

MALISEET NATION AT TOBIQUE
Consolidated Financial Statements
Year Ended March 31, 2016

MALISEET NATION AT TOBIQUE
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Year Ended March 31, 2016

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Management Report

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Maliseet Nation at Tobique and all the information in this annual report are the responsibility of management.

The consolidated financial statements have been prepared by the First Nation's management in accordance with the accounting policies disclosed in the accompanying notes. It is responsible for the accuracy, integrity and objectivity of the consolidated financial statements and supporting schedules within reasonable limits of materiality. When alternative accounting methods exist, they have chosen those they deemed most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

To assist management in the discharge of these responsibilities, the Maliseet Nation at Tobique's Council have maintained a system of internal control designed to provide reasonable assurance that assets are safeguarded; that transactions are executed with their authorization and within the terms of the Alternative Funding Arrangements agreement; and that the financial and other records form a reliable base upon which to prepare the consolidated financial statements and supporting schedules.

The Maliseet Nation at Tobique 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 consolidated financial statements and supporting schedules have been independently examined by the First Nation's auditors. The auditors' report expresses their opinion on the consolidated financial statements and management's compliance with the terms of the Alternative Funding Arrangements agreement.

Approved by the Council of the First Nation:



Chief and Council



Co-Manager - Other Sources

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**TEED
SAUNDERS
DOYLE & CO.**

Chartered Professional Accountants

An Independent Member of
DFK Canada Inc. and DFK International

INDEPENDENT AUDITOR'S REPORT

To the Community members of Maliseet Nation at Tobique

We have audited the accompanying consolidated financial statements of Maliseet Nation at Tobique, which comprise the statements of financial position as at March 31, 2016 and the statements of operations and, changes in net debt and cash flows for the year then ended March 31, 2016, 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 Indigenous and Northern Affairs Canada Year End Reporting Handbook (fiscal year 2015-2016), 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 Maliseet Nation at Tobique as at March 31, 2016 and the results of its operations and its cash flows for the years then ended in accordance with Canadian public sector accounting standards.

Teed Saunders Doyle & Co.

Fredericton, New Brunswick
August 10, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS

Fredericton



www.teedsaudersdoyle.com

Saint John

MALISEET NATION AT TOBIQUE
Financial Statement Review and Approval
Year Ended March 31, 2016

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


Chief


Councillor

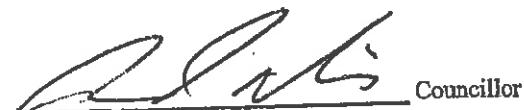

Councillor

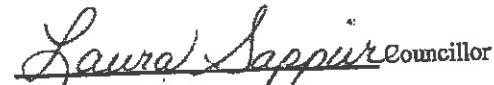

Councillor


Councillor


Councillor


Councillor


Councillor


Councillor


Councillor


Councillor


Councillor


Councillor


Councillor

MALISEET NATION AT TOBIQUE
Consolidated Statement of Financial Position
Year Ended March 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash (Note 3)	\$ 1,916,416	\$ 926,706
Accounts receivable (Note 6)	1,268,472	1,403,242
Inventory	145,508	110,057
Trust funds held by federal governments (Note 4)	<u>32,363</u>	<u>32,027</u>
	<u>3,362,759</u>	<u>2,472,032</u>
LIABILITIES		
Accounts payable (Note 7)	7,422,639	6,707,448
Deferred revenue (Note 8)	173,127	168,562
Long term debt (Note 10)	<u>13,664,090</u>	<u>14,577,766</u>
	<u>21,259,856</u>	<u>21,453,776</u>
NET DEBT	<u>(17,897,097)</u>	<u>(18,981,744)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	47,907,784	49,385,072
Prepaid expenses (Note 5)	<u>92,200</u>	<u>206,449</u>
	<u>47,999,984</u>	<u>49,591,521</u>
ACCUMULATED SURPLUS	<u>\$ 30,102,887</u>	<u>\$ 30,609,777</u>

Chief



Councillor



MALISEET NATION AT TOBIQUE
Consolidated Statement of Changes in Net Debt
Year Ended March 31, 2016

	2016	2015
(EXCESS) DEFICIENCY OF REVENUE OVER EXPENSES	\$ (505,029)	\$ (925,160)
Acquisition of tangible capital assets	(688,120)	(1,075,057)
Proceeds on disposal of tangible capital assets	- 19,000	19,000
Amortization of tangible capital assets	2,165,409	2,307,084
Loss on disposal of tangible capital assets	- 2,658	2,658
Change in replacement reserve	(1,862)	39,278
Decrease (Increase) in prepaid expenses	<u>114,249</u>	<u>(142,200)</u>
DECREASE IN NET DEBT	1,084,647	225,603
NET DEBT - BEGINNING OF YEAR	<u>(18,981,744)</u>	<u>(19,207,347)</u>
NET DEBT - END OF YEAR	<u>\$ (17,897,097)</u>	<u>\$ (18,981,744)</u>

MALISEET NATION AT TOBIQUE
Consolidated Statement of Operations
Year Ended March 31, 2016

	Budget 2016	Actual 2016	Actual 2015
REVENUE			
Indigenous and Northern Affairs Canada	\$ 10,152,475	\$ 10,461,099	\$ 10,471,866
Canada Mortgage and Housing Corporation (CMHC)	186,662	158,374	89,172
Defense Construction Canada	-	-	375,751
Department of Fisheries and Oceans Canada	-	348,510	345,856
Health Canada	-	2,766,616	2,675,988
Heritage Canada	-	-	156,235
Maliseet Gas Bar Ltd.	3,785,500	4,067,775	3,804,125
Other	1,482,915	3,582,429	2,796,719
Province of New Brunswick	348,000	2,542,691	2,993,104
Tobique High Stakes V.T.	<u>13,369,000</u>	<u>13,229,756</u>	<u>13,378,226</u>
	<u>29,324,552</u>	<u>37,157,250</u>	<u>37,087,042</u>
EXPENSES			
Band administration	1,090,053	1,146,728	891,742
Capital	1,230,124	2,821,842	2,592,324
Education	5,030,141	5,094,120	4,764,550
Social assistance	3,542,444	3,701,170	3,714,228
Maliseet Gas Bar Ltd.	3,662,552	3,878,358	3,711,943
Tobique High Stakes V.T.	<u>12,994,491</u>	<u>13,227,611</u>	<u>13,869,776</u>
Health	-	3,137,645	3,333,691
Own source	270,950	4,403,775	4,832,019
CMHC	<u>344,787</u>	<u>251,030</u>	<u>301,929</u>
	<u>28,165,542</u>	<u>37,662,279</u>	<u>38,012,202</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES			
	<u>\$ 1,159,010</u>	<u>\$ (505,029)</u>	<u>\$ (925,160)</u>

MALISEET NATION AT TOBIQUE
Consolidated Statement of Cash Flows
Year Ended March 31, 2016

	2016	2015
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (505,029)	\$ (925,160)
Items not affecting cash:		
Amortization	2,165,409	2,307,084
Loss on disposal of assets	- 2,658	
	<u>1,660,380</u>	<u>1,384,582</u>
Changes in non-cash working capital:		
Accounts receivable	134,770	239,760
Inventory	(35,451)	(15,612)
Accounts payable	715,190	362,096
Deferred revenue	4,565	(97,799)
Prepaid expenses	114,249	(142,200)
	<u>933,323</u>	<u>346,245</u>
	<u>2,593,703</u>	<u>1,730,827</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(688,120)	(1,075,057)
Proceeds on disposal of property and equipment	- 19,000	(1,209)
Trust funds held by federal governments	(336)	39,278
Change in replacement reserve	(1,862)	
	<u>(690,318)</u>	<u>(1,017,988)</u>
FINANCING ACTIVITY		
Repayment of long term debt	<u>(913,675)</u>	<u>(1,043,195)</u>
	<u>(913,675)</u>	<u>(1,043,195)</u>
INCREASE (DECREASE) IN CASH	989,710	(330,356)
CASH - BEGINNING OF YEAR	926,706	1,257,062
CASH - END OF YEAR	\$ 1,916,416	\$ 926,706

MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2016

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, 2016

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, 2016

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).

Use of estimates

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:

	2016	2015
Externally restricted		
CMHC - Replacement reserve (Note 11)	\$ 140,397	\$ 142,259
Unrestricted		
Operating	<u>1,776,019</u>	<u>784,447</u>
	<u><u>\$ 1,916,416</u></u>	<u><u>\$ 784,447</u></u>

4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	March 31, 2015	Additions	Withdrawals	March 31, 2016
Revenue	\$ 26,602	\$ 336	-	\$ 26,938
Capital	<u>5,425</u>		<u>-</u>	<u>5,425</u>
	<u><u>\$ 32,027</u></u>	<u><u>\$ 336</u></u>	<u><u>-</u></u>	<u><u>\$ 32,363</u></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, 2016

5. PREPAID EXPENSES

	2016	2015
Insurance	\$ 6,818	\$ 25,917
Payroll	15,783	19,018
Other	69,599	161,514
	<u>\$ 92,200</u>	<u>\$ 206,449</u>

6. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2016	2015
Due from members:		
Employee advances	\$ 12,178	\$ 9,455
Due from others:		
Indigenous and Northern Affairs Canada (2015-2016)	384,834	-
Indigenous and Northern Affairs Canada (2014-2015)	-	480,993
Department of Fisheries and Oceans	-	146,748
Canada Mortgage and Housing Corporation	40,307	-
Health Canada	61,687	4,930
Province of New Brunswick	151,035	546,883
Heritage Canada	-	12,462
Other	618,431	201,771
	<u>\$ 1,268,472</u>	<u>\$ 1,403,242</u>

7. ACCOUNTS PAYABLE

	2016	2015
Indigenous and Northern Affairs Canada - recoverable funding	\$ 145,527	\$ 37,411
Suppliers	466,755	716,526
Accrued salaries	30,585	10,818
HST	1,006,046	941,690
Payroll deductions	5,121,538	4,454,367
Other accrued liabilities	652,188	546,637
	<u>\$ 7,422,639</u>	<u>\$ 6,707,449</u>

MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2016

8. DEFERRED REVENUE

	2016	2015
Health Canada	\$ 105,500	\$ -
Province of New Brunswick	- -	117,327
Other	67,627	51,235
	<u>\$ 173,127</u>	<u>\$ 168,562</u>

9. RECONCILIATION OF INDIGENOUS AND NORTHERN AFFAIRS CANADA (INAC) FUNDING

	2016	2015
INAC Funding per Consolidated Financial Statements	\$ 10,461,099	\$ 10,471,866
Less: Current year approved increases (social & education)	- -	(171,684)
Less: Family violence (Health)	- -	(45,000)
Less: Current year adjustments	<u>(245,939)</u>	<u>(53,863)</u>
 Funding per INAC revenue confirmation	 <u>\$ 10,215,160</u>	 <u>\$ 10,201,319</u>

10. LONG TERM DEBT

Indigenous and Northern Affairs Canada loan bearing interest at 2.7%, repayment in 15 monthly blended payments of \$20,000 starting January 2015 with payments of \$27,761 starting in April 2016 until the loan is repaid. The loan matures on July 1, 2025.

	2016	2015
	\$ 3,405,058	\$ 3,645,058

Indigenous and Northern Affairs Canada loan bearing interest at various rates, repayable in monthly blended payments of \$34,000. The loan matures on May 1, 2023.

	2,564,135	2,701,414
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Peace Hills Trust loan bearing interest at 3.95% per annum, repayable in monthly blended payments of \$6,282. The loan matures on February 1, 2020 and is secured by a general security agreement.

	708,192	753,693
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CMHC mortgage 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 Ministerial Guarantee and first mortgage on buildings.

	47,139	48,516
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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 Ministerial Guarantee and first mortgage on buildings.

	137,227	139,706
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MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2016

10. LONG TERM DEBT (continued)

	2016	2015
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 Ministerial Guarantee and first mortgage on buildings.	184,988	188,782
CMHC loan bearing interest at 1.3% per annum, repayable in monthly blended payments of \$1,535. The loan matures on December 1, 2020 and is secured by a Ministerial Guarantee and first mortgage on buildings.	153,115	158,430
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.	556,143	593,344
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.	3,567,093	3,945,227
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.	82,084	85,475
Ford Credit loan bearing interest at 5.69% per annum, repayable in monthly blended payments of \$856. The loan matures on July 1, 2026, scheduled to be renewed on November 17, 2018 and is secured by a vehicle with a net book value of \$18,584.	24,629	33,235
Ulnooweg Development Group Inc. loan bearing interest at 12.75% per annum with no specified repayment terms currently in place.	90,079	84,772
CMHC loan bearing interest at 1.39% per annum, repayable in monthly blended payments of \$2,027. The loan matures on March 1, 2024, scheduled to be renewed on June 1, 2020 and is secured by a Ministerial Guarantee and first mortgage on buildings.	284,263	290,502
Peace Hills Trust loan bearing interest at 4.5% per annum, repayable in monthly blended payments of \$3,915. The loan matures on August 1, 2019 and is secured by a Ministerial Guarantee and first mortgage on buildings.	438,257	461,727
Ulnooweg Development Group Inc. loan bearing interest at 12.75% per annum with no specified repayment terms currently in place.	185,905	165,802
Ulnooweg Development Group Inc. loan bearing interest at 5.75% per annum with no specified repayment terms currently in place.	60,089	57,765

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MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2016

10. LONG TERM DEBT (continued)

	2016	2015
Peace Hills Trust loan bearing interest at 4.5% per annum repayable in monthly blended payments of \$2,900. The loan matures on September 1, 2019, and is secured by a Ministerial Guarantee and first mortgage on buildings.	107,150	128,213
Ulnooweg Development Group Inc. loan bearing interest at 6.25% per annum with no specified repayment terms currently in place.	132,154	115,330
CMHC loan bearing interest at 1.05% per annum repayable in monthly blended payments of \$21,319. The loan matures on March 1, 2024, and is secured by a Ministerial Guarantee and first mortgage on buildings.	123,712	135,813
Peace Hills Trust loan bearing interest at 3.95% per annum repayable in monthly blended payments of \$700. The loan matures on March 1, 2020, and is secured by a Ministerial Guarantee and first mortgage on buildings.	48,398	53,987
Peace Hills Trust loan bearing interest at 3.95% per annum repayable in monthly blended payments of \$1,135. The loan matures on March 1, 2020, and is secured by a Ministerial Guarantee and first mortgage on buildings.	78,465	87,571
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.	126,626	124,961
Peace Hills Trust loan bearing interest at 3.95% per annum repayable in monthly blended payments of \$2,361. The loan matures on March 1, 2020, and is secured by a Ministerial Guarantee and first mortgage on buildings.	163,204	182,144
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.	230,818	250,801
Ulnooweg Development Group Inc. loan bearing interest at 5.75% per annum with no specified repayment terms currently in place.	10,705	10,301
Ulnooweg Development Group Inc. loan bearing interest at 6% per annum with no specified repayment terms currently in place.	154,462	135,197
Amounts payable within one year	<u>13,664,090</u>	<u>14,577,766</u>
	<u>(1,998,536)</u>	<u>(1,604,083)</u>
	<u>\$ 11,665,554</u>	<u>\$ 12,973,683</u>

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MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2016

10. LONG TERM DEBT (continued)

Principal repayment terms are approximately:

2017	\$ 1,998,536
2018	4,795,434
2019	1,005,743
2020	1,529,559
2021	985,101
Thereafter	<u>3,349,717</u>
	<u><u>\$ 13,664,090</u></u>

11. 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 \$39,279 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.

	2016	2015
Balance, beginning of year	\$ 142,259	\$ 102,980
Contributions	39,279	39,279
Withdrawals	<u>(41,141)</u>	-
Balance, end of year	<u>\$ 140,397</u>	<u>\$ 142,259</u>

As at March 31, 2016 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 Indigenous and Northern Affairs Canada.

12. EXPENSES BY OBJECT

	2016	2015
INAC recovery	\$ 108,116	\$ 35,080
Amortization	2,165,408	2,307,084
Consulting fees	791,536	1,539,876
Insurance	206,193	294,205
Interest and bank charges	363,646	289,380
Interest on long term debt	564,176	519,756
Office	185,307	164,542
Other	<u>20,932,553</u>	<u>20,605,055</u>
Professional fees	412,615	393,303
Repairs and maintenance	450,584	535,072
Salaries and wages	8,233,208	8,022,224
Supplies	247,910	248,478
Travel and vehicle	175,888	154,397
Tuition	2,293,231	2,428,918
Utilities and telephone	<u>531,908</u>	<u>474,832</u>
	<u><u>\$ 37,662,279</u></u>	<u><u>\$ 38,012,202</u></u>

MALISEET NATION ATTOBIQUE
 Notes to Consolidated Financial Statements
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13. TANGIBLE CAPITAL ASSETS

	Cost						Accumulated Amortization				Net Book Value
	Opening Balance	Additions	Disposals	Transfers of Assets	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Other adj.	Closing Balance	Total 2016	Total 2015
Tangible Capital Assets											
Commercial buildings	\$ 25,256,633	\$ 50,954	\$ 60,747	\$ -	\$ 25,317,380	\$ 7,746,714	\$ 682,908	\$ -	\$ 8,429,622	\$ 16,887,758	\$ 17,509,919
Residential land	25,069,653	-	-	-	25,069,653	7,581,880	505,831	-	8,187,711	16,881,942	50,954
Residential buildings	6,000	-	-	-	6,000	6,000	-	-	6,000	6,000	17,387,773
Boats	914,627	36,195	-	-	950,822	715,197	65,254	-	780,451	170,372	189,431
Vehicles	4,609,049	399,372	-	-	5,008,622	251,670	120,221	-	371,881	4,636,731	4,357,379
Shoreline erosion	20,569	13,326	-	-	34,095	17,949	5,161	-	23,110	10,985	2,620
Computer equipment	2,201,415	178,080	-	-	2,379,495	1,290,869	180,951	-	1,471,760	907,735	910,606
Other equipment	5,884,480	-	-	-	5,884,480	669,128	209,281	-	878,409	5,006,071	5,215,352
Roads	5,503,615	-	-	-	5,503,615	1,752,577	395,812	-	2,148,379	3,355,236	3,751,938
Infrastructure											
Total	\$ 69,516,995	\$ 688,120	\$ -	\$ 70,205,116	\$ 20,131,924	\$ 2,165,409	\$ -	\$ 22,297,333	\$ 47,907,784	\$ 48,385,072	

MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
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14. GOVERNMENT TRANSFERS

	Operating	Capital	2016
Indigenous and Northern Affairs Canada	\$ 9,879,542	\$ 581,557	\$ 10,461,099
Health Canada	2,766,616	-	2,766,616
Canada Mortgage and Housing Corporation	158,374	-	158,374
Department of Fisheries and Oceans Canada	348,510	-	348,510
 Federal government transfers	 \$ 13,153,042	 \$ 581,557	 \$ 13,734,599
 Provincial government transfers	 \$ 1,508,691	 \$ 1,034,000	 \$ 2,542,691
 Total government transfers	 \$ 14,661,733	 \$ 1,615,557	 \$ 16,277,290
	Operating	Capital	2015
Indigenous and Northern Affairs Canada	\$ 10,118,318	\$ 353,548	\$ 10,471,866
Health Canada	2,675,988	-	2,675,988
Canada Mortgage and Housing Corporation	89,172	-	89,172
Department of Fisheries and Oceans Canada	345,856	-	345,856
Defence Construction Canada	375,751	-	375,751
Heritage Canada	156,235	-	156,235
 Federal government transfers	 \$ 13,761,320	 \$ 353,548	 \$ 14,114,868
 Provincial government transfers	 \$ 1,785,412	 \$ 1,207,692	 \$ 2,993,104
 Total government transfers	 \$ 15,546,732	 \$ 1,561,240	 \$ 17,107,972

15. 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
Notes to Consolidated Financial Statements
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16. 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.	2016	2015
Cash	\$ 142,317	\$ 300,323	\$ 442,640	\$ 114,873
Accounts receivable	655,423	182,698	838,121	622,817
Inventory	145,508	-	145,508	110,057
Tangible capital assets	658,068	1,608,503	2,266,571	2,436,214
Other assets	4,539	-	4,539	
Total assets	\$ 1,605,855	\$ 2,091,524	\$ 3,697,379	\$ 3,283,961
Accounts payable	\$ 1,097,010	\$ 1,508,466	\$ 2,605,476	\$ 2,356,695
Long term debt	357,444	24,629	382,073	408,997
Total liabilities	\$ 1,454,454	\$ 1,533,095	\$ 2,987,549	\$ 2,765,692
Accumulated Surplus	\$ 151,401	\$ 558,429	\$ 709,830	\$ 518,269
Revenue	\$ 4,067,776	\$ 13,229,756	\$ 17,297,532	\$ 17,182,350
Expenses	3,844,677	12,928,467	16,773,144	17,542,999
Debt servicing	33,682	1,669	35,351	38,717
Total Expenses	\$ 3,878,359	\$ 12,930,136	\$ 16,808,495	\$ 17,581,716
Net Income (loss)	\$ 189,417	\$ 299,620	\$ 489,037	\$ (399,366)

17. COMPARATIVE FIGURES

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

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18. 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		
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
REVENUE															
Federal Government	\$ 4,544,873	\$ 4,680,497	\$ 2,816,616	\$ 2,877,223	\$ -	\$ -	\$ 92,094	\$ 97,771	\$ 1,205,900	\$ 1,123,098					
Provincial Government	302,327	220,652	105,000	154,000	17,297,531	17,182,550	228,579	230,735	-	-	(17,338)				
Economic Activities															
Other Revenue	17,709	(2,236)	138,925	134,361	-	-	-	-	15,280	54,229					
	4,864,909	4,898,893	3,060,611	3,165,584	17,297,531	17,182,340	320,573	328,506	1,221,180	1,159,989					
EXPENSES															
Salaries and benefits	1,588,079	1,273,833	1,596,731	1,726,188	1,858,844	1,892,489	-	-	399,690	382,601					
Authorization	254,891	255,752	233,761	236,258	199,748	222,739	108,474	149,832	1,212,012	1,113,491					
Debt Servicing					35,351	38,717	61,566	73,412	2,817,577	219,199					
Other Expenses	3,251,150	3,234,995	1,307,153	1,371,245	15,012,025	15,327,776	75,990	78,685	(1,607,437)	677,033					
	5,094,120	4,764,550	3,137,645	3,333,691	17,105,968	17,581,721	251,030	301,929	2,821,842	2,592,324					
SURPLUS (DEFICIT)	\$ (229,211)	\$ 134,343	\$ (77,094)	\$ (168,107)	\$ 191,563	\$ (399,371)	\$ 69,643	\$ 26,577	\$ (1,600,662)	\$ (1,432,335)					
Social Services															
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	
REVENUE															
Federal Government	\$ 3,685,904	\$ 3,754,392	\$ 1,040,701	\$ 860,279	\$ 348,510	\$ 721,607	\$ 13,734,599	\$ 14,114,868							
Provincial Government							2,155,363	2,635,789	2,542,691	2,993,103					
Economic Activities							1,567,771	834,413	19,093,881	18,247,498					
Other Revenue							1,553,960	1,524,762	1,786,080	1,731,573					
	3,685,904	3,754,392	1,100,837	880,755	5,605,604	5,716,571	37,157,241	37,087,042							
EXPENSES															
Salaries and benefits	381,376	372,058	369,050	229,740	2,009,438	2,145,315	8,233,208	8,022,724							
Amortization	20,085	20,085	14,356	14,356	121,082	94,591	2,165,409	2,307,084							
Debt Servicing					183,747	183,747	3,098,041	519,756							
Other Expenses	3,291,709	3,322,085	733,322	647,646	2,089,708	2,403,683	24,165,622	27,163,138							
	3,701,170	3,714,228	1,145,728	891,742	4,405,775	4,832,017	37,682,280	38,012,202							
SURPLUS (DEFICIT)	\$ (15,265)	\$ 40,164	\$ (45,891)	\$ (10,987)	\$ 1,201,329	\$ 884,354	\$ (505,029)	\$ (825,156)							