<u>2,098,168</u>	<u>1,939,775</u>
	<u>2,291,460</u>	<u>2,793,926</u>	<u>2,631,964</u>
Operating costs			
Bingo	563,568	606,462	623,969
Tobacco	<u>1,347,168</u>	<u>1,706,957</u>	<u>1,613,740</u>
	<u>1,910,736</u>	<u>2,313,419</u>	<u>2,237,709</u>
Net contribution	<u>380,724</u>	<u>480,507</u>	<u>394,255</u>
Expenditure			
Bank charges	1,200	1,337	1,263
Playground equipment	10,000		32,622
Sports	21,500	19,411	29,350
Community	287,676	209,280	210,531
Dog control	20,904	24,019	17,322
Seniors	10,000	24,550	28,855
Youth	26,400	45,729	46,135
Recreation salaries	59,696	46,011	47,084
Christmas bonuses		29,857	11,600
Donald Marshall Music Festival		35,888	13,139
Wallace Bernard Tournament	<u> </u>	<u>(1,031)</u>	<u>276</u>
	<u>437,376</u>	<u>435,051</u>	<u>438,177</u>
Other income			
Miscellaneous income	<u>2,500</u>	<u>585</u>	<u>892</u>
Excess of expenditure over revenue	<u>\$ (54,152)</u>	<u>\$ 46,041</u>	<u>\$ (43,030)</u>

See accompanying notes to the consolidated financial statements.

Membertou Reserve Band Council
Schedule O - Membertou Development Corporation
Statement of Revenue and Expenditure

Year Ended March 31 (Unaudited)	Budget	2005	2004
Revenue			
Commercial fishing	\$ 1,868,800	\$ 1,916,377	\$ 2,012,444
Department of Fisheries (Schedule P)			372,000
Quality management consulting fees (net)	7,500	19,483	6,990
Rental income	9,250	34,064	16,042
Investment income	500	629	1,565
Gain on sale of equipment			376,704
Mi'kmaq Employment Training Secretariat			139,877
Aboriginal Business Canada			46,298
Enterprise Cape Breton Corporation		51,573	39,904
Geomatics Division consulting fees (net)	(107,600)	(171,230)	12,794
Clearwater processing (net)	35,000		
Miscellaneous	50,000	35,698	17,180
	<u>1,863,450</u>	<u>1,886,594</u>	<u>3,041,798</u>
Expenditure			
Commercial fishing	1,081,633	1,462,115	1,429,310
Department of Fisheries (Schedule P)			374,432
Contribution to Marshall Trust Fund	25,000	25,000	25,000
Data Centre		102,942	
Microsoft Engineering Project			131,028
Wages and benefits - corporate	242,436	252,860	157,997
Office rent – corporate	141,008	145,591	73,175
Interest on capital lease	21,696	8,071	4,773
Telephone - corporate	12,000	15,684	13,899
Legal fees	20,000	47,863	43,087
Bank charges	600	1,666	384
Interest on long term debt		6,613	7,095
Office rent --Membertou		100,000	
Travel	54,000	107,278	64,158
Office	37,444	35,888	36,416
Depreciation	6,000	15,905	11,609
Consulting fees	19,000	232,043	73,378
Professional development		3,374	353
Marketing and trade show	41,000	52,921	85,823
Marketing project – The Membertou Market			68,242
Marketing project – Membertou Trade and Convention Centre			36,065
Miscellaneous	2,400	18,375	15,662
Bad debts			15,977
Administrative fees	124,800		124,800
	<u>1,829,017</u>	<u>2,634,189</u>	<u>2,792,663</u>
		(747,595)	249,135
Severance		60,000	150,000
Excess of (expenditures over revenue) revenue over expenditure	\$ 34,433	\$ (807,595)	\$ 99,135

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

2005

2004

Revenue			
Department of Fisheries and Oceans	_____	_____	<u>\$ 372,000</u>
Expenditure			
MED training			1,200
Basic survival training			
Deckhand training			10,915
Class IV training			6,810
Fisheries technicians training			75,000
Training - vessel rental			
Training - classroom rental			
Training - administration			
Geometrics training and mentorship			220,025
Office equipment			482
Vessel expense			
Fisheries coordinator	_____	_____	<u>60,000</u>
	_____	_____	<u>374,432</u>
Excess of expenditure over revenue	_____	_____	<u>\$ (2,432)</u>

See accompanying notes to the consolidated financial statements.