



Memberton

WELCOMING THE WORLD!

**Presentation to the
Financial Government Workshop
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- Membertou is an urban Mi'kmaw Community surrounded by 100,000 people in Cape Breton Regional Municipality
- Named after Grand Chief Membertou (1510 – 1611)
- One of five Mi'kmaw Communities in Cape Breton which make up the Unama'ki District of the Mi'kmaw Nation

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- Original location was along Sydney Harbour – known as Kings Road Reserve
- 1916 – Exchequer Court of Canada ordered the relocation of 125 Mi'kmaq from the Kings Road location a move of about 3KM.
- The new Membertou Reserve was 65 acres
- Over 1800 acres have been purchased in last 10 years (at our cost), including the land taken in 1916.

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- Today, our total population is over 1,550 members – on and off reserve
- In the last 35 years, our on-reserve population grew from 333 to 1,000 – threefold increase
- 1980: 65 houses today 426
- Introduced home purchase plans to community members through the FNMH

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- Chief and 12 Councilors
- Chief Terry Paul now serving 16th consecutive term (36th year in office); also CEO
- Membertou is both government & a corporation
- Government: Trevor Bernard, LLB. Ex. Director
- Corporate: Richard Paul, COO
- CFO: Mike McIntyre, CPA, CA, CAFM

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- Since 2010, Membertou had been developing our own laws to address Membership, Elections and Land Management.
- Engaged a full time Governance Coordinator
- 2012: Joined Framework Agreement on First Nation Land Management.
- We had over 20 community engagement sessions. Incorporated all feed back from interested parties and stakeholders

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- Ended up being seven (7) year process. The Province of Nova Scotia claimed ownership of water rights even over First Nation Land – Still a major unresolved issue.
- In the last two (2) weeks of the process outside forces used Facebook and online communication to spread false information and rumors in an attempt to derail vote.
- Land Code Passed in late 2019 – 94% approval

R w k h u # P l o w r q h v

- First Indigenous government to receive ISO 9000 Certification in 2001
- Achieved full FMB certification on financial performance and management systems
- Developed and passed our own election code, 4 year term instead of 2 year term
- Named one of Canada's Top 50 Best Managed companies in May 2019
- Fully accredited training site for CPA Canada

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- In 20 years, our revenues has grown from \$4 million to \$67 million annually
- Government revenues total \$19 million (28%)
- Commercial Revenues (OSR) total \$48 million
- Commercial profits used for:
 - Annual dividends
 - Capital projects & Economic Development
 - Debt servicing
 - Support Government programs & services

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- In 15 years, the number of employees has grown from 50 to over 500
- 4th largest employer in the CBRM
- 222 full time employees
- 300 more are part-time or casual
- 58% of our employees are from Membertou
- 85% are the Executive Team & 75% are Directors & General Managers are First Nation

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- Essential to our survival
- Operations generate \$16 Million in cashflow
- Government funding agreements do not cover service delivery costs
- Own & operate various business entities
 - 11 exclusively owned by the Community
 - 3 Partnerships

Rewind#

- Access to Capital
- Shortage of land for growth
- Lack of community infrastructure
- Indian Act - worked around it (Buckshee leases)
- Negative Attitudes towards First Nations

Access to Capital

- Banks don't lend long term money to First Nations
- Terms offered normally 3 to 5 years
- Results in negative working capital position
- Membertou operated in a large overdraft for many years (expensive interest rates)

Good Practices

- FMB Certification – development of robust policies and procedures to help govern in a non-biased manner
- Long term budgeting, Capital reserves
- Community reporting and review
- ISO Certification
 - Transparency of financial information
 - Kept positive relationships with government and business communities

What Changed?

- First Nation Financial Management Act
- Created FMB, FNTC and FNFA
- Gives First Nations the opportunity to access the capital markets – 30 year money
- Membertou invested over \$30 million in land purchases and infrastructure
- Created working capital – for the first time
- Currently FNFA has issued over \$600 million
- S&P issued A+ Bond rating

Financial Reporting & Standards

- With access to capital, First Nations' are entering into large scale projects (hydro electric, pipelines)
- Complicated financial structures
- Investments with Government Business Entities (GBE'S) rapidly growing

PSAB

- Accounting Profession largely ignored First Nations
- First Nations were not identified as a level of government (this is slowly changing)
- Indigenous Services (ISC) forced First Nation's to adopt PSAB by 2010
- PSAB was a quick fix solution to standardize FN financial reporting
- Better comparability of financial information

Shortfalls of PSAB

- Makes liquidity calculations more difficult
- Intangible assets, treaty and resource rights are not recognized as assets
- Government Business Enterprises (GBE'S)
 - Modified equity vs. Consolidation
- Capital transfers as revenue (misleading)
- Government require special purpose reports
 - ISC, CMHC

Going Forward - New Projects

- Sydney Harbour Front Development
- Churchill Crossing Phase 1
- New 40,000 sq/ft office building
- Partnership with CME – Boat building

New Projects



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IN CLOSING

- Membertou and First Nations across Canada are big business that will continue to grow
- Access to the capital markets has increased the users of First Nation financial statements
- Commercial revenues (GBE's) are growing quicker than government funding
- Is PSAB still the best standard?
- The CPA profession is taking notice, changes to improve the standards are on the horizon.

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- “Building on the legacy of our founding families, Membertou will balance its cultural, environmental and economic pillars to ensure future generations inherit a thriving Mi’kmaw community.”