

**MALISEET NATION AT TOBIQUE**

**Consolidated Financial Statements**

**Year Ended March 31, 2014**

**MALISEET NATION AT TOBIQUE**  
**Index to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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SAUNDERS  
DOYLE & CO.**  
**Chartered Accountants**

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DFK Canada Inc. and DFK International

**INDEPENDENT AUDITOR'S REPORT**

To the Chief and Band Councillors of Malmseet Nation at Tobique

We have audited the accompanying consolidated financial statements of Malmseet Nation at Tobique, which comprise the statements of financial position as at March 31, 2014 and the statements of operations and, changes in net debt and cash flows for the year then ended March 31, 2014, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards and the reporting provisions of the Aboriginal Affairs and Northern Development Canada Year End Reporting Handbook (fiscal year 2013-2014), and for such internal control as management determines is necessary to enable the preparation of consolidated 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 audits. We conducted our audits 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Malmseet Nation at Tobique as at March 31, 2014 and the results of its operations and its cash flows for the years then ended in accordance with the Aboriginal Affairs and Northern Development Canada Year End Reporting Handbook (fiscal year 2013-2014).

Fredericton, New Brunswick  
July 30, 2014

*Teed Saunders Doyle & Co.*

CHARTERED ACCOUNTANTS

Fredericton Partners  
Brian J. Saunders    Jeffrey E. Saunders  
John H. Landry    Kenneth H. Kyle  
T.J. Smith



Saint John Partners  
Andrew P. Logan    Peter L. Logan  
Jean-Marie Poirier

**MALISEET NATION AT TOBIQUE**  
**Financial Statement Review and Approval**  
**Year Ended March 31, 2014**

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The accompanying financial statements of Maliseet Nation at Tobique are the responsibility of management and have been reviewed and approved by:

<u>Chief Brade J. J. J.</u>	Chief		
<u>Lynne Lapping</u>	Councillor		Councillor
<u>Clifford McElroy</u>	Councillor		Councillor
<u>Paul J. J.</u>	Councillor		Councillor
<u>[Signature]</u>	Councillor		Councillor
<u>Tom Nicholas</u>	Councillor		Councillor
	Councillor		Councillor
<u>Pierre J. J.</u>	Third Party Manager		
<u>Jan T. J.</u>	Co-Manager		

**MALISEET NATION AT TOBIQUE**  
**Consolidated Statement of Financial Position**  
**Year Ended March 31, 2014**

	2014	2013 <i>Revised</i>
<b>FINANCIAL ASSETS</b>		
Cash (Note 3)	\$ 1,257,063	\$ 2,208,820
Accounts receivable (Note 6)	1,994,168	1,489,848
Inventory	94,445	90,288
Trust funds held by federal governments (Note 4)	30,818	30,057
	<u>3,376,494</u>	<u>3,819,013</u>
<b>LIABILITIES</b>		
Accounts payable (Note 7)	6,343,754	6,340,508
Deferred revenue (Note 8)	266,361	329,880
Long term debt (Note 10)	16,158,164	16,899,874
	<u>22,768,279</u>	<u>23,570,262</u>
<b>NET DEBT</b>	<u>(19,391,785)</u>	<u>(19,751,249)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 16)	50,638,755	51,736,931
Prepaid expenses (Note 5)	64,249	179,231
	<u>50,703,004</u>	<u>51,916,162</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 31,311,219</u>	<u>\$ 32,164,913</u>

**MALISEET NATION AT TOBIQUE**  
**Consolidated Statement of Changes in Net Debt**  
**Year Ended March 31, 2014**

	2014	2013 <i>Revised</i>
(EXCESS) DEFICIENCY OF REVENUE OVER EXPENSES	\$ (853,694)	\$ 97,164
Acquisition of tangible capital assets	(1,367,329)	(2,657,166)
Amortization of tangible capital assets	2,465,505	2,597,142
Proceeds on disposal of capital assets	-	355,000
Decrease (Increase) in prepaid expenses	<u>114,982</u>	<u>(131,965)</u>
DECREASE IN NET DEBT	359,464	260,175
NET DEBT - BEGINNING OF YEAR		
As previously reported	(19,303,264)	(20,011,424)
Prior period adjustments (Note 15)	<u>(447,985)</u>	<u>-</u>
NET DEBT - BEGINNING OF YEAR - AS RESTATED	<u>(19,751,249)</u>	<u>(20,011,424)</u>
NET DEBT - END OF YEAR	<u>\$ (19,391,785)</u>	<u>\$ (19,751,249)</u>

**MALISEET NATION AT TOBIQUE**  
**Consolidated Statement of Operations**  
**Year Ended March 31, 2014**

	Budget 2014	Actual 2014	Actual 2013 <i>Revised</i>
<b>REVENUE</b>			
Aboriginal Affairs and Northern Development			
Canada	\$ 10,049,749	\$ 10,502,057	\$ 13,785,341
Province of New Brunswick	72,000	2,714,886	2,762,691
Other	1,307,231	2,861,035	2,793,349
Health Canada	-	2,592,813	2,717,673
Maliseet Gas Bar Ltd.	3,852,000	3,972,531	3,738,268
Tobique High Stakes V.T.	12,530,340	13,521,871	13,413,445
Canada Mortgage and Housing Corporation (CMHC)	-	153,218	209,161
Department of Fisheries and Oceans Canada	110,000	545,139	417,150
Heritage Canada	-	86,000	136,130
	<u>27,921,320</u>	<u>36,949,550</u>	<u>39,973,208</u>
<b>EXPENSES</b>			
Band administration	879,576	941,239	1,043,417
Capital	814,754	2,878,805	3,990,759
Education	4,196,205	4,891,064	4,691,634
Headstart	-	-	220,707
Social assistance	3,594,524	3,729,686	3,603,566
Maliseet Gas Bar Ltd.	3,627,623	3,905,830	3,721,105
Tobique High Stakes V.T.	11,719,171	13,698,841	13,765,822
Health	-	3,283,131	3,518,730
Own source	724,001	4,129,337	4,981,269
CMHC	-	345,311	339,035
	<u>25,555,854</u>	<u>37,803,244</u>	<u>39,876,044</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 2,365,466</u>	<u>\$ (853,694)</u>	<u>\$ 97,164</u>

**MALISEET NATION AT TOBIQUE**  
**Consolidated Statement of Cash Flows**  
**Year Ended March 31, 2014**

	2014
<b>OPERATING ACTIVITIES</b>	
Deficiency of revenue over expenses	\$ (853,694)
Items not affecting cash:	
Amortization	<u>2,465,505</u>
	<u>1,611,811</u>
Changes in non-cash working capital:	
Accounts receivable	(504,320)
Inventory	(4,157)
Accounts payable	3,247
Deferred revenue	(63,519)
Prepaid expenses	<u>114,982</u>
	<u>(453,767)</u>
	<u>1,158,044</u>
<b>INVESTING ACTIVITIES</b>	
Purchase of property and equipment	(1,367,329)
Trust funds held by federal governments	<u>(761)</u>
	<u>(1,368,090)</u>
<b>FINANCING ACTIVITIES</b>	
Proceeds from long term debt	44,620
Repayment of long term debt	<u>(786,331)</u>
	<u>(741,711)</u>
<b>DECREASE IN CASH</b>	(951,757)
<b>CASH - BEGINNING OF YEAR</b>	<u>2,208,820</u>
<b>CASH - END OF YEAR</b>	<u>\$ 1,257,063</u>



**MALISEET NATION AT TOBIQUE**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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**1. DESCRIPTION OF ENTITY**

The Maliseet Nation at Tobique operates a First Nation Band in Tobique, New Brunswick for the benefit of its members.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of preparation

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Reporting entity and principals of consolidation

The consolidated financial statements include the accounts of the Maliseet Nation at Tobique government, and its wholly-owned subsidiaries, Maliseet Gar Bar Ltd. and Tobique High Stakes V.T. Interdivisional and inter-organizational balances and transactions are eliminated on consolidation.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks net of bank overdrafts.

Inventories for resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service is performed.

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**MALISEET NATION AT TOBIQUE**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Tangible capital assets**

Tangible capital assets include acquired, built, developed and improved tangible capital assets, whose useful life extends beyond one year and which are intended to be used on an ongoing basis for producing goods or delivering services.

Tangible capital assets are reported at net book value. Opening net book values of residential and commercial buildings and other infrastructure as at April 1, 2012 have been determined by an appraisal report prepared by an independent engineering consulting firm. Contributions received to assist in the acquisition of tangible capital assets are reported as current revenue.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Items inherited by right of the Crown, such as lands, forests, water and mineral resources, are not recognized in these financial statements.

Amortization is provided annually, at rates calculated to write-off the assets over their estimated useful lives as follows:

Commercial buildings	30 and 40 years	straight-line method
Residential buildings	40 and 50 years	straight-line method
Boats	15%	declining balance method
Vehicles	30%	declining balance method
Shoreline erosion	40 years	straight-line method
Computer equipment	55%	declining balance method
Other equipment	8, 10 and 20%	declining balance method
Roads	4%	declining balance method
Infrastructure	4 and 20%	declining balance method

Amortization of Section 95.1 Housing is provided on buildings and equipment purchased on loans insured by CMHC at a rate equal to the annual principal reduction of the mortgage.

The Maliseet Nation at Tobique regularly reviews its property and equipment to eliminate obsolete items.

**Income taxes**

The Maliseet Nation at Tobique is an Indian Band and is not subject to income tax. Accordingly, no provision has been made for income taxes.

**Accounts receivable**

Accounts receivable arise from trade receivables, loans and advances, and federal and provincial government receivables. An allowance for bad debts has been calculated, through discussions with management, assessment of other circumstances influencing the collectability of amounts, and using historical loss experience. Amounts deemed uncollectable are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

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**MALISEET NATION AT TOBIQUE**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Net debt

The First Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus (deficit).

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Significant estimates pertaining to these financial statements include the following:

- determination of amortization rates and residual values of tangible capital assets

Financial Instruments policy

Financial Instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

**3. CASH**

Cash is comprised of the following:

	2014	2013
Externally restricted		
CMHC - Replacement reserve (Note 11)	\$ 102,980	\$ 83,973
Unrestricted		
Operating	1,154,083	2,124,847
	<u>\$ 1,257,063</u>	<u>\$ 2,208,820</u>

**4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT**

	March 31, 2013	Additions 2014	Withdrawals 2014	March 31, 2014
Revenue	\$ 24,632	\$ 761	\$ -	\$ 25,393
Capital	5,425	-	-	5,425
	<u>\$ 30,057</u>	<u>\$ 761</u>	<u>\$ -</u>	<u>\$ 30,818</u>

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

**MALISEET NATION AT TOBIQUE**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**5. PREPAID EXPENSES**

	2014	2013
Insurance	\$ 45,961	\$ 74,151
Other	18,288	105,080
	<u>\$ 64,249</u>	<u>\$ 179,231</u>

**6. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following:

	2014	2013
Due from members:		
Employee advances	\$ 13,989	\$ 15,633
Due from others:		
Aboriginal Affairs and Northern Development Canada (2013-2014)	1,084,687	-
Aboriginal Affairs and Northern Development Canada (2012-2013)	242,477	569,985
Aboriginal Affairs and Northern Development Canada (2011-2012)	18,487	68,487
Department of Fisheries and Oceans	123,040	40,415
Canada Mortgage and Housing Corporation	27,200	3,600
Health Canada	-	53,250
Province of New Brunswick	311,516	193,701
Other	172,772	544,777
	<u>\$ 1,994,168</u>	<u>\$ 1,489,848</u>

**7. ACCOUNTS PAYABLE**

	2014	2013
Aboriginal Affairs and Northern Development Canada - recoverable funding	\$ 113,281	\$ 103,976
Suppliers	1,208,891	1,563,203
Accrued salaries	15,133	30,479
HST	914,364	867,967
Payroll deductions	3,783,322	3,406,715
Other accrued liabilities	289,757	368,168
	<u>\$ 6,324,748</u>	<u>\$ 6,340,508</u>

**MALISEET NATION AT TOBIQUE**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**8. DEFERRED REVENUE**

	2014	2013
Aboriginal Affairs and Northern Development Canada	\$ -	\$ 54,653
MAWIW Council Inc.	-	65,000
Province of New Brunswick	126,200	91,000
Heritage Canada	9,175	-
Other	130,986	119,227
	<u>\$ 266,361</u>	<u>\$ 329,880</u>

**9. RECONCILIATION OF ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA (AANDC) FUNDING**

	2014	2013
AANDC Funding per Consolidated Financial Statements	\$ 10,502,057	\$ 13,785,341
Less: Prior year deferred revenue	-	(628,763)
Plus: Current year recovered funding	113,551	(106,007)
Plus: Current year deferred revenue (Note 6)	-	54,653
	<u>\$ 10,615,608</u>	<u>\$ 13,105,224</u>

**10. LONG TERM DEBT**

	2014	2013
Aboriginal Affairs and Northern Development Canada loan bearing interest at 2.7%, repayable in 15 monthly blended payments of \$20,000 starting January 2015 with payment of \$37,761 starting in April 2016 until loan repaid. The loan matures on July 1, 2025.	\$ 3,709,400	\$ 3,709,400
Aboriginal Affairs and Northern Development Canada loan bearing interest at various rates, repayable in monthly blended payments of \$34,000. The loan matures on July 1, 2025.	3,721,987	3,657,087
CIT Financial Ltd. loan bearing interest at 10.95% per annum, repayable in monthly blended payments of \$2,158. The loan was repaid during the year.	-	12,435
CMHC loan bearing interest at 1.67% per annum, repayable in monthly blended payments of \$370. The loan matures on April 1, 2017 and is secured by a first mortgage on buildings.	52,111	55,647
CMHC loan bearing interest at 2.84% per annum, repayable in monthly blended payments of \$1,426. The loan matures on April 1, 2015 and is secured by a first mortgage on buildings.	148,884	161,591
CMHC loan bearing interest at 1.71% per annum, repayable in monthly blended payments of \$1,041. The loan matures on September 1, 2017 and is secured by a first mortgage on buildings.	149,726	159,575

(continues)

**MALISEET NATION AT TOBIQUE**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**10. LONG TERM DEBT (continued)**

	2014	2013
CMHC loan bearing interest at 2.56% per annum, repayable in monthly blended payments of \$1,434. The loan matures on December 1, 2015 and is secured by a first mortgage on buildings.	171,427	184,098
CMHC loan bearing interest at 1.8% per annum, repayable in monthly blended payments of \$1,535. The loan matures on October 1, 2016 and is secured by a first mortgage on buildings.	203,671	218,296
CMHC loan bearing interest at 2.76% per annum, repayable in monthly blended payments of \$2,208. The loan matures on June 1, 2015 and is secured by a first mortgage on buildings.	308,756	326,518
Ford Credit loan bearing interest at 5.69% per annum, repayable in monthly blended payments of \$856. The loan matures on November 17, 2018 and is secured by a vehicle.	41,366	-
Peace Hills Trust loan bearing interest at 5.85% per annum, repayable in monthly blended payments of \$2,491. The loan was repaid during the year.	-	29,221
Peace Hills Trust loan bearing interest at 5.85% per annum, repayable in monthly blended payments of \$700. The loan matures on March 6, 2015 and is secured by a first mortgage on buildings.	59,172	64,036
Peace Hills Trust loan bearing interest at 3.75% per annum, repayable in monthly blended payments of \$500. The loan matures on November 1, 2017 and is secured by a general security agreement.	87,271	89,974
Peace Hills Trust loan bearing interest at 5.85% per annum, repayable in monthly blended payments of \$1,135. The loan matures on March 1, 2015 and is secured by a first mortgage on buildings.	95,981	103,871
Peace Hills Trust loan bearing interest at 5.85% per annum, repayable in monthly blended payments of \$2,900. The loan matures on September 1, 2014 and is secured by a first mortgage on buildings.	151,733	177,130
Peace Hills Trust loan bearing interest at 5.85% per annum, repayable in monthly blended payments of \$2,361. The loan matures on March 1, 2015 and is secured by a first mortgage on buildings.	199,637	216,049
Peace Hills Trust loan bearing interest at 5.85% per annum, repayable in monthly blended payments of \$3,955. The loan matures on August 1, 2014 and is secured by a first mortgage on buildings.	484,125	503,228

(continues)

**MALISEET NATION AT TOBIQUE**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**10 LONG TERM DEBT (continued)**

	2014	2013
Peace Hills Trust loan bearing interest at 3.75% per annum, repayable in monthly blended payments of \$4,500. The loan matures on December 1, 2017 and is secured by a general security agreement.	615,924	721,410
Peace Hills Trust loan bearing interest at 5.85% per annum, repayable in monthly blended payments of \$6,282. The loan matures on February 1, 2015 and is secured by a general security agreement.	785,221	814,649
Peace Hills Trust loan bearing interest at 3.75% per annum, repayable in monthly blended payments of \$40,000. The loan matures on November 27, 2017 and is secured by a general security agreement.	4,203,234	4,520,462
Ulnooweg Development Group Inc. loan bearing interest at 12.75% per annum. The loan matures on June 1, 2014 and is secured by a general security agreement.	4,539	72,798
Ulnooweg Development Group Inc. loan bearing interest at 5.75% per annum with no specified repayment terms currently in place.	9,916	9,548
Ulnooweg Development Group Inc. loan bearing interest at 12.75% per annum, repayable in weekly blended payments of \$625. The loan matures on July 22, 2014 and is secured by a general security agreement.	10,758	40,020
Ulnooweg Development Group Inc. loan bearing interest at 5.75% per annum with no specified repayment terms currently in place.	55,600	53,596
Ulnooweg Development Group Inc. loan bearing interest at 12.75% per annum with no specified repayment terms currently in place.	79,831	75,255
Ulnooweg Development Group Inc. loan bearing interest at 0% per annum with no specified repayment terms currently in place.	115,330	115,330
Ulnooweg Development Group Inc. loan bearing interest at 6% per annum, repayable in weekly blended payments of \$270. The loan is secured by a general security agreement.	127,361	134,191
Ulnooweg Development Group Inc. loan bearing interest at 0% per annum with no specified repayment terms currently in place.	135,197	135,197
Ulnooweg Development Group Inc. loan bearing interest at 12.75% per annum with no specified repayment terms currently in place.	165,334	155,751
Ulnooweg Development Group Inc. loan bearing interest at 12.75% per annum, repayable in weekly blended payments of \$730. The loan is secured by a general security agreement.	264,672	275,112
Ulnooweg Development Group Inc. loan bearing interest at 6.5% per annum. The loan was repaid during the year.	-	98,894

(continues)

**MALISEET NATION AT TOBIQUE**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**10. LONG TERM DEBT (continued)**

	2014	2013
Ulnooweg Development Group Inc. loan bearing interest at 6.5% per annum. The loan was repaid during the year	-	9,505
	16,158,164	16,899,874
Amounts payable within one year	(3,392,421)	(1,102,842)
	<u>\$ 12,765,743</u>	<u>\$ 15,797,032</u>

Principal repayment terms are approximately:

2015	\$ 3,392,421
2016	1,395,076
2017	1,218,355
2018	4,598,827
2019	994,240
Thereafter	4,559,245
	<u>\$ 16,158,164</u>

**11. SUBSIDY SURPLUS RESERVE**

Under the terms of the agreement with Canada Mortgage and Housing Corporation, excess federal assistance payments received may be retained in a subsidy reserve up to a maximum of \$500 per unit plus interest. These reserve is to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation or as may otherwise approved by CMHC from time to time. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. Withdrawals are credited to interest first and then principal. When the fund has attained the maximum of \$500 per unit, up to 10% of the excess assistance during a year may be transferred to other projects owned by the borrower requiring additional assistance is they are within the same municipality or area and are assisted under the same program. As of March 31, 2014, there were \$8,077 in the subsidy surplus reserve.

**12. OPERATING RESERVE**

Under the terms of the agreements with Canada Mortgage and Housing Corporation, excess federal assistance payments received may be retained in an operating reserve fund. The reserve is to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation as may otherwise be approved by CMHC from time to time. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. As of March 31, 2014, there were not funds in the operating reserve.



**MALISEET NATION AT TOBIQUE**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2014**

**13. CASH - CMHC REPLACEMENT RESERVE**

Under the terms of the agreement with the Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$40,154 annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. Withdrawals are credited to interest first and then principal.

	2014	2013
Balance, beginning of year	\$ 83,973	\$ 223,086
Contributions	40,154	40,779
Withdrawals	-	(179,892)
Transfer to operating reserve	(21,147)	-
Balance, end of year	<u>\$ 102,980</u>	<u>\$ 83,973</u>

As at March 31, 2014 the cash related to the replacement reserve was not held in a segregated bank account. These funds are combined with the bank accounts of the Band which are under third party management with Aboriginal Affairs and Northern Development Canada.

**14. EXPENSES BY OBJECT**

	2014	2013
Amortization	\$ 2,465,505	\$ 2,597,142
Consulting fees	1,000,864	1,117,134
Insurance	209,984	200,611
Interest and bank charges	287,321	132,574
Interest on long term debt	517,004	881,773
Office	188,476	160,302
Other	21,043,839	22,528,880
Professional fees	315,757	291,733
Repairs and maintenance	675,982	788,397
Salaries and wages	7,817,094	8,040,746
Supplies	185,741	183,058
Travel and vehicle	324,344	279,595
Tuition	2,391,980	2,239,897
Utilities and telephone	379,353	434,202
	<u>\$ 37,803,244</u>	<u>\$ 39,876,044</u>

**15. PRIOR PERIOD ADJUSTMENT**

Prior period adjustments represents previously unrecorded loans, overdrafts and adjustments to AANDC funding amounts.

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**16 TANGIBLE CAPITAL ASSETS**

	Cost			Accumulated Amortization			Net Book Value				
	Opening Balance	Additions	Disposals	Transfers of Assets	Closing Balance	Operating Balance	Amortization	Disposals, Write-offs & Other Adj.	Closing Balance	Total 2014	Total 2013
<b>Tangible Capital Assets</b>	\$ 24,872,612	\$ 43,370	\$ -	\$ -	\$ 24,916,482	\$ 6,352,634	\$ 703,636	\$ -	\$ 7,056,290	\$ 17,860,192	\$ 18,519,979
Commercial buildings	50,954	-	-	-	50,954	-	-	-	-	50,954	50,954
Residential land	24,943,301	124,352	-	-	25,069,653	6,575,253	560,438	-	7,135,691	17,933,962	18,370,049
Boats	6,000	-	-	-	6,000	5,515	73	-	5,588	412	485
Vehicles	854,958	55,620	-	-	910,578	581,776	90,298	-	672,074	238,504	273,183
Shoreline erosion	3,072,858	1,116,776	-	-	4,190,634	50,868	90,866	-	141,674	4,048,960	3,022,900
Computer equipment	17,285	1,144	-	-	18,429	12,497	2,948	-	15,445	2,984	4,788
Other equipment	2,080,999	25,569	-	-	2,106,528	876,568	220,994	-	1,097,562	1,008,966	1,204,391
Roads	5,721,060	-	-	-	5,721,060	224,417	220,153	-	454,570	5,266,490	5,484,643
Infrastructure	5,503,615	-	-	-	5,503,615	700,145	574,139	-	1,276,284	4,227,331	4,803,470
<b>Total</b>	\$ 67,126,602	\$ 1,967,331	\$ -	\$ -	\$ 69,093,933	\$ 13,389,673	\$ 2,465,505	\$ -	\$ 17,855,178	\$ 90,638,755	\$ 91,736,931

**MALISEET NATION AT TOBIQUE**  
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**17. GOVERNMENT TRANSFERS**

	Operating	Capital	2014
Aboriginal Affairs and Northern Development Canada	\$ 10,338,457	\$ 163,600	\$ 10,502,057
Health Canada	2,592,813	-	2,592,813
Canada Mortgage and Housing Corporation	153,218	-	153,218
Department of Fisheries and Oceans Canada	545,139	-	545,139
Heritage Canada	86,000	-	86,000
Federal government transfers	\$ 13,715,627	\$ 163,600	\$ 13,879,227
Provincial government transfers	\$ 1,485,998	\$ 1,228,888	\$ 2,714,886
Total government transfers	\$ 15,201,625	\$ 1,392,488	\$ 16,594,113

	Operating	Capital	2013
Aboriginal Affairs and Northern Development Canada	\$ 11,314,833	\$ 2,470,508	\$ 13,785,341
Health Canada	2,717,673	-	2,717,673
Canada Mortgage and Housing Corporation	209,161	-	209,161
Department of Fisheries and Oceans Canada	417,150	-	417,150
Heritage Canada	136,130	-	136,130
Federal government transfers	\$ 14,794,947	\$ 2,470,508	\$ 17,265,455
Provincial government transfers	2,762,690	-	\$ 2,762,690
Total government transfers	\$ 17,557,637	\$ 2,470,508	\$ 20,028,145

**18. CONTINGENCIES**

Maliseet Nation at Tobique has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Maliseet Nation at Tobique may become involved in legal actions. Some other potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Maliseet Nation at Tobique's consolidated financial statements.

The Band is defending various legal actions. Counsel is unable to form an opinion at this date in regard to the amount and merits of these claims.

**MALISEET NATION AT TOBIQUE**  
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**19. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES**

The commercial enterprises are included in the First Nation reporting entity, as described in note 2 - Reporting Entity and of Consolidation includes:

- Maliseet Gas Bar Ltd.
- Tobique High Stakes V.T.

The following table presents condensed financial information for these commercial enterprises.

	Maliseet Gas Bar Ltd.	Tobique High Stakes V.T.	2014	2013
Cash	\$ 16,706	\$ 119,774	\$ 136,480	\$ 277,875
Accounts receivable	129,478	14,176	143,654	224,339
Inventory	94,445	-	94,445	90,288
Tangible capital assets	736,373	1,872,903	2,609,276	2,793,207
Other assets	-	-	-	10,778
<b>Total assets</b>	<b>\$ 977,002</b>	<b>\$ 2,006,853</b>	<b>\$ 2,983,855</b>	<b>\$ 3,396,487</b>
Accounts payable	\$ 1,123,171	\$ 906,893	\$ 2,030,064	\$ 1,919,260
Long term debt	392,033	52,124	444,157	449,323
<b>Total liabilities</b>	<b>\$ 1,515,204</b>	<b>\$ 959,017</b>	<b>\$ 2,474,221</b>	<b>\$ 2,368,583</b>
<b>Accumulated Surplus</b>	<b>\$ (538,202)</b>	<b>\$ 1,047,836</b>	<b>\$ 509,634</b>	<b>\$ 1,027,904</b>
<b>Revenue</b>	<b>\$ 3,972,531</b>	<b>\$ 13,521,871</b>	<b>\$ 17,494,402</b>	<b>\$ 17,168,213</b>
Expenses	3,905,830	13,694,847	17,600,677	17,480,160
Debt servicing	-	3,995	3,995	6,771
<b>Total Expenses</b>	<b>\$ 3,905,830</b>	<b>\$ 13,698,842</b>	<b>\$ 17,604,672</b>	<b>\$ 17,486,931</b>
<b>Net Income (loss)</b>	<b>\$ 66,701</b>	<b>\$ (176,971)</b>	<b>\$ (110,270)</b>	<b>\$ (318,718)</b>

**20. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

**MALISEET NATION AT TOBIQUE**  
Notes to Consolidated Financial Statements  
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**21. SEGMENT DISCLOSURE**

The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 2. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

	Education		Health		Economic Development		Housing		Community Services	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>REVENUE</b>										
Federal Government	\$ 4,932,437	\$ 4,498,388	\$ 2,678,813	\$ 2,853,803	\$ -	\$ 16,500	\$ 107,798	\$ 114,161	\$ 1,171,485	\$ 4,412,134
Provincial Government	178,286	207,725	106,745	131,000	-	-	-	-	100,650	-
Economic Activities	-	-	-	-	17,494,402	17,151,713	259,544	253,118	-	-
Other Revenue	22,564	22,564	251,500	291,479	-	-	-	-	23,702	83,638
	5,133,287	4,728,677	3,037,058	3,276,282	17,494,402	17,168,213	367,342	367,279	1,295,837	4,495,772
<b>EXPENSES</b>										
Salaries and benefits	1,471,788	1,436,590	1,741,779	1,750,509	2,024,026	2,148,120	-	-	239,635	231,482
Amortization	254,577	232,927	256,884	280,934	244,536	239,034	174,038	157,406	1,435,752	1,560,894
Debt Servicing	-	-	-	-	39,725	42,501	84,005	99,576	213,089	441,621
Other Expenses	3,104,699	3,002,117	1,284,468	1,487,287	15,296,382	15,037,272	87,268	82,253	990,329	1,756,762
	4,881,064	4,691,634	3,283,131	3,518,730	17,604,669	17,466,927	345,311	339,035	2,878,805	3,990,759
<b>SURPLUS (DEFICIT)</b>	\$ 242,223	\$ 37,043	\$ (246,073)	\$ (242,448)	\$ (110,267)	\$ (318,714)	\$ 22,031	\$ 28,244	\$ (1,582,968)	\$ 505,013
	Social Services		Band Government		Other		Consolidated Total			
	2014	2013	2014	2013	2014	2013	2014	2013		
<b>REVENUE</b>										
Federal Government	\$ 3,555,185	\$ 3,905,574	\$ 888,369	\$ 1,047,744	\$ 545,139	\$ 417,150	\$ 13,879,227	\$ 17,265,455		
Provincial Government	-	-	-	-	2,329,204	2,423,965	2,714,886	2,762,690		
Economic Activities	-	-	-	-	890,972	449,051	18,644,918	17,853,882		
Other Revenue	-	-	761	-	1,411,992	1,693,499	1,710,519	2,091,181		
	3,555,185	3,905,574	889,130	1,047,744	5,177,307	4,983,665	36,949,550	39,973,208		
<b>EXPENSES</b>										
Salaries and benefits	216,320	349,600	317,221	367,777	1,906,719	1,863,082	7,917,488	8,147,160		
Amortization	20,085	34,441	14,356	-	65,279	51,505	2,465,307	2,597,141		
Debt Servicing	-	-	-	-	179,670	295,691	516,489	878,189		
Other Expenses	3,493,281	3,440,232	609,652	675,640	1,977,669	2,770,991	26,903,760	28,252,554		
	3,729,686	3,824,273	941,239	1,043,417	4,129,337	4,981,269	37,803,244	39,876,044		
<b>SURPLUS (DEFICIT)</b>	\$ (174,501)	\$ 81,301	\$ (52,099)	\$ 4,327	\$ 1,047,970	\$ 2,396	\$ (83,694)	\$ 97,164		