



ANNUAL REPORT 2017-2018

LEADING BY EXAMPLE



Memberton
WELCOMING THE WORLD!

“ AS A COMMUNITY, WE
HAVE RISEN BY LIFTING
ONE ANOTHER;
WORKING TOGETHER
TO LEAD BY EXAMPLE. ”

– Chief Terry Paul

TABLE OF CONTENTS

4	Executive Summary
5	A Message from Chief and Council
6	Membertou 2017-18 Timeline
8	Membertou Housing
10	Medicine Walk & Cultural Tourism
11	Pow Wow in Membertou
12	Membertou Harbourfront Project
13	Membertou Fisheries
14	National Aboriginal Hockey Tournament
15	Youth Chief and Council
16	Membertou Governance
17	Chief Terry Receives Order of Canada
18	Financials

EXECUTIVE SUMMARY

They say the road to success is paved with good intentions. Standing at the corner of Churchill Drive and Maillard Street in Membertou, it's not difficult to see that our road to success has been paved with a lot more than that. Beyond the tree line, is our celebratory Pow Wow grounds, a place where our community gathers each September. The people who make our community what it is, live in neighbourhoods surrounding the grounds. Homes that have been staples in our community for many years sit peacefully among new homes that are housing the next generation of leaders in Membertou.

Looking to the left, a small metropolis – a hub of activity spreads itself across a newly developed area in our community. A trade centre, an arena, business centres, a partially built state of the art bowling facility fills your view.

As you turn, a final view offered by our community of Membertou, is one overlooking the city of Sydney and its vast harbour. It's a view that we, as a community, have not always been fond of, but have grown to love. A view that we are proud of – we've created our own opportunities on the hill.

Yes – the road to success is paved with good intentions, but it is also paved with hard work and nearly thirty years of strategic planning and a strong vision. A vision we are committed to pushing forward and continuing to lead by example.



A NOTE FROM CHIEF AND COUNCIL

There are few things that make us as a council prouder, than to serve as the elected officials for a community that is forward-thinking, welcoming and innovative at its core.

Membertou, in 2017-18, we've had the great pleasure to serve as your representatives across the community and across the world. Where we have traveled, we have taken the spirit of Membertou with us. We've heard your ideas, your challenges, your successes and we have made big decisions based on what will benefit our community moving forward.

Firstly, we thank our community members for your dedicated service to Membertou and for entrusting us to act as the gateway to opportunity on your behalf.

To our staff members, who in peak times can reach over 600 people strong; thank you for your hard work and commitment to growing this community alongside us each day. Each person on our team adds an expertise that has allowed us to be where we are today.

Without the support of our business partners, our vision for a greater community and corporation would not be possible.

One hundred and two years after first calling Membertou home, as we look around, we are filled with pride and hope for the future. Over the last century, and particularly over the last thirty-five years, our successes and growth has inspired a generation who are bright, inquisitive, and energized by what is to come.

As we sit around the council table weekly, we remain committed to you, Membertou. Thank you for allowing us the great privilege to sit here.

Sincerely,

Chief Terry Paul
Membertou Chief & Council

A YEAR IN REVIEW 2017-2018

APRIL 2017
Hampton Inn Suites Celebrates 5th Anniversary

JUNE 2017
Membertou Graduate Banquet

AUGUST 2017
Membertou Wins Awards at Pride Parade & Sydney Light Parade
BikeFest Revs Up Membertou
Celebrations Take Place for Grand Pre 400

OCTOBER 2017
Youth Chief Montana Marshall is Re-Elected
Senator Dan Christmas Delivers One Cape Breton Speech at MTCC
Treaty Day Celebrations

DECEMBER 2017
Gingerbread Parade Lights Up Membertou
Mi'kmaw Social Celebrates the Holiday Season

FEBRUARY 2018
Community Banquet Celebrates Deserving Honourees
Family Violence Walk Brings Awareness

MAY 2017
Membertou Named as Host of NAHC 2018

JULY 2017
Membertou is Prime Ribber Sponsor for Ribfest
Renay Kabatay is named Queen at Princess Pageant

SEPTEMBER 2017
Sons of Membertou Travel to Vimy Ridge
Lieutenant Governor LeBlanc Attends Pow Wow
Membertou Commemorates Orange Shirt Day

NOVEMBER 2017
Chief Terry Paul Receives Order of Canada in Ottawa

JANUARY 2018
Chief Terry Announces Candle Pin Bowling for Fall 2018
Teluisi Profiles Launched to Tell the Stories of Membertou

MARCH 2018
The Wally Bernard Tournament Celebrates 45 Years
1st Annual Membertou Easter Egg Hunt Held





HOUSING DEVELOPMENT

In 2017-18 the hard-working Membertou Housing team constructed 16 new homes for families in Membertou. A new subdivision was created and now is quickly becoming one of Membertou's fastest growing neighbourhoods.

As construction of additional homes continues, the Membertou Council is committed to providing safe, efficient housing for our ever-growing community.

As a result of the new builds, 16 families are settled in Membertou, and will have the opportunity to contribute to the community in new ways; growing our families in safe, affordable houses.



WELCOMING THE WORLD TO MI'KMAQ CULTURE

The Membertou Heritage Park is the cultural center of Membertou. Among many workshops and activities, the Park offers an interactive experience like no other.

People from across the community and the world have been invited to feel the beating of our drum as it welcomes the spirit of the Mi'kmaq people.

In its first summer, the Membertou Heritage Park is offering a guided experience that combines the use of all senses. Visitors have the opportunity to take a stroll through our groomed trails on a traditional medicine walk, where they see the vibrant colours of our seasons, hear the rich history of our people and how they traditionally used plants, roots, flowers and trees for survival, touch and smell the plants native to our area, and taste the sweet and bitter flavours of the outdoors that once and continue to nourish the Mi'kmaq.

Aside from the guided medicine walk, the Membertou Heritage Park continues to provide exhibit tours, hands-on workshops in crafting dreamcatchers and drum-making.

Membertou is proud to be welcoming the world to experience Mi'kmaq culture.

MEMBERTOU HOSTS 15TH ANNUAL POW WOW

Membertou celebrated the Mawi'ti'mk 15th Annual Pow Wow from September 7th until the 10th, 2017. People traveled from near and far to celebrate in the traditional event.

The community's organizers and volunteers go above and beyond for this to be a successful event whether it would be cooking for the traditional feast or organizing the vendors, games and nightly entertainment.

There was also a hand drum competition, with one of our community members coming in first place.

The 2017 Pow Wow was very special. Red dresses were hung upon the teepee's to show awareness for our Missing and Murdered Indigenous Women. The host drummers, Kiju's Boyz, dedicated a song and others wore the color red to honor those who are no longer with us.

Pow Wow, a special event for Membertou, brings us together in celebration.





MEMBERTOU HARBOURFRONT DEVELOPMENT

Membertou Chief and Council made land acquisition a priority around the council table. When the opportunity to purchase land on Sydney Harbour presented itself in 2016, a deal worth \$1.2 million was finalized and work to create a commercial area commenced.

In 2017, work began on the newly acquired site with the intention of developing the land for future business opportunities.

Working alongside our partners, Riverside Development Ltd., 30 workers began infilling the site to create a usable wharf.

Work continues on the site, and the project is projected to be completed late Fall 2018. The Membertou Development team is working to find meaningful business opportunities for the future of the site.



MEMBERTOU BOAT BUILDING

With a rich history of fishing practices, in early 2018, Membertou signed a new partnership with Canadian Maritime Engineers Inc. (CME) to construct several types of boats including fishing vessels and commercial boats, using local fibreglass hulls.

Through the partnership, CME will provide leadership training and industry experience to produce quality marine vessels under 45 feet in length.

A Membertou-owned facility, located in Sydport, will be home to the new boat building project. Work to update and prepare the facility began in early 2018, with plans to begin operations in late Fall 2018.

Located adjacent to the Canadian Coast Guard College with access to the Sydney Port Access Road, the \$1.5 million facility has the capacity to build more than 10 boats per year and intends to employ 10 full-time staff members, along with part-time positions.

With waitlists of nearly three years for a new vessel, capitalizing on a demanding market to provide quality boats for the region will provide new opportunities for economic growth and employment for Membertou.



MEMBERTOU HOSTS NATIONAL ABORIGINAL HOCKEY CHAMPIONSHIPS 2018

For the first time, ever in Unama'ki, the National Aboriginal Hockey Championship was hosted in Membertou in May 2018. The Membertou Sport and Wellness Centre was home to 600 athletes from communities across Canada for ten days.

Ranging in age from 14-18 years old, the elite Indigenous athletes hit the ice in one of Canada's most competitive midget hockey tournaments; all teams vying to take home the coveted turtle cup.

Home team, Team Atlantic Male and Female, acted as true ambassadors for the duration of the tournament – welcoming players to take in all that Membertou has to offer. On the ice, teams battled to be at the top, but off the ice, teams showed comradery and visited local attractions, including the Membertou Heritage Park.

As the week rolled on, the Membertou Sport and Wellness Centre seats filled with fans from across the country – well surpassing the anticipated crowd. In the male division, Team British Columbia prevailed on top, and Team Manitoba took first place in the female division.

The week brought an action-packed national event to the Membertou Sport and Wellness Centre. Through extensive media coverage and online streaming, the event reached thousands of people across Canada.

The Membertou host committee, chaired by hockey enthusiast Gerard McPhee, played a lead role in ensuring that all 600 athletes and their coaches and families experienced a week they won't soon forget. Thank you to committee members, Chief Terry Paul, Graham Marshall, Jennifer Deleskie, Paul Carroll, Krista Devoe, and all sub-committee members for making the first-ever national tournament hosted at the Membertou Sport and Wellness Centre a huge success.



600
ATHLETES

20
TEAMS

10
PROVINCES

3
TERRITORIES

1
WEEK OF ELITE
HOCKEY



MEMBERTOU YOUTH CHIEF & COUNCIL 2017-18

The Membertou Youth Chief and Council are made up of 10 youth who address issues and concerns. It is their responsibility to host events throughout the year to provide youth an opportunity to participate in positive activities. They are the voice and representatives for all youth within the community.

In late October of 2016, Montana Marshall was elected as the first female Youth Chief and again in 2017. Four youth from the community wished to hold their positions for the 2017-18 term; Faith Francis, Reannah LaPorte, Noah Matthews-Cremo and McKenna Paul.

The newly elected Youth Council members were chosen by those who wished to stay. Each youth councillor represented their grade in high school from grade 9 to 12; Eliah Marshall, Jayden Paul, Symone Marshall, Carl Paul and Brody Joe.

Throughout their 2017-2018 term, the Youth Chief and Council hosted and volunteered at community events and fundraised over \$2,000. They also attended workshops on domestic violence and attended engagement sessions about Membertou's Land Use Plan with the Governance Committee.



“OUR YOUTH ARE THE DREAMERS OF TOMORROW”

– Jessica Christmas,
Youth Chief & Council
Committee Member



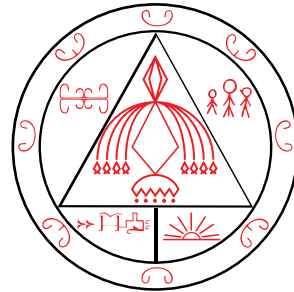
GOVERNANCE

In 2013, Membertou residents were asked through multiple engagement sessions about land development and usage for the future of the community. A document was created, known as “Membertou’s Land Use Plan” that summarizes information, provided by the community to present itself as a guideline for decision making on how Membertou should be developed.

In 2018, things have changed for Membertou – the community has increased with more people, houses, streets, businesses and traffic.

The Land Use Plan was re-evaluated and analyzed through engagement sessions earlier this year with large groups within the community. The Land Use Code was presented to the community, Governance Committee, The Women’s Group, Membertou Men’s Society, 55 Plus Club, Chief and Council and Youth Chief and Council.

There was great feedback, suggestions and concerns from community members. Once the plan has been presented to the Governance Committee, the information will be taken back to the community for final input before passing it to Chief and Council for implementation and voting will take place in April 2019.



MAUPELTU
TA'N TELSUTEKEK
 MEMBERTOU GOVERNANCE

CHIEF TERRY PAUL RECEIVES ORDER OF CANADA

On Friday, November 17th, Chief Terry Paul received the official insignia of the Order of Canada from the Governor General, Julie Payette at Rideau Hall in Ottawa. He was the only Nova Scotian to be appointed to the Order of Canada for 2017.

The Order of Canada Advisory Council released its list of successful candidates on June 30th 2017, in which Chief Terry Paul has been appointed along with 40 other recipients.

For 34 years and 17 consecutive terms, Chief Terry Paul has led the community of Membertou into a journey of wealth and success with business development. The community has significantly improved by giving community members and others in the surrounding area an opportunity to work, live and to continue to see the community flourish.

The Order of Canada is one of the country’s highest civilian honours that recognizes outstanding achievement, dedication to the community and service to the nation.



Chief Terry Paul at Rideau Hall with Photo of Lord Stanley.



Chief Terry Paul meets fellow honoree Rob Baker, The Tragically Hip.



The Paul family with fellow honoree, Alex Trebek.

FINANCIAL MESSAGE



In 2017-18, Membertou had a successful year financially; we continue to experience growth and explore new areas for development.

As we broke ground on a new project, Lanes at Membertou, we are reminded that our ability to diversify our revenue sources continues to be an important part of our growth. This year, we explored new opportunities in fisheries, boat-building, recreation and land acquisition and development. With initial investment, these avenues will lead us to positive trends for the future.

Mike McIntyre
Chief Financial Officer



MEMBERTOU STATISTICS



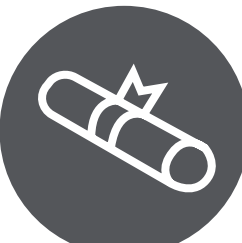
1,557
Total number of population
**This includes on and off-reserve, community members.*



90
Total number of graduates



33
Total number of births
** January 1st 2017 to present day*



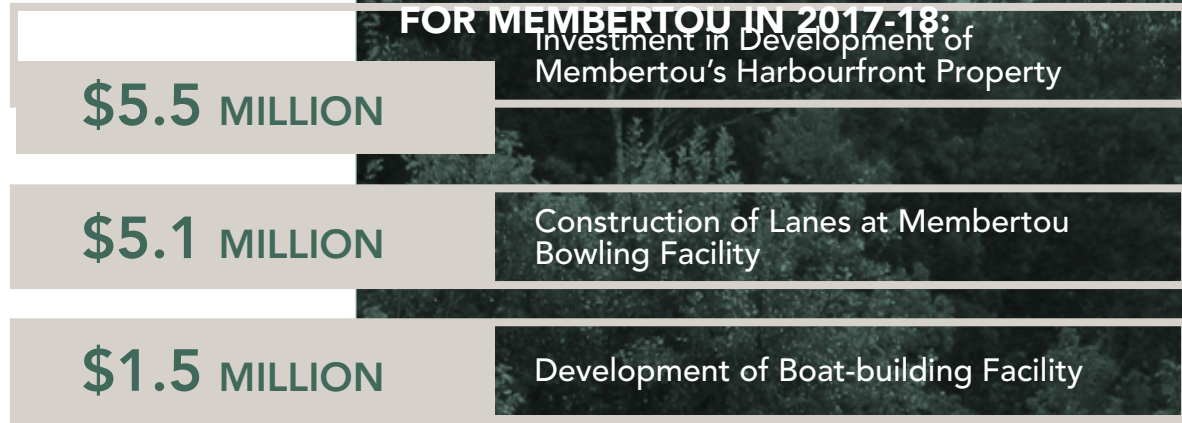
36
HIGH SCHOOL
16 (2017) & 20 (2018)

12
UNIVERSITY
8 (2017) & 4 (2018)

42
TRADES
17 (2017) & 25 (2018)

NEW PROJECTS AND INVESTMENTS

FOR MEMBERTOU IN 2017-18:



MEMBERTOU INVESTMENT IN THE COMMUNITY



“Membertou remains in a positive, strong financial state. We are well-positioned for growth and new economic opportunities. With our community members as our greatest stakeholders, we will continue to work to provide benefits for the Membertou community and reach new levels of growth.”

- Mike McIntyre

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, 2018, 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.

BASIS FOR QUALIFIED OPINION

The statement of financial position includes intangible assets in the amount of \$2,064,336 for fishing licenses and permits purchased by the Band. Recording intangible assets is a departure from Canadian public sector accounting standards. Accordingly, both the purchased licenses and permits and accumulated surplus are overstated by \$2,064,336 as at March 31, 2018. If intangible assets were not recorded in order to be in compliance with Canadian public sector accounting standards, purchased licenses and permits and accumulated surplus would both decrease by \$2,064,336.

QUALIFIED OPINION

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Membertou Reserve Band Council as at March 31, 2018, 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.

CONSOLIDATED STATEMENT OF OPERATIONS

MEMBERTOU RESERVE BAND COUNCIL - Year ended March 31			
REVENUES	BUDGET	2018	2017
Fisheries	\$ 3,157,952	\$ 3,789,307	\$ 3,902,794
Rental	5,103,929	4,867,335	4,672,972
Commercial sales	38,750,398	39,065,890	37,353,772
(Loss) gain on disposal of property	-	(4,525)	15,526
Government transfers	12,343,289	18,456,729	25,499,957
Other revenues	164,720	911,049	714,341
	56,520,288	67,085,785	72,159,362
EXPENDITURES	BUDGET	2018	2017
Administrative	3,894,864	3,851,279	3,668,243
Community expenses	3,271,978	3,433,381	3,526,929
Core funding and benefits	846,048	926,317	849,027
Cost of sales – commercial	14,437,133	15,387,429	14,548,790
Education and training	1,257,860	1,372,794	1,273,558
Fishing	181,331	258,460	297,491
Health programs	772,649	1,226,042	904,835
Insurance	534,822	608,676	519,898
Interest	2,449,665	2,816,810	2,203,238
Other	2,295,428	3,204,383	2,814,176
Professional fees	252,696	276,905	293,575
Repairs and maintenance	5,006,193	7,521,684	7,874,073
Salaries and benefits	15,552,557	15,341,774	14,626,462
Security and policing	744,675	884,978	947,359
Social	3,828,810	3,718,839	3,589,123
	55,326,709	60,829,751	57,936,777
Less: transfer/recoveries	(1,958,133)	(1,782,922)	(1,613,922)
	53,368,576	59,046,829	56,322,855
Annual surplus before amortization	6,151,712	8,038,956	15,836,507
Amortization	5,569,668	5,992,809	5,146,698
Annual Surplus	582,044	2,046,147	10,689,809
Accumulated surplus, beginning of year	-	60,413,134	49,723,325
Accumulated surplus, end of year	-	62,459,281	60,413,134

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

Sydney, Nova Scotia
July 24, 2018

Grant Thornton LLP
Chartered Professional Accountants
Licensed Public Accountants

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEMBERTOU RESERVE BAND COUNCIL - March 31		
FINANCIAL ASSETS	2018	2017
Cash	\$ 12,961,236	\$ 3,867,542
Receivables	3,894,121	7,130,323
Inventory	402,647	395,669
Band funds in trust	120,208	116,380
Restricted cash	2,363,159	2,019,815
Investments	2,740,821	2,710,678
	22,482,192	16,240,407
FINANCIAL LIABILITIES		
Payables and accruals	5,295,678	7,207,565
Construction payables to be financed	-	517,406
Deferred revenue	3,345,960	1,432,409
Long term debt	84,270,262	72,471,012
Deferred trust contributions	6,226,207	6,098,207
Capital lease obligations	385,804	389,060
	99,523,911	88,115,659
Net financial liabilities	(77,041,719)	(71,875,252)
NON-FINANCIAL ASSETS		
Purchased fishing licenses and permits	2,064,336	2,064,336
Capital assets	136,715,931	129,691,662
Prepays	720,733	532,388
	139,501,000	132,288,386
Accumulated surplus	62,459,281	60,413,134

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES

MEMBERTOU RESERVE BAND COUNCIL - Year ended March 31			
	BUDGET	2018	2017
Net revenues	\$ 582,044	\$ 2,046,147	\$ 10,689,809
Loss (gain) on disposal of capital assets	-	4,525	(15,526)
Proceeds on sale of capital assets	-	144,095	99,510
Depreciation	5,569,668	5,992,809	5,146,698
Capital assets acquired	-	(13,165,698)	(25,100,927)
	6,151,712	(4,978,122)	(9,180,436)
Acquisition of prepaid expenses	-	(188,345)	(240,928)
Change in net financial liabilities	6,151,712	(5,166,467)	(9,421,364)
Net financial liabilities, beginning of year	(71,875,252)	(71,875,252)	(62,453,888)
Net financial liabilities, end of year	\$ (65,723,540)	\$ (77,041,719)	\$ (71,875,252)

CONSOLIDATED STATEMENT OF CASH FLOWS

MEMBERTOU RESERVE BAND COUNCIL - Year ended March 31

Increase in cash and cash equivalents		
OPERATING	2018	2017
Excess (deficiency) of revenue over expenditures	\$ 2,046,147	\$ 10,689,809
Depreciation	5,992,809	5,146,698
Loss (gain) on disposal of capital assets	4,525	(15,526)
Share of limited partnership income	(105,143)	(96,281)
	7,938,338	15,724,700
Change in non-cash operating working cpatials	-	-
Receivables	3,236,202	(3,583,085)
Prepays	(188,345)	(240,928)
Inventory	(6,978)	(69,714)
Payables and accruals	(2,429,293)	1,825,486
Deferred revenue	1,913,551	956,357
	10,463,475	14,612,816
INVESTING		
Partnership draws	100,000	100,000
Purchase of investments	(25,000)	(25,000)
	75,000	75,000
FINANCING		
New deferred trust contributions	128,000	350,000
Repayment of long term capital lease obligation	(93,246)	(68,971)
Receipt of capital lease	89,990	-
Receipt of long term debt	15,281,323	12,914,267
Repayment of long term debt	(3,482,073)	(2,063,766)
	11,923,994	11,131,530
CAPITAL		
Proceeds on disposal of assets	144,095	99,510
Capital assets acquired	(13,165,698)	(24,670,649)
	(13,021,603)	(24,571,139)
Net increase in cash and cash equivalents	9,440,866	1,248,207
Cash and cash equivalents, beginning of year	6,003,737	4,755,530
Cash and cash equivalents, end of year	\$ 15,444,603	\$ 6,003,737
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash	\$ 12,961,236	\$ 3,867,542
Funds in trust	120,208	116,380
Restricted cash	2,363,159	2,019,815
	\$ 15,444,603	\$ 6,003,737

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, Membertou Sport and Wellness Centre, and Membertou Properties Limited Partnership.

CASH AND CASH EQUIVALENTS

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

REVENUE RECOGNITION

All non-government contributions or grant revenues that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Unrestricted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Rental revenue is recognized when received or receivable 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.

GOVERNMENT TRANSFERS

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

INVESTMENTS

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

TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost less accumulated amortization and impairment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PURCHASED FISHING LICENSES AND PERMITS

Purchased fishing licenses and permits assets are intangible capital assets. These indefinite-lived fishing licenses and permits are recognized at cost and are not amortized. The capitalization of intangible assets is a departure from Canadian public sector accounting standards.

The Band evaluates the carrying value of its licenses and permits annually for impairment. Should a permanent impairment be identified, the impairment will be recognized as a reduction in the carrying value and as a charge against income on the statement of operations in the period the impairment occurred.

The Band also owns other communal fishing licenses and permits which were not purchased by the Band but were given to or granted to the Band.

USE OF ESTIMATES

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

INCOME TAXES

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

MOVEABLE CAPITAL ASSET RESERVE

The Band is required to maintain a Moveable Capital Asset Reserve in accordance with the consolidated contribution agreement with the Department of Indigenous Services Canada – First Nations and Inuit Health Branch. The reserve is for the maintenance or replacement of capital assets transferred to the band by the Department of Indigenous Services Canada – First Nations and Inuit Health Branch. 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.

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 2018 was \$10,960,012 (2017 \$10,574,924). No write-down of inventories below their cost to their net realizable value was made in fiscal 2018. 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 Band 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.

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.

HEDGE ACCOUNTING

The Band uses derivative instruments to manage the Band's exposure to interest rate risks. When derivative instruments are used, the Band determines whether hedge accounting can be applied. Where hedge accounting can and will be applied, the hedge is documented at inception, detailing the hedging relationship, identifying the hedged item, the related hedging item, the nature of the specific risks being hedged and the intended term of the hedging relationship. Both at the inception of the hedging relationship, and throughout the term, the Band has reasonable assurance that the critical terms of the hedging item and the hedged item are, and will remain, the same. For all hedged items which are anticipated transactions, the Band has determined that it is probable that the transaction will occur at the time and in the amount documented at the inception of the hedging relationship.

The Band has elected to use hedge accounting for the following qualifying hedging relationships:

A prime plus 1.5% mortgage has been hedged with a 3.495% fixed interest rate swap to mitigate the effect of changes in interest rates.

DEPRECIATION

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

DEPRECIATION	PERCENTAGE
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



Membertou
WELCOMING THE WORLD!

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