

2014·2015 ANNUAL REPORT

DEVELOPING A
HEALTHY



MIND



BODY &



COMMUNITY
SPIRIT



Membertou
WELCOMING THE WORLD!

YEAR
IN REVIEW

2014-2015

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DEVELOPING A HEALTHY MIND, BODY AND COMMUNITY SPIRIT

The term ‘development’ can assume a number of meanings such as “being developed,” “an area of land with new infrastructure,” or “an event that creates a new stage in a changing situation.” A simpler definition could be “a process of developing,” or “the process of starting to experience.” Development is synonymous with terms like evolution, growth, expansion, and maturation.

Development is progress. Progress continues throughout Membertou as the community and its members have made great improvements in developing healthy minds, bodies and community spirit.

Last September, Maupeltuewey Kina’matno’kuom (Membertou School) opened its doors to a new and prosperous generation of young minds eager to learn. These youth, our children, nephews, nieces, brothers, and sisters, will grow up and be able to speak our Mi’kmaw language. Their young minds will be shaped by today’s educational leaders in preparation for the next steps in learning and growth.

Membertou continues to produce accomplished graduates from high school, post-secondary and

trades schools in high volume. Their dedication to personal and professional development is a tribute to Membertou’s pursuit of successful futures.

A healthy mind helps create a healthy body. The Membertou Sport and Wellness Centre stands to become the heart of athletics and recreation, not only in our community, but in all of Cape Breton.

At home, community members are seen walking, jogging, participating in team sports, and joining fitness gyms. The Membertou Boxing Club has increased membership at a rapid pace and is producing championship calibre athletes. Membertou is also one of the first Mi’kmaq communities to begin drafting and implementing a physical activity strategy.

As minds and bodies are nurtured, the community cleanses its spirit and our shared pride rises to higher levels. At home, we are proud to say “we are Membertou.” Our friends in surrounding communities also feel and share our sense of community spirit when visiting or doing business with Membertou.

CHIEF AND COUNCIL MESSAGE



As Membertou's governing council, we are very pleased to state that the 2014-15 fiscal year was very successful and also quite eventful. Our collective development, as both a community and as a corporation, continues to foster better quality of living and stronger business relationships. In short, Membertou is healthy.

From our working relationships with our valuable business and community

partners, we continue to develop new infrastructure that currently, and will later, bring incredible dividends to Membertou. These projects and ventures are allowing Membertou and its residents, and even the greater community of the Cape Breton Regional Municipality, to develop healthy minds, bodies and community spirit.

We are forever grateful for the new and long-term staff who dedicate themselves to Membertou's continuous development. Without their hard work in the late nights and early mornings, we would not experience the tremendous progress that we are part of today.

As we continue our journey into the future, we continue to seek guidance from our Elders, and we must also remember to look to our youth for input. As young minds are shaped, we must be mindful of the world we are creating for them, and also be mindful that their voices must be heard when forging new partnerships and relations. Eventually, the youth will take the reins and fill the positions that we will someday pass on. Today's healthy development will establish a healthy and vital future.

Thank you aqq Wela'lioq,

Membertou Chief and Council



Chief Terry Paul
Austin Christmas
Dean Christmas
Julie Christmas
Joan Denny
Robin Googoo
Lee Gould

Johanna LaPorte
Paul MacDonald
David Marshall
Allister “Buster” Matthews
Anthony “Ike” Paul
Lawrence Paul Jr.



YOUTH CHIEF AND COUNCIL

Originally established in 2011 by the Governance Committee, the Membertou Youth Chief & Council is comprised of students, ages 15-18, who are elected by their peers to be the voices of all Membertou youth. The council addresses issues and concerns that impact all youth in the community and discuss methods on how to better the lives of their fellow peers.

Since 2011, the group has grown substantially and had its first election in 2013. The successful candidates were chosen by anonymous votes through ballot submission. Only Membertou students were eligible to vote.

The 2014-15 Youth Chief & Council started later than expected but it did not stop the momentum. Three candidates submitted applications for Youth Chief. Ultimately, Boyd McEwan was elected by his peers in November 2014. The remaining candidates, Julian Marshall and Kennedy Marshall, were appointed to council.

Five students applied for council positions and all were appointed. Throughout the year, the members were active in community based initiatives such as the LOVE Program, the Gingerbread House Parade and other community events. They were also very active in participating in several Governance Committee engagement sessions and discussions.

The Youth Chief and Council is facilitated by Membertou's Communications Department.

Chief Boyd McEwan
Vice Chief Benedict Joe
Blake Christmas
Keegan Christmas
Stephanie Gould
Dana Joe
Julian Marshall
Kennedy Marshall
Salena Sylvester





Membertou Youth Chief and Council is a committee comprised of young students from the community of Membertou. It was formed to be the voice of Membertou's youth by discussing and addressing issues and concerns that impact young people in the community.

GOVERNANCE COMMITTEE ACTIVITIES



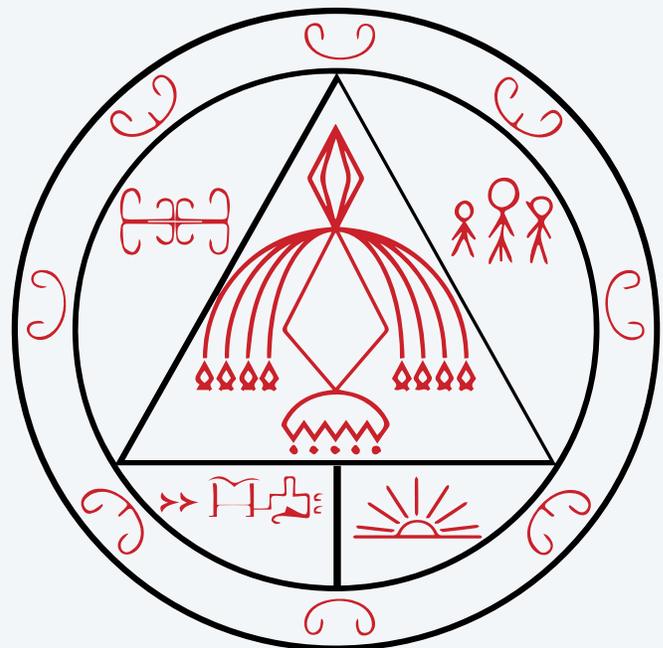
MEMBERTOU/MAUPELTU LAND CODE

The Governance Committee completed a final draft of the Membertou/Maupeltu Land Code. A ratification vote was set for November 2014, but had to be rescheduled until certainty surrounding jurisdictional issues regarding water courses was resolved by the federal and provincial governments. Once the water course issue is resolved to Membertou's satisfaction, the ratification vote will be scheduled. The Membertou Land Code has also gone through a legal review by Jeanie Lanine, Cedar Law Barristers & Solicitors.

The First Nations Lands Advisory Board held their Board of Directors meeting in Membertou from September 23-24th, 2014. Membertou Governance Committee members hosted and met with other communities who manage their lands under the Framework Agreement on First Nations Land Management.

UPDATE ON LAND CODE: MEMBERTOU ENVIRONMENTAL MANAGEMENT PLAN (EMP)

The Governance Committee held a series of community engagements sessions from March 9-11, 2015, to develop Membertou's Environmental Management Plan (EMP). A draft will be circulated in 2016.



The Membertou Governance Committee is mandated by Chief and Council to develop laws and codes for consideration by the citizens of Membertou.

Its membership is comprised of community members, including youth and Elders.

PHASE I ENVIRONMENTAL SITE ASSESSMENT

The Phase I Environmental Site Assessment (ESA) of Caribou Marsh site revealed evidence of environmental contamination. As such, further work was recommended, which included additional groundwater monitoring. Aboriginal Affairs and Northern Development Canada (AANDC) provided funding to hire Stantec to conduct groundwater monitoring in August. The testing was completed in February 2015. The results highlighted two concerns:

1. As a result of the presence of free phase petroleum hydrocarbons at some wells, further work should be undertaken to determine the extent of the impacts.
2. Caribou Marsh groundwater results were found to have elevated sodium and total dissolved solids (TDS), and might be a result of an activity inside the building. Some wells should be resampled to determine if the sodium may have been an anomaly, as the sample collected from the other interior well had sodium levels well below the applicable guidelines.

CITIZENSHIP

The Governance Committee held a series of citizenship engagement sessions during 2014-15. Dr. Pam Palmater hosted several community engagement sessions on the status of citizenship/membership work Governance has completed to date. A membership survey was developed and finalized and mailed to all voting Membertou band members to complete. Based on the feedback received, a draft citizenship/membership code will be drafted and shared later this year.

WIKIPALTIMK: THIRD ANNUAL SPRING GATHERING

The annual Spring Gathering was held on April 12, 2014, at the Membertou Entertainment Centre. Dr. Pam Palmater presented on Citizenship/Membership.

GOVERNANCE NEWSLETTER

Four seasonal editions of the Governance Newsletter were published on the community website and delivered to all Membertou homes.



MAUPELTUEWEY KINA' MATNO' KUOM



The Membertou school's official name is Maupeltuewey Kina' matno' kuom meaning, "the place where we learn." The new school celebrated its long awaited grand opening on September 22, 2014. The building is one of a kind for Cape Breton and pays close attention to detail. The planning and design was a long process and included a building committee that consisted of educators, elders, students, councillors, contractors and subcontractors.

The new school holds grades primary to six and includes a library, gymnasium, cafeteria and dental clinic. Staying up to date with the latest technology, classrooms have the latest equipment such as Smart Boards,

computers and audio-video equipment. Membertou's school is 29,000-square-feet in size and currently has 170 students enrolled. The school can easily accommodate up to 250 students, if needed.

Membertou partnered with Mi'kmaw Kina' matnewey (MK) and received specific funding from Efficiency Nova Scotia and Health Canada. MK contributed \$5.85 million, Efficiency Nova Scotia funded \$125,000 toward energy efficiency upgrades, and Health Canada contributed \$30,000, which was used for the construction of the dental clinic.

The new school is a leader in the province when it comes to energy efficiency. The building has geothermal heating and cooling with a tilt up concrete building to help reduce energy costs by 61%. Lighting is automatic throughout the school, including the seven 800-square-foot classrooms that hold up to 24 students each.

Maupeltuewey Kina' matno' kuom is not only an astounding piece of infrastructure, it is a place where the future of Membertou can receive a first-class education while embracing and learning the Mi'kmaq culture and heritage in their community.





MISSION STATEMENT

Our staff is dedicated to providing a quality education to all students and we strive to provide a safe & comfortable environment where mutual respect results in academic, social, physical and emotional growth for everyone.

MEMBERTOU SPORT AND WELLNESS CENTRE

The ideas expressed over seven years of discussion came one step closer to reality in June 2014 with the official announcement of the Membertou Sport & Wellness Centre (MSWC). Details were revealed at a special sod-turning ceremony at the site where the ultramodern facility will stand.

Construction began in November 2014 and will take about a year and a half to complete. The Centre is expected to be complete by summer 2016. During the time of construction, an estimated 150 skilled trades workers will be employed in various trades.

Wico Construction Management Ltd., a long-time partner of Membertou, was contracted to complete the design of the new facility. Joneljim Concrete Construction Limited was awarded the contract for the construction work.

The first steel columns were cut in February 2015 at East Eagle Contracting during a special ceremony with Memski trade workers; steelwork began in spring.

Support for the new cutting-edge Membertou Sport and Wellness Centre has received widespread support from the community, local sporting organizations, and municipal and provincial political bodies.

With the Hampton Inn located adjacent to the MSWC, and the business park growing nearby, Membertou is the prime destination for athletes, tourists and visitors to Cape Breton Island. The grand opening will take place later in 2016.



THE MEMBERTOU SPORT & WELLNESS CENTRE WILL INCLUDE:



2 NHL-SIZE
ICE SURFACES



2 FEMALE-ONLY
DRESSING ROOMS



SKATE
SHARPENING
FACILITIES

13

FULLY-EQUIPPED
DRESSING ROOMS



INDOOR
WALKING
TRACK



CONDITIONING
CENTRE



SPECTATOR
SEATING FOR
1250



YEAR-ROUND
ICE RENTALS



GEOHERMAL
ENERGY
FOR ICE MAKING &
HEATING AND
COOLING

PHYSICAL ACTIVITY COORDINATOR

As the Mi'kmaw Physical Activity Leadership Coordinator, Krista Devoe is responsible for creating Membertou's Physical Activity Strategy. The strategy outlines the state of physical activity currently in Membertou, the issues and barriers preventing residents from being physically active, and the goals and actions required to overcome these challenges.

Krista uses a variety of networks to discover and bring activities and opportunities to Membertou. Her current priority is building capacity in Membertou in order to allow residents to confidently deliver programs, coach teams, and engage the entire population in meaningful activity.



MI'KMAQ EMPLOYMENT TRAINING SECRETARIAT

Membertou's Native Employment Officer (NEO) provides services to Aboriginal clients that increase employability skills and offer access to employment opportunities. Funding for the services is provided by Mi'kmaq Employment Training Secretariat, which is an Aboriginal Skills and Employment Training Strategy (ASETS) agreement holder in Nova Scotia. Membertou is one of the sub-agreement holders.

Funded services and programs include skills development, targeted wage subsidies, employment assistance service, work experience, and mobility. There are guidelines for each of the programs that determine eligibility.

Non-funded services include resume assistance, job search assistance, the Career Cruising program, referrals to other services, access to labor market information, and computer access for employment-related activities.

In 2014-15, 11 students graduated from full-time programs.

Membertou's Native Employment Officer is Melissa MacDonald.



SOCIAL TRAINING ASSISTANCE INITIATIVE REINVESTMENT STRATEGY



The Membertou Social Services Department administers the Social Training Assistance Initiative Reinvestment Strategy (STAIRS), which is part of the department's Active Measures Program. Its main focus is to assist employable clients with training opportunities, skills development, trades training, resume writing, interview skills, and essential skills.

In 2014-15, 38 students, including apprentices, were approved for funding; eight of whom will continue studies in the upcoming school year. Expected to graduate in June 2015 are 25 students in courses such as:

- ◆ Community-Based Conflict Training
- ◆ Heavy Equipment Operators Course
- ◆ Continuing Care Assistant Training
- ◆ Straight to Work Program
- ◆ Veterinary Hospital Assistant Training
- ◆ 2-D Animation
- ◆ General Arts and Science
- ◆ Human Services, Child & Youth Care Worker
- ◆ Early Childhood Development/Early Childhood Education
- ◆ Business Administration
- ◆ Adult High/Adult Learning Program/Academic
- ◆ Career Connections
- ◆ Paralegal
- ◆ Oil & Gas Skilled Labourer
- ◆ Marine Diesel Mechanic
- ◆ Cosmetology
- ◆ Apprenticeship Technical Training



To date, 50 registered apprentices have enrolled in their desired trades. Nine tradespeople have completed their apprenticeship designation and received their Red Seal Journeymen papers in trades such as carpentry, plumbing, cooking, welding, and heavy duty truck and transport mechanics.

Anna Marshall and Candice Sappier are Membertou's STAIRS reps.

DESTINATION MEMBERTOU



2
Membertou Heritage Park / Petroglyphs Gift Shop

3
Membertou Trade & Convention Centre / Kiju's Restaurant

1
Membertou Market / Kiju's Chicken & Deli

8
Membertou Business Centre

- 1** **Membertou Market**
- Opened in 2003
 - 5,000 Square Foot Facility
 - Convenience Store & Gas Station
 - Kiju's Chicken & Deli Express

- 2** **Membertou Heritage Park**
- Opened in 2012
 - 5,500 Square Foot Facility
 - Aboriginal Culture & Heritage Displays
 - Petroglyphs Gift Shop

- 3** **Membertou Trade & Convention Centre (MTCC)**
- Opened in 2004
 - 47,000 Square Foot Facility
 - Meetings & Conventions
 - Kiju's Restaurant
 - Concerts & Special Events

- 4** **Hampton Inn by Hilton Membertou**
- Opened in 2012
 - 148 Rooms
 - Meeting Space
 - Pedway to MTCC



4

Hampton Inn by Hilton Membertou

6

Membertou Entertainment Centre

7

Future Location of Membertou Sport & Wellness Centre

5

Membertou Gaming Commission

9

Membertou Professional Centre

5

Membertou Gaming Commission

- Opened 2001
- Five Locations
- Video Lottery Terminals Casinos

7

Future Membertou Sport & Wellness Centre

- 1,250 total seating
- 3,000 Square Foot Community Fitness Centre
- Walking Track

6

Membertou Entertainment Centre

- Opened in 2007
- 33,000 Square Foot Facility
- Bingo Games Four Nights Per Week
- Two Video Lottery Terminal Casinos

8

Membertou Business Centre

- Opened 2011
- 33,000 Square Feet of Commercial Real Estate

9

Membertou Professional Centre

- Opened 2013
- 20,000 Square Feet of Commercial Real Estate

MEMSKI PROJECTS INC.

Memski's advantage is its community-owned database; a resource that aids Atlantic Canadian companies with its diversity needs on major projects.



In 2013, Chief Terrance Paul signed a Memorandum of Understanding with Eskasoni's Chief Leroy Denny, creating Memski Projects Inc. to address the needs of growing and future industry. Memski gives access to the collective skills, labour and expertise of First Nations workforce with its database, while creating opportunities for its members and industry partners.

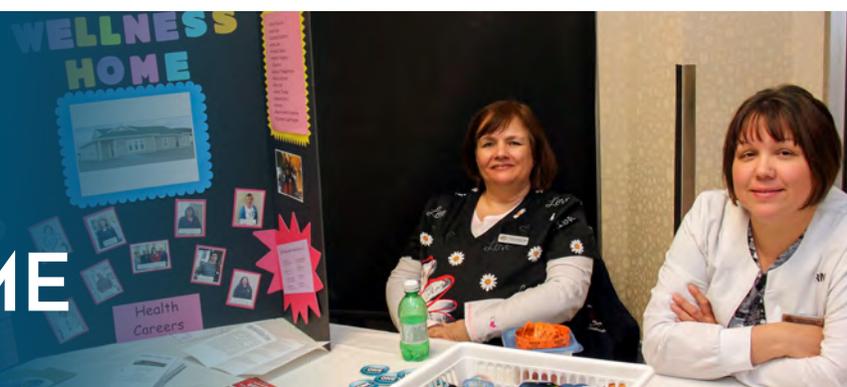
The growing database contains over 150 skilled First Nations workers including heavy equipment operators, skilled labourers, truck drivers, metal fabricators and welders, environmental technicians, security personnel, and more.

Joint ventures that Memski has established include partnering with East Coast Metal Fabrication to establish East Eagle Contracting, and with Scotia Crane Rentals to establish Mi'kmaq Crane Services.

Membertou's executive team includes Richard Paul, Chief Operating Officer, and Jennifer Deleskie, Executive Business Development Officer.

To learn more about Memski Projects Inc., please visit www.memski.ca.

MEMBERTOU WELLNESS HOME



It was a banner year for the Membertou Wellness Home and the Health Department in 2014-15. In addition to offering medical services, clinics and health-related programs, the Wellness Home was also recognized for its contributions to the community by Accreditation Canada.

The Membertou Wellness Home received an Accreditation Primer Award for its health services following a year-long survey by Accreditation Canada, which was administered on-site. The standards used to evaluate health care facilities address key areas of focus including client safety, service delivery, information management and leadership.

Following a successful trial process in November, a weekly evening clinic became a permanent service. The Wellness Home also welcomed Dr. Jeff Power, MD, and counsellor Paul Wukitsch

to its team. Medical services are available five days a week.

Throughout the year, the Membertou Wellness Home and Health Department perform outstanding work in keeping Membertou a healthy community. Through the programs and services available, community members continue to live healthy and be well. Some of the services offered include addictions counselling, homecare nursing, blood collection, diabetes treatment, and screening clinics.

In addition to the services already listed, Membertou Wellness Home also offers the following during the year:

- Flu shot clinics
- Healthy cooking classes
- Well Baby clinics
- Pre-natal classes
- Baby & Me play groups
- Weight-loss classes



MEMBERTOU'S SERVICES AND OPERATIONS

MEMBERTOU'S GOVERNMENT DEPARTMENTS AND CORPORATE DIVISIONS

During the 2014-15 fiscal year, Chief and Council completed two major multi-year projects. Two main goals of the Council's strategic plan are improving our educational services and developing our infrastructure. In September 2014, Membertou opened a new elementary school called the Maupeltuewey Kina'matno'kuom. The \$8.6 million facility was cost shared between our education authority, Mi'kmaq Kina'matnewey, and Membertou. In December 2014, a new \$8.5 million highway interchange was completed including an extension of Churchill Drive to Highway 125. The project was cost-shared with the NS Department of Transportation and Infrastructure Development, Aboriginal Affairs and Northern Development Canada and Membertou.

The following is a description of Membertou's corporate entities and government departments:

MEMBERTOU'S GOVERNMENT DEPARTMENTS

ADMINISTRATION

Membertou's Administration department offers various administrative services to the community such as work covering Governance, Policy, and the various Mi'kmaq Employment Training Secretariat (METS) programs.

C@P SITE AND YOUTH CENTRE

Membertou's C@P Site offers online computer skills enhancement programs, cyber camps for children, small business information kiosk,

and provides free Internet use to community members and students. The Youth Centre supports Membertou's long term goals of promoting active, educational and cultural activities while encouraging youth involvement in various coordinated activities.

EDUCATION

The Membertou Education Department provides cultural and conversational Mi'kmaw classes to students, offers state of the art technology at Maupeltuewey Kina'matno'kuom, and hosts after school homework clubs and other extra-curricular activities. It also oversees and facilitates the Membertou Daycare Centre and all post-secondary university and college students, who are funded for studies through the department.

ENVIRONMENTAL SERVICES

Established in 2007, Environmental Services is responsible for maintaining a clean and healthy work and public environment in both the commercial and administration buildings. Staff is trained to provide the most efficient and health conscious services possible and utilize the latest equipment and eco-friendly supplies to protect all public environments and work areas.

FINANCE

The Finance Department manages all of Membertou's budgets and distribution of other departments' finances. It also oversees all expenditures, which includes administration and government programs, capital projects, purchasing, and economic development.

GOVERNANCE

The Membertou Governance Committee is mandated by Chief and Council to develop laws and codes for consideration by the citizens of Membertou. It is comprised of community members including youth, women and elder representatives. The Council may also appoint others to the committee, as deemed necessary.

HEALTH DEPARTMENT & MEMBERTOU WELLNESS HOME

The Membertou Wellness Home addresses a variety of health issues by providing educational sessions to community members. Our programs encourage healthy lifestyles and activities. The Wellness Home offers a family practice clinic, immunizations, home care, addiction services, and self-referral mental health counseling. The Membertou Wellness Home is the only First Nations health centre that is both ISO 9001 and nationally accredited by Accreditation Canada.

HUMAN RESOURCES

The Human Resources Department is responsible for payroll, Occupational Health and Safety, staffing issues, employee benefits, new staff orientation, job postings, hiring procedures, personnel records, attendance, staff training, an annual staff meeting, and staff events, for nearly all Membertou departments. The department also assists in the development of personnel policies and procedures.

HOUSING

Membertou's Housing Department's responsibilities include planning and promoting new development in Membertou. The daily operations include the design, construction and maintenance of Membertou's infrastructure. Other responsibilities include the construction and management of Membertou's public housing program, the maintenance of public buildings and the remediation of construction sites.

INFORMATION TECHNOLOGY SERVICES

The Information Technology (IT) Department, established in 2006, provides IT services to all Membertou's departments and divisions. It also supplies desktop support to all users, builds and services all internal computer systems, maintains network infrastructure, and plans future IT developments. Network connectivity is delivered through a redundant firewall protected network. All servers are located in the Membertou Data Centre with power supply, air conditioning and fiber connectivity.

MEMBERTOU RADIO (C99 FM)

A community radio station operating at 50 watts under the call letters C-J-I-J, Membertou Radio specializes in classic rock, Aboriginal music, and east coast talent. Operating in type-B format, Membertou Radio can be heard at 99.9 on FM radio.

MEMBERTOU ENTREPRENEUR CENTRE

Established in 2005, the Membertou Entrepreneur Centre provides customized business training and support to interested entrepreneurs in Membertou. It also offers a business development program that includes customized training and workshops as well as one-on-one support for new and existing businesses. The main focus is to assist Membertou residents who are interested in starting a new business or expanding an existing business to develop a strong business plan.

NATURAL RESOURCES

The Membertou Department of Natural Resources (MNR) was formed in 1992 as a result of the Sparrow Decision in which Federal legislation provided aboriginal persons protection and harvest priority of the fish resources after conservation levels are met. Harvested fish resources can be used for food, social or ceremonial purposes.

OCCUPATIONAL HEALTH AND SAFETY

Membertou's Occupational Health & Safety (OHS) Department is responsible for maintaining health and safety in the workplace, and the community of Membertou. It provides technical expertise to all employees regarding all health and safety matters and also administers training in several key areas to maintain a safe and healthy work environment through courses such as WHMIS, First Aid, Due Diligence and construction safety courses, as required by Membertou.

PUBLIC WORKS

The Membertou Public Works Department is responsible for the design, installation and maintenance of all sewer and water infrastructure in the community. Roadway construction and maintenance is also a priority assignment for the department, along with snow removal during the winter months. Lots for new homes are cleared and prepared by Public Works and they assist with remediating construction sites and the demolition of vacant or non-functional properties within the community.

QUALITY ASSURANCE & ISO

In December 2001, Membertou received notification that their Housing, Finance, Corporate, Health, Social and Natural Resources departments had received ISO 9001 certification. This established Membertou as the very first Aboriginal government in Canada and the world to be ISO 9001 certified. Membertou has established itself as a credible organization in the business world with this internationally recognized certification. Since 2001, Membertou has added 13 additional departments under its ISO 9001 certification.

SOCIAL SERVICES

The Social Services Department employees are committed to improving the overall development of Membertou's workforce. Through active measures, community leaders are making substantial investments in the

workforce through education and training administered by the department and through the department's case management section—known as Social Training Assistance Initiative Reinvestment Strategy (STAIRS). STAIRS also supports apprentices registered with the Nova Scotia Apprenticeship Program, which helps students work toward their certification.

MEMBERTOU'S CORPORATE DIVISIONS

FIRST FISHERMEN SEAFOODS

Utilizing the fleet of six vessels, two for snow crab and four for lobster, Membertou's First Fishermen Seafoods emphasize the highest quality seafood products from a fishery rich in history and tradition. Also specializing in groundfish and shellfish, Membertou has a diverse fisheries operation throughout all of Nova Scotia.

KIJU'S RESTAURANT

A first-class dining experience located at the Membertou Trade & Convention Centre, Kiju's Restaurant emphasizes 'fresh, local, and friendly.' The English translation for 'Kiju' refers to one's grandmother.

MEMBERTOU COMMERCIAL REALTY

Membertou now provides office and retail space to both local and national businesses. Currently, 53,000 square feet has been fully leased in the Membertou Business Centre and Professional Centre, both offering a professional business environment. Membertou Business Centre currently has 11 tenants. The Professional Centre currently has six tenants. A current project is Churchill Crossing, which is in its first stage of development.

MEMBERTOU DATA CENTRE

Membertou Data Centre specializes in the hosting and management of complex information technology environments, ensuring the availability, security and integrity of critical data and business applications daily.

MEMBERTOU DEVELOPMENT CORPORATION

Membertou Corporate Division was established in 2000, as a means of becoming self-sufficient as an assertive player in the business world and global markets. Since the creation of the corporate division, Membertou has seen the development of several businesses, including Membertou Trade & Convention Centre, Membertou Entertainment Centre, Membertou Market, Membertou Gaming Commission, Membertou Data Centre, Membertou Geomatics Solutions, Membertou Radio, Membertou Heritage Park, Petroglyphs Gift Shop and Kiju's Restaurant.

MEMBERTOU ENTERTAINMENT CENTRE

Established in 2007, Membertou Entertainment Centre (MEC) is an ultramodern establishment offering bingo games four nights a week, canteen services, and gaming rooms that are open daily. The MEC is also a major contributor to several local charities in the Cape Breton Regional Municipality.

MEMBERTOU HERITAGE PARK & PETROGLYPHS GIFT SHOP

Established in 2012, the Membertou Heritage Park is a five-acre site that houses the history of Membertou and its people. It features large indoor exhibits and offers guided tours to visitors. The park is also home to Petroglyphs Gift Shop, featuring arts and crafts created by various Aboriginal artisans.

MEMBERTOU GEOMATICS SOLUTIONS

Membertou Geomatics Solutions (MGS) was established in 2002 and became a commercially viable company offering a full range of Geomatics services and solutions to help turn data into visual representations, images that can provide a clear perspective of what is really going on. Its experienced technical team offer expertise and professional customer care through every step of the process, from needs assessment to final product delivery and analysis.

MEMBERTOU GAMING COMMISSION

Established in 2002, Membertou Gaming Commission (MGC) offers five VLT gaming building locations that operate seven days a week. Profits generated from the MGC assist in the creation of new business and capital investments.

MEMBERTOU INSURANCE BROKERS

Membertou/Cooke Insurance Group is a team of professionals who service the personal and business insurance needs of its clients in Membertou. Membertou Insurance Brokers have access to various companies, which gives clients competitive rates and diverse products to help their specific needs. They offer group and individual health plans, life and disability insurance, along with travel and legal defense insurance.

MEMBERTOU MARKET | KIJU'S CHICKEN & DELI EXPRESS

The Membertou Market was the first hybrid style market in eastern Nova Scotia, placing Membertou in the forefront of the convenience store and gasoline industry. The market offers a variety of products including groceries, deli foods, confectionary, gas and diesel, lottery, and tobacco. In May 2010, Membertou Market expanded its fast food operations by re-branding its existing chicken outlet and adding a deli. Kiju's Chicken and Deli Express features chicken and deli menus for dining or take-out. It also houses a gaming room.

MEMBERTOU TRADE & CONVENTION CENTRE

Equipped with various-sized meeting rooms and a large main hall and stage, the 47,000-square-foot Membertou Trade & Convention Centre (MTCC) offers full catering services and modern technology, including video conferencing, wireless internet, and concert sound and lighting. It is also an entertainment venue, complete with box office and full production resources. Kiju's Restaurant is located at the MTCC.

OF EMPLOYEES

TOTAL SALARIES

MARCH 2012

792

\$14,891,779.89

MARCH 2013

722

\$13,593,779.24

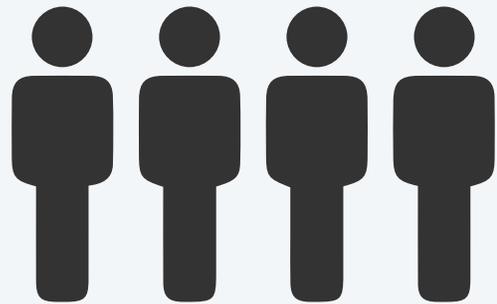
MARCH 2014

698

\$13,205,608.84



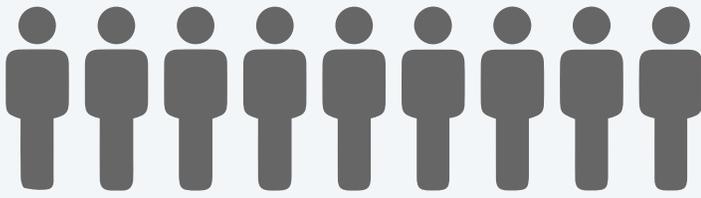
467 ACRES
PURCHASED IN
FISCAL YEAR 2014-2015



MEMBERTOU IS NOW CBRM'S
3RD LARGEST EMPLOYER



117
NEW HOMES
SINCE 2005



65% INCREASE IN POPULATION SINCE 1995

\$1.4 MILLION PAID ANNUALLY IN CBRM TAXES

TOTAL CHARITABLE DONATIONS FROM MEMBERTOU ENTERTAINMENT CENTRE SINCE 2007

| | |
|------------------------------------|-------------|
| The Kinsmen Club of Sydney..... | \$81,936.50 |
| Membertou Recreation..... | \$65,000 |
| Big Brothers Big Sisters..... | \$154,420 |
| MADD Cape Breton..... | \$93,905 |
| Knights of Columbus..... | \$204,040 |
| Sydney Minor Hockey..... | \$171,380 |
| Rotary Club of Sydney Sunrise..... | \$219,790 |
| Two Rivers Wildlife Park..... | \$15,250 |
| Cape Breton Crime Stoppers..... | \$101,655 |



FINANCIAL MESSAGE FROM CFO MIKE MCINTYRE



THE 2015 FISCAL YEAR FOR MEMBERTOU

A surplus of \$8,262,472 was posted for the 2014-15 fiscal year, which exceeded budgeted expectations.

One of the most important financial ratios for Membertou is the current ratio that measures how well the band can meet its current obligations. For the fiscal period ended in 2014-15, Membertou's current ratio has made a major improvement increasing from .62 to 1 to .85 to 1, while still below our target of 1 to 1. This represents a major success in our 2015 fiscal year.

The 2014-15 fiscal year was another very busy year for capital projects. During the year, our new \$8.6 million K-to-6 school, Maupeltuewey Kina'matno'kuom, opened with great success. Our new \$ 8.5 million Highway 125 interchange also opened, allowing greater access to the community.

The band also constructed 18 new homes and provided a one-time grant of \$15,000 to assist community members in building their own homes.

Partnering with the Province of Nova Scotia, Aboriginal Affairs and Northern Development Canada (AANDC) and Atlantic Canada Opportunities Agency

(ACOA), we broke ground on the new Membertou Sport and Wellness Centre. The estimated cost of this facility is \$19.1 million and is expected to open May 2016.

Membertou made an additional \$919,000 in real estate acquisitions to expand the community's land base for both residential and commercial development.

During the fiscal year, Membertou has reinvested back \$2,956,071.00 into the community as illustrated below:

| | |
|--------------------------------|-------------|
| COMMUNITY SUPPORT..... | \$563,417 |
| SENIORS..... | \$85,969 |
| SPORT AND YOUTH PROGRAMS..... | \$233,155 |
| MEMBERTOU POW WOW..... | \$15,530 |
| ANNUAL COMMUNITY DONATION..... | \$2,058,000 |

Overall, 2014-15 has been a good year with all our financial objectives being met and the overall financial health of the community has never been better.

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 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.

INDEPENDENT AUDITOR'S REPORT

TO THE CHIEF AND COUNCILLORS OF THE MEMBERTOU RESERVE BAND COUNCIL

We have audited the accompanying consolidated statement of financial position of the Membertou Reserve Band Council (the "Band Council") as at March 31, 2015, and the consolidated statement of operations, changes in net financial liabilities, statement of fund balances, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Band Council's management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

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

Sydney, Nova Scotia
July 14, 2015

Grant Thornton LLP
Chartered accountants



Grant Thornton
Audit • Tax • Advisory

Grant Thornton LLP, A Canadian Member of Grant Thornton International Ltd.

MEMBERTOU RESERVE BAND COUNCIL Consolidated Statement of Operations

| REVENUE | BUDGET | 2015 | 2014 (Restated Note 17) |
|--|-------------------|-------------------|----------------------------|
| Aboriginal Affairs and Northern Development Canada | \$6,029,068 | \$6,394,138 | \$8,923,459 |
| Education | 2,704,740 | 3,080,707 | 7,904,416 |
| Employment Development | 434,580 | 493,373 | 434,580 |
| Health Canada Programs | 1,477,512 | 1,969,934 | 2,177,253 |
| Department of Fisheries and Oceans - AFS program | 162,000 | 198,392 | 167,000 |
| Rental income | 9,768 | 22,309 | 33,569 |
| Province of Nova Scotia | 150,000 | 1,206,506 | 214,435 |
| Atlantic Canada Opportunities Agency | - | 2,500,000 | - |
| Membertou Housing Fund | 1,569,948 | 1,491,900 | 1,478,358 |
| Membertou Public Works | - | 226,203 | 3,414,176 |
| Membertou Enterprise Fund | 3,833,864 | 4,537,029 | 3,860,179 |
| Membertou Development Corporation | 163,000 | 222,935 | 562,102 |
| Membertou Commercial Fisheries | 2,599,664 | 2,991,909 | 2,840,693 |
| Membertou Gaming Commission Inc. | 13,065,592 | 13,754,472 | 13,259,104 |
| Membertou Market | 7,132,980 | 6,239,047 | 6,724,426 |
| Membertou Trade & Convention Centre Ltd. | 2,990,767 | 2,104,924 | 2,393,894 |
| Membertou Entertainment Centre | 5,324,843 | 5,393,673 | 6,222,420 |
| Membertou Insurance Brokers Inc. | 102,000 | 80,617 | 74,152 |
| Membertou Rental Division | 839,366 | 679,342 | 663,895 |
| Membertou Cultural & Heritage Centre Foundation | 228,480 | 130,454 | 90,033 |
| Membertou Data Centre | 297,000 | 300,022 | 297,850 |
| Membertou Geomatics | 375,000 | 308,939 | 353,504 |
| Membertou Sport and Wellness Centre | - | 3,000,000 | - |
| Sundry | - | 60,906 | 120,301 |
| | 49,490,172 | 57,387,731 | 62,209,799 |
| EXPENDITURES | | | |
| Aboriginal Affairs and Northern Development Canada | 9,119,188 | 9,803,015 | 11,614,665 |
| Education | 3,609,760 | 3,843,917 | 3,119,558 |
| Employment Development | 434,574 | 434,415 | 428,058 |
| Health Canada Programs | 1,414,341 | 1,707,069 | 1,787,326 |
| Department of Fisheries and Oceans -AFS | 174,727 | 169,928 | 167,192 |
| Membertou Housing Fund | 2,764,964 | 2,829,578 | 2,628,457 |
| Membertou Public Works | 1,818,589 | 2,043,479 | 1,653,475 |
| Membertou Enterprise Fund | 3,622,557 | 4,338,052 | 3,800,440 |
| Membertou Development Corporation | 804,551 | 976,306 | 892,784 |
| Membertou Commercial Fisheries | 1,390,277 | 2,077,796 | 2,365,394 |
| Membertou Gaming Commission Inc. | 2,968,832 | 2,867,589 | 2,901,808 |
| Membertou Market | 7,114,417 | 6,388,544 | 6,801,795 |
| Membertou Trade and Convention Centre Ltd. | 3,434,827 | 2,694,323 | 3,053,099 |
| Membertou Entertainment Centre | 5,031,676 | 5,180,681 | 5,970,061 |
| Membertou Insurance Brokers Inc. | 89,662 | 86,516 | 117,265 |
| Membertou Rental Division | 877,936 | 860,079 | 876,395 |
| Membertou Cultural & Heritage Centre Foundation | 247,137 | 330,107 | 287,615 |
| Membertou Data Centre | 440,016 | 375,557 | 379,354 |
| Membertou Geomatics | 320,679 | 298,112 | 322,828 |
| Interest and Bank Charges | 463,897 | 737,591 | 405,632 |
| | 46,142,607 | 48,042,654 | 49,573,201 |

***PLEASE SEE MEMBERTOU COMMUNITY WEBSITE FOR A COMPLETE SET OF THE BAND'S CONSOLIDATED FINANCIAL STATEMENTS**

MEMBERTOU RESERVE BAND COUNCIL Consolidated Statement of Operations Cont.

| EXPENDITURES CONT. | | | |
|---|---------------------------|---------------------------|----------------------------|
| Excess of Revenue over expenditures before other (expense) income | 3,347,565 | 9,345,077 | 12,636,598 |
| Community Member Contributions | (2,100,000) | (2,058,000) | (1,965,000) |
| Investment Allowance | - | - | (114,195) |
| Share of limited partnership loss | - | (14,605) | (213,804) |
| Commodity tax recovery | - | 990,000 | - |
| | <u>(2,100,000)</u> | <u>(1,082,605)</u> | <u>(2,292,999)</u> |
| Excess of revenue over expenditure | <u>\$1,247,565</u> | <u>\$8,262,472</u> | <u>\$10,343,599</u> |

MEMBERTOU RESERVE BAND & COUNCIL Consolidated Statement of Financial Position

| FINANCIAL ASSETS | 2015 | 2014 |
|------------------------------|----------------------------|---------------------|
| Cash | \$4,962,670 | \$835,458 |
| Receivables | 3,181,649 | 4,686,673 |
| Band funds in trust | 25,008 | 24,064 |
| Restricted cash | 1,401,886 | 859,864 |
| Investments | 2,770,913 | 2,885,518 |
| | <u>12,342,126</u> | <u>9,291,577</u> |
| FINANCIAL LIABILITIES | | |
| Payables and accruals | 7,372,538 | 6,161,441 |
| Deferred revenue | 530,582 | 336,177 |
| Long term debt | 36,018,710 | 32,513,519 |
| Deferred trust contributions | 5,540,707 | 5,281,207 |
| Capital lease obligations | 159,616 | 310,233 |
| | <u>49,622,153</u> | <u>44,602,577</u> |
| Net financial liabilities | (37,280,027) | (35,311,000) |
| NON-FINANCIAL ASSETS | | |
| Capital assets | 87,086,836 | 77,032,826 |
| Prepays | 193,882 | 160,662 |
| Inventory | 286,383 | 293,619 |
| | <u>87,567,101</u> | <u>77,487,107</u> |
| Net assets | <u>\$50,287,074</u> | <u>\$42,176,107</u> |
| Fund balances | \$50,287,074 | \$42,176,107 |

Contingencies (Note 14)
Commitments (Note 15)

MEMBERTOU RESERVE BAND COUNCIL Consolidated Statement of Changes in Net Financial Liabilities

| YEAR ENDED MARCH 31 | BUDGET | 2015 | 2014 |
|--|-----------------------|-----------------------|-----------------------|
| Net revenues | \$1,247,565 | \$8,262,472 | \$10,343,599 |
| Depreciation | 3,340,948 | 3,371,979 | 3,186,214 |
| Capital assets acquired | (6,192,035) | (13,425,989) | (18,031,922) |
| | <u>(1,603,522)</u> | <u>(1,791,538)</u> | <u>(4,502,109)</u> |
| Replacement Reserve transfers, net of approved repairs | (131,909) | (156,533) | (127,705) |
| Allocation to capital reserve, net of withdrawals | - | 4,084 | 7,500 |
| Interest earned on funds in trust | - | 944 | 594 |
| Usage of prepaid expenses | - | (33,220) | 72,723 |
| Acquisition of inventory, net of usage | - | 7,236 | (24,151) |
| | <u>(131,909)</u> | <u>(177,489)</u> | <u>(71,039)</u> |
| Change in net financial liabilities | (1,735,431) | (1,969,027) | (4,573,148) |
| Net financial liabilities, beginning of year | <u>(35,311,000)</u> | <u>(35,311,000)</u> | <u>(30,737,852)</u> |
| Net financial liabilities, end of year | <u>\$(37,046,431)</u> | <u>\$(37,280,027)</u> | <u>\$(35,311,000)</u> |

MEMBERTOU RESERVE BAND COUNCIL Consolidated Statement of Cash Flows

| | 2015 | 2014 |
|---|---------------------|---------------------|
| OPERATING | | |
| Excess of revenue over expenditures | \$8,262,472 | \$10,343,599 |
| Depreciation | 3,371,979 | 3,186,214 |
| Loss from write-off of investment | - | 114,195 |
| Share of limited partnership loss | 14,605 | 213,804 |
| | <u>11,649,056</u> | <u>13,857,812</u> |
| Change in non-cash operating working capital | | |
| Receivables | 1,505,024 | 1,126,586 |
| Prepays | (33,220) | 72,723 |
| Inventory | 7,236 | (24,151) |
| Payables and accruals | 1,211,097 | 481,574 |
| Deferred revenue | 194,405 | (62,741) |
| | <u>14,533,598</u> | <u>15,451,803</u> |
| INVESTING | | |
| Partnership draws | 100,000 | - |
| Purchase of investments | - | (76,542) |
| | <u>100,000</u> | <u>(76,542)</u> |
| FINANCING | | |
| Replacement reserve (net of approved repairs) | (156,533) | (127,705) |
| Moveable Capital Asset Reserve transfers (net of withdrawals) | 4,084 | 7,500 |
| Trust contributions | 944 | 594 |
| New deferred trust contributions | 259,500 | 466,500 |
| Repayment of long term capital lease obligation | (150,617) | (269,510) |
| Receipt of long term debt | 6,659,104 | 9,942,054 |
| Repayment of long term debt | (3,153,913) | (4,164,825) |
| | <u>3,462,569</u> | <u>5,854,608</u> |
| CAPITAL | | |
| Proceeds from disposal of capital assets | - | - |
| Capital assets acquired | (13,425,989) | (17,943,547) |
| | <u>(13,425,989)</u> | <u>(17,943,547)</u> |
| Net increase in cash and cash equivalents | 4,670,178 | 3,286,322 |
| Cash and cash equivalents, beginning of year | <u>1,719,386</u> | <u>(1,566,936)</u> |
| Cash and cash equivalents, end of year | <u>\$6,389,564</u> | <u>\$1,719,386</u> |
| Cash and cash equivalents consist of: | | |
| Cash | \$4,962,670 | \$835,458 |
| Funds in trust | 25,008 | 24,064 |
| Restricted cash | 1,401,886 | 859,864 |
| | <u>\$6,389,564</u> | <u>\$1,719,386</u> |

MEMBERTOU RESERVE BAND COUNCIL

EXCERPTS OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY AND PRINCIPLES OF FINANCIAL REPORTING

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

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

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

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

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of all funds and operations in which the First Nation has a controlling interest, after the elimination of inter-fund transactions and balances. The entities include the following Membertou Reserve Band Council Funds - Operating Fund, Housing Fund, Public Works Fund, Capital Fund, Economic Development Fund, Enterprise Fund, Employment Development Fund, Health Fund, AFS Program Fund, Social Fund, Enterprise Fund, and Education Fund, as well as, the Membertou Development Corporation, the Membertou Market, the Membertou Trade & Convention Centre Limited, the Membertou Gaming Commission Inc., 3237395 Nova Scotia Limited (Operating as Membertou Insurance Brokers), Membertou Commercial Fisheries, Membertou Entertainment Centre, the Membertou Business Centre, the Membertou Cultural and Heritage Centre Foundation Inc., Membertou Data Centre, Membertou Geomatics, and Membertou Sport and Wellness Centre.

REVENUE RECOGNITION

Membertou Reserve Band Council follows the deferral method of accounting for contributions. Restricted

contributions are recognized as revenue in the year in which the related expenses or capital expenditures 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.

Gaming revenue from video lottery net of corresponding direct expenses are recognized at the time of play and are recorded net of commissions and credits paid out. Other gaming revenues are recognized as earned when received or receivable as long as collection is reasonably assured.

CASH AND CASH EQUIVALENTS

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

CAPITAL ASSETS

Capital assets are recorded at cost.

INVESTMENTS

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

USE OF ESTIMATES

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

INCOME TAXES

The Band Council is exempt from income taxes under Section 149(1) (c) of the Canadian Income Tax Act.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

NET DEBT

The Band's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Band is determined by its liabilities less its financial assets.

INVENTORY

The cost of inventories is comprised of directly attributable costs and includes the purchase price plus other costs incurred in bringing the inventories to their present location and condition, such as freight. The cost is reduced by the value of rebates and allowances received from vendors. The Band estimates net realizable value as the amount that inventories are expected to be sold. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to obsolescence, damage, or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed. Costs that do not contribute to bringing inventories to their present location and condition, such as storage

and administrative overheads, are specifically excluded from the cost of inventories and are expensed in the period incurred.

The cost of inventory recognized as an expense during fiscal 2015 was \$9,608,297 (2014 \$9,665,445). No write-down of inventories below their cost to their net realizable value was made in fiscal 2015. There were no reversals of inventories written down previously that are no longer estimated to sell below cost.

LEASES

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

DEPRECIATION

Rates and bases of depreciation applied to write off the cost of property and equipment over their estimated lives are as follows:

| | |
|--------------------------------|------------------------|
| Buildings | 4%, declining balance |
| Housing properties | 25 year, straight line |
| Infrastructure | 4%, declining balance |
| Fishing vessels | 15%, declining balance |
| Fishing equipment | 20%, declining balance |
| Equipment | 20%, declining balance |
| Motor vehicles | 20%, declining balance |
| Moveable equipment | 20%, declining balance |
| School buses | 20%, declining balance |
| Computer hardware and software | 20%, declining balance |
| Office equipment and furniture | 20%, declining balance |
| Parking lots | 20%, declining balance |
| Equipment under capital lease | 20%, declining balance |

TO



Churchill
Crossing

COMING
SOON

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