

MALISEET NATION AT TOBIQUE
Consolidated Financial Statements
Year Ended March 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Chief and Band Councilors's of Maliseet Nation at Tobique

Qualified Opinion

We have audited the consolidated financial statements of Maliseet Nation at Tobique (the First Nation), which comprise the consolidated statements of financial position as at March 31, 2019, and the consolidated statements of operations and, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with and the reporting provisions of the Indigenous and Northern Affairs Canada Year End Reporting Handbook (fiscal year 2018-2019)

Basis for Qualified Opinion

The consolidated financial statements do not include the amounts for the controlled business enterprise of Tribal Releaf. Under Canadian public sector accounting standards this enterprise should be included in the consolidated financial statements. Accordingly our audit was limited to the enterprises included in the consolidated financial statements as outlined in Note 2. We were not able to determine whether any adjustments might be necessary to consolidated revenues over expenditures, net debt, accumulated surplus or cash flows because of this exclusion and our opinion has therefore been modified.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or

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Independent Auditor's Report to the Chief and Band Councilors of the Maliseet Nation at Tobique (continued)

has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


Teed Saunders Doyle

Fredericton, New Brunswick
October 4, 2019


CHARTERED PROFESSIONAL ACCOUNTANTS

MALISEET NATION AT TOBIQUE
Financial Statement Review and Approval
Year Ended March 31, 2019


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




Chief




Councilor




Councilor




Councilor




Councilor



Councilor



Councilor



Councilor

Councilor

Councilor

Councilor

Councilor

Councilor

MALISEET NATION AT TOBIQUE
Consolidated Statement of Financial Position
Year Ended March 31, 2019

	2019	2018 <i>Revised</i>
FINANCIAL ASSETS		
Cash (Note 3)	\$ 6,569,310	\$ 4,760,929
Accounts receivable (Note 6)	7,613,699	3,756,482
Inventory	138,813	170,851
Trust funds held by federal governments (Note 4)	34,444	34,047
Investments held in trust (Note 20)	6,038,519	5,787,266
Investment in government business enterprise (Note 11)	2,062,843	796,864
Due from related parties (Note 23)	291,524	-
	<u>22,749,152</u>	<u>15,306,439</u>
LIABILITIES		
Accounts payable (Note 7)	7,942,324	8,636,444
Line of credit (Note 13)	2,805,000	-
Deferred revenue (Note 8)	8,874,959	3,878,145
Long term debt (Note 10)	11,294,342	11,335,424
Deferred contributions related to Economic Development Trust Funds (Note 20)	6,038,519	5,787,266
Note payable (Note 12)	284,870	-
	<u>37,240,014</u>	<u>29,637,279</u>
NET DEBT	<u>(14,490,862)</u>	<u>(14,330,840)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 16)	54,666,541	49,111,963
Prepaid expenses (Note 5)	92,469	65,711
	<u>54,759,010</u>	<u>49,177,674</u>
ACCUMULATED SURPLUS	<u>\$ 40,268,148</u>	<u>\$ 34,846,834</u>
Contingencies (Note 18)		

Chief

Councillor



MALISEET NATION AT TOBIQUE
Consolidated Statement of Changes in Net Debt
Year Ended March 31, 2019

	2019	2018 <i>Revised</i>
EXCESS OF REVENUE OVER EXPENSES	\$ 5,375,714	\$ 4,037,442
Acquisition of tangible capital assets	(8,091,083)	(3,887,211)
Proceeds on disposal of tangible capital assets	-	10,905
Amortization of tangible capital assets	2,362,808	2,212,193
Loss (gain) on disposal of tangible capital assets	175,000	(4,261)
Change in replacement reserve	44,297	39,729
(Increase) decrease in prepaid expenses	(26,758)	5,761
DECREASE IN NET DEBT	(160,022)	2,414,558
NET DEBT - BEGINNING OF YEAR		
As previously reported	(14,330,840)	(16,745,398)
Prior period adjustment (<i>Note 19</i>)	-	-
NET DEBT - BEGINNING OF YEAR - AS RESTATED	(14,480,840)	(16,745,398)
NET DEBT - END OF YEAR	<u>\$ (14,490,862)</u>	<u>\$ (14,330,840)</u>

MALISEET NATION AT TOBIQUE
Consolidated Statement of Operations
Year Ended March 31, 2019

	Budget 2019	Actual 2019	Actual 2018 <i>Revised</i>
REVENUE			
Indigenous and Northern Affairs Canada	\$ 9,544,022	\$ 15,203,860	\$ 13,319,587
Canada Mortgage and Housing Corporation (CMHC)	-	163,839	231,137
Department of Fisheries and Oceans Canada	-	1,163,371	557,354
Health Canada	3,045,124	4,084,553	3,770,221
Maliseet Gas Bar Ltd.	4,234,500	4,338,561	4,129,788
Other	2,613,905	7,940,776	6,867,727
Province of New Brunswick	505,000	2,819,291	3,217,064
Public Safety Canada	-	73,018	104,503
Tobique High Stakes V.T.	12,068,500	13,761,523	11,847,650
Natural Resources Canada	-	89,989	-
Net income (loss) from investment in John W. Jamer Ltd.	-	70,622	(7,836)
Net loss from investment in Wocawson Energy LP	-	(8,498)	-
	<u>32,011,051</u>	<u>49,700,905</u>	<u>44,037,195</u>
EXPENSES			
Band administration	220,399	1,020,620	1,073,716
CMHC	-	312,679	311,759
Capital	958,056	2,871,007	2,742,115
Education	4,687,877	5,536,198	5,552,612
Health	3,045,124	3,824,493	3,412,271
Maliseet Gas Bar Ltd.	3,930,590	3,919,773	3,872,528
Own source	2,847,276	10,462,107	7,896,758
Social assistance	3,677,690	3,284,603	3,365,002
Tobique High Stakes V.T.	11,159,445	13,093,711	11,772,992
	<u>30,526,457</u>	<u>44,325,191</u>	<u>39,999,753</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 1,484,594</u>	<u>\$ 5,375,714</u>	<u>\$ 4,037,442</u>

MALISEET NATION AT TOBIQUE
Consolidated Statement of Cash Flows
Year Ended March 31, 2019

	2019	2018 <i>Revised</i>
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 5,375,714	\$ 4,037,442
Items not affecting cash:		
Amortization	2,362,808	2,212,193
Loss (gain) on disposal of tangible capital assets	175,000	(3,856)
	<u>7,913,522</u>	<u>6,245,779</u>
Changes in non-cash working capital:		
Accounts receivable	(3,857,217)	(1,764,682)
Inventory	32,038	(50,067)
Accounts payable	(694,120)	413,296
Deferred revenue	4,996,814	3,576,150
Prepaid expenses	(26,758)	5,760
	<u>450,757</u>	<u>2,180,457</u>
	<u>8,364,279</u>	<u>8,426,236</u>
INVESTING ACTIVITIES		
Purchase of property and equipment	(8,091,083)	(3,887,211)
Proceeds on disposal of property and equipment	-	10,906
Trust funds held by federal governments	(397)	(1,084)
Investment in government business enterprise	(1,265,979)	(796,864)
Due from related parties	(291,524)	-
Change in replacement reserve	44,297	39,729
	<u>(9,604,686)</u>	<u>(4,634,524)</u>
FINANCING ACTIVITIES		
Line of credit	2,805,000	-
Note payable	284,870	-
Proceeds from long term debt	659,735	4,684,801
Repayment of long term debt	(700,817)	(5,557,208)
	<u>3,048,788</u>	<u>(872,407)</u>
INCREASE IN CASH	<u>1,808,381</u>	<u>2,919,305</u>
CASH - BEGINNING OF YEAR	<u>4,760,929</u>	<u>1,841,624</u>
CASH - END OF YEAR	<u>\$ 6,569,310</u>	<u>\$ 4,760,929</u>

MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

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 CPA Canada.

Reporting entity

The Maliseet Nation at Tobique reporting entity includes the Maliseet Nation at Tobique First Nation government and all related entities that are controlled by the First Nation.

Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the Maliseet Nation at Tobique's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the Maliseet Nation at Tobique.

Organizations consolidated in the Maliseet Nation at Tobique's financial statements include:

- Band administration programs
- CMHC
- Capital programs
- Education programs
- Health programs
- Maliseet Gas Bar Ltd.
- Own source programs
- Social assistance programs
- Tobique High Stakes V.T.

The consolidated statements also include an investment in the John W. Jamer Ltd. and Wocawson Energy LP (note 21) using the modified equity method.

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MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

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

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 with the cost being determined on a first-in, first-out basis.

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.

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.

Income taxes

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

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MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

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).

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.

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.

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MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

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

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
- determination of allowances for doubtful receivables

3. CASH

Cash is comprised of the following:

	2019	2018
Externally restricted		
CMHC - Operating reserve	\$ 61,297	\$ -
CMHC - Replacement reserve (Note 15)	219,186	218,955
Held in legal trust	200,000	-
Subtotal	480,483	218,955
Unrestricted		
Operating	6,088,827	4,541,974
	<u>\$ 6,569,310</u>	<u>\$ 4,760,929</u>

4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	March 31, 2018	Additions	Withdrawals	March 31, 2019
Revenue	\$ 28,622	\$ 397	\$ -	\$ 29,019
Capital	5,425	-	-	5,425
	<u>\$ 34,047</u>	<u>\$ 397</u>	<u>\$ -</u>	<u>\$ 34,444</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, 2019

5. PREPAID EXPENSES

	2019	2018
Insurance	\$ 8,355	\$ 13,506
Other	84,114	52,205
	<u>\$ 92,469</u>	<u>\$ 65,711</u>

6. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2019	2018
Due from members:		
Employee advances	\$ 50,992	\$ 10,413
Due from others:		
Indigenous and Northern Affairs Canada	5,636,551	2,169,145
Department of Fisheries and Oceans	280,059	195,163
Canada Mortgage and Housing Corporation	5,605	57,073
Health Canada	302,039	-
Province of New Brunswick	230,492	537,950
Other	1,107,961	786,738
	<u>\$ 7,613,699</u>	<u>\$ 3,756,482</u>

7. ACCOUNTS PAYABLE

	2019	2018
Indigenous and Northern Affairs Canada	\$ 71,981	\$ -
Suppliers	2,399,704	1,229,556
Accrued salaries	69,220	91,341
HST	861,513	1,235,228
Payroll deductions	4,539,906	6,030,319
Promissory note payable	-	50,000
	<u>\$ 7,942,324</u>	<u>\$ 8,636,444</u>

During the year the Maliseet Nation at Tobique applied for and was granted interest relief with the Canada Revenue Agency in the amount of \$1,997,821 which was included in income.

MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

8. DEFERRED REVENUE

	2019	2018
Indigenous and Northern Affairs Canada		
Emergency services building - NTU5, NTM5, NTOP & NTPJ	\$ 2,534,712	\$ 1,907,583
New Band office - NTMB	72,052	75,000
New water well - NTFV	3,504,185	328,424
Response - Snow removal - NTR2	101,030	69,831
Road upgrades - NTU1	-	238,149
School roofing - NTHC	41,524	33,667
Special services - Jordan's principles - NTMC	-	6,336
Subdivision - NTF5 & NTFV	147,370	490,870
Community based initiatives - NPCV	5,525	-
Leadership - NG1A	6,414	-
Land use planning - NTVB	23,228	-
Student transportation - NP18 & NP19	23,561	-
Special education - NP34	94,280	-
Post secondary - NP5A	565,059	-
Lobster pond - NT54	15,200	-
Economic development - NT51	5,001	-
Solid waste study - NTVA	48,612	-
Training - Fire protection - NTMZ	40,219	-
Basic needs - NP85	777,642	-
In-home care - NPC5	26,490	-
Service delivery - NP8R	6,619	-
Special needs - NP8L	5,654	-
Capacity development - NLTU	17,378	-
Renovations/additions - NTHC	164,180	-
Log cabins - NTLU	30,000	-
Planning and risk management - NG1J	48,333	-
Health Canada	168,096	565,847
Other	402,595	162,438
	<u>\$ 8,874,959</u>	<u>\$ 3,878,145</u>

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

	2019	2018
INAC Funding per Consolidated Financial Statements	\$ 15,203,860	\$ 13,319,587
Add: Current year deferred revenue	8,304,270	3,149,860
Less: Prior year deferred revenue	(3,149,860)	-
Less: Current year adjustments	338,056	401,296
Funding per INAC revenue confirmation	<u>\$ 20,696,326</u>	<u>\$ 16,870,743</u>

MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

10. LONG TERM DEBT

	2019	2018
Indigenous and Northern Affairs Canada loan repayable in monthly blended payments of \$11,200.	\$ 2,974,658	\$ 3,041,858
Indigenous and Northern Affairs Canada loan bearing interest at various rates, repayable in monthly blended payments of \$34,000.	1,749,167	1,757,026
Peace Hills Trust loan bearing interest at 3.95% per annum, repayable in monthly blended payments of \$6,170. The loan matures on February 1, 2020 and is secured by a general security agreement.	560,353	611,583
CMHC mortgage bearing interest at 1.84% per annum, repayable in monthly blended payments of \$373. The loan matures on September 1, 2022 and is secured by a Ministerial Guarantee and first mortgage on buildings.	33,561	37,379
CMHC mortgage bearing interest at 1.84% per annum, repayable in monthly blended payments of \$1,048. The loan matures on September 1, 2022 and is secured by a Ministerial Guarantee and first mortgage on buildings.	97,970	108,638
CMHC mortgage bearing interest at 1.03% per annum, repayable in monthly blended payments of \$1,480. The loan matures on October 1, 2021 and is secured by a Ministerial Guarantee and first mortgage on buildings.	125,370	141,746
CMHC mortgage bearing interest at 1.3% per annum, repayable in monthly blended payments of \$1,384. The loan matures on December 1, 2020 and is secured by a Ministerial Guarantee and first mortgage on buildings.	99,740	114,953
CMHC loan bearing interest at 2.61% per annum, repayable in monthly blended payments of \$2,579. The loan matures on December 1, 2023 and is secured by a Ministerial Guarantee and first mortgage on buildings.	513,575	-
CMHC mortgage bearing interest at 1.39% per annum, repayable in monthly blended payments of \$2,027. The loan matures on June 1, 2020 and is secured by a Ministerial Guarantee and first mortgage on buildings.	207,524	228,815
Peace Hills Trust mortgage bearing interest at 4.5% per annum, repayable in monthly blended payments of \$3,623. The loan matures on August 1, 2019 and is secured by a Ministerial Guarantee and first mortgage on buildings.	361,443	388,313
Peace Hills Trust loan bearing interest at 4.5% per annum, repayable in monthly blended payments of \$2,189. The loan matures on September 1, 2019 and is secured by a Ministerial Guarantee and first mortgage on buildings.	38,001	62,088

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MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

10 LONG TERM DEBT (continued)

	2019	2018
CMHC mortgage bearing interest at 1.05% per annum, repayable in monthly blended payments of \$1,319. The loan matures on April 1, 2020 and is secured by a Ministerial Guarantee and first mortgage on buildings.	77,086	92,024
Peace Hills Trust mortgage bearing interest at 3.95% per annum, repayable in monthly blended payments of \$632. The loan matures on March 1, 2020 and is secured by a Ministerial Guarantee and first mortgage on buildings.	30,247	36,537
Peace Hills Trust mortgage bearing interest at 3.95% per annum, repayable in monthly blended payments of \$1,029. The loan matures on March 1, 2020 and is secured by a Ministerial Guarantee and first mortgage on buildings.	48,887	59,137
Peace Hills Trust mortgage bearing interest at 3.95% per annum, repayable in monthly blended payments of \$2,140. The loan matures on March 1, 2020 and is secured by a Ministerial Guarantee and first mortgage on buildings.	101,686	123,003
Ford Credit loan bearing interest at prime plus 1% per annum, repayable in monthly blended payments of \$856. The loan was repaid during the year.	-	5,881
Scotiabank loan bearing interest at prime plus 1% per annum, repayable in monthly blended payments of \$1,667. The loan matures on December 29, 2022 and is secured by a school bus.	74,995	94,999
Peace Hills Trust loan bearing interest at prime plus 2% per annum, repayable in monthly blended payments of \$45,000. The loan matures on September 30, 2022 and is secured by a general security agreement.	4,053,919	4,431,444
Ulnooweg Development Group Inc. loan bearing interest at 8% per annum, repayable in annual blended payments of \$79,850. The loan matures on April 30, 2020 and is secured by a general security agreement, a promissory note with specific charge over the vessel.	146,160	-
	11,294,342	11,335,424
Amounts payable within one year	(2,124,879)	(1,005,897)
	\$ 9,169,463	\$ 10,329,527

Principal repayment terms are approximately:

2020	\$ 2,124,879
2021	1,304,310
2022	1,013,080
2023	3,651,615
2024	897,801
Thereafter	2,302,657
	\$ 11,294,342

MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

11. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

	2019	2018
<u>John W. Jamer Ltd.</u>		
Balance, beginning of year	\$ 796,864	\$ -
Purchase of shares	-	804,700
Current year equity pick-up	70,622	(7,836)
	<u>867,486</u>	<u>796,864</u>
 <u>Wocawson Energy LP</u>		
Balance, beginning of year	-	-
Purchase of shares	1,203,855	-
Current year equity pick-up	(8,498)	-
	<u>1,195,357</u>	<u>-</u>
	<u>\$ 2,062,843</u>	<u>\$ 796,864</u>

12. NOTE PAYABLE

The note payable represents a loan received from Michaud Petroleum in relation to the Maliseet Gas Bar Ltd. for renovations. The note is non-interest bearing and is payable monthly at an amount equal to \$0.02/cent per litre of fuel purchased by the Maliseet Gas Bar Ltd. The note is further reduced annually by the year end fuel rebate from Michaud Petroleum. This payment arrangement will continue until the balance of the \$340,000 advanced has been paid off. If the balance has not been paid off within 120 months from the date of the renovation completion (November 2018), any balance owed will become due.

13. LINE OF CREDIT

The First Nation has a \$25,348,000 line of credit of which \$2,805,000 was used as at March 31, 2019. Advances on the credit line bear interest at 3.75%. Currently interest only payments are being made. The line of credit is secured by a first claim on the First Nations's other revenues.

MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

14. EXPENSES BY OBJECT

	2019	2018
Amortization	\$ 2,362,808	\$ 2,212,193
Consulting fees	1,459,473	873,379
Distributions to Band members	390,495	364,922
Insurance	163,483	127,613
Interest and bank charges	529,590	395,906
Interest on long term debt	431,584	323,238
Office	288,649	253,814
Other	20,429,841	18,178,164
Professional fees	1,275,868	1,377,657
Repairs and maintenance	889,789	837,591
Salaries and wages	11,827,196	11,118,133
Supplies	946,094	843,888
Travel and vehicle	592,107	500,479
Tuition	2,308,656	2,144,491
Utilities and telephone	429,558	448,285
	<u>\$ 44,325,191</u>	<u>\$ 39,999,753</u>

15. CASH - CMHC REPLACEMENT RESERVE

Under the terms of the funding agreements with CMHC, the Replacement Reserve is to be credited with an annual allocation of \$42,612 along with accumulated interest which must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Expenditures are charged to accumulated interest first and then to principal.

	2019	2018
Balance, beginning of year	\$ 218,955	\$ 179,676
Contributions	42,612	39,279
Interest income	1,685	-
Balance, end of year	<u>\$ 263,252</u>	<u>\$ 218,955</u>

As at March 31, 2019 the replacement reserve was underfunded by \$44,065.

MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

16. 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 2019	Total 2018
Tangible Capital Assets	\$ 25,302,001	\$ 2,294,690	\$ 350,000	\$ 940,583	\$ 28,187,274	\$ 9,763,771	\$ 777,167	\$ (175,000)	\$ 10,365,936	\$ 17,821,338	\$ 15,538,230
Commercial buildings	60,954	35,502	-	-	96,456	-	540,484	-	9,914,993	96,456	60,954
Residential land	25,615,018	1,015,719	-	-	26,630,737	9,374,509	60,824	-	66,824	16,715,744	16,240,509
Residential buildings	6,000	810,980	-	-	816,980	6,000	74,795	-	792,486	750,156	-
Boats	1,124,472	-	-	-	1,124,472	875,157	150,255	-	72,947	-	-
Vehicles	5,724,049	572,297	-	-	6,296,346	642,231	21,199	-	66,824	5,503,860	5,081,818
Shoreline erosion	90,292	-	-	-	90,292	51,748	220,563	-	2,098,388	17,345	38,544
Computer equipment	2,834,149	292,908	-	-	3,127,057	1,877,825	281,846	-	1,618,642	1,028,669	956,324
Other equipment	8,224,239	295,601	-	-	8,519,840	1,336,796	235,675	-	2,993,134	6,901,198	6,887,443
Roads	5,503,615	-	-	-	5,503,615	2,757,459	-	-	-	2,510,481	2,746,156
Infrastructure	1,312,671	2,773,386	-	(940,583)	3,145,474	-	-	-	-	3,145,474	1,312,671
Assets under construction											
Total	\$ 75,797,459	\$ 8,091,083	\$ 350,000	\$ -	\$ 83,538,543	\$ 26,685,496	\$ 2,362,808	\$ (175,000)	\$ 28,872,002	\$ 54,666,541	\$ 49,111,963

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

	Operating	Capital	2019
Indigenous and Northern Affairs Canada	\$ 9,840,158	\$ 5,363,702	\$ 15,203,860
Health Canada	4,084,553	-	4,084,553
Canada Mortgage and Housing Corporation	163,839	-	163,839
Department of Fisheries and Oceans Canada	603,451	559,920	1,163,371
Public Safety Canada	73,018	-	73,018
Natural Resources Canada	89,989	-	89,989
Federal government transfers	\$ 14,855,008	\$ 5,923,622	\$ 20,778,630
Provincial government transfers	\$ 2,219,291	\$ 600,000	\$ 2,819,291
Total government transfers	\$ 17,074,299	\$ 6,523,622	\$ 23,597,921

	Operating	Capital	2018
Indigenous and Northern Affairs Canada	\$ 11,071,518	\$ 2,248,069	\$ 13,319,587
Health Canada	3,770,221	-	3,770,221
Canada Mortgage and Housing Corporation	231,137	-	231,137
Department of Fisheries and Oceans Canada	557,354	-	557,354
Public Safety Canada	104,503	-	104,503
Federal government transfers	\$ 15,734,733	\$ 2,248,069	\$ 17,982,802
Provincial government transfers	2,779,390	\$ 437,674	\$ 3,217,064
Total government transfers	\$ 18,514,123	\$ 2,685,743	\$ 21,199,866

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.

19. PRIOR PERIOD ADJUSTMENT

The prior period adjustment represents a fishing licenses that were originally capitalized in error. The resulting affect is a decrease in the 2018 excess of revenue over expenditures of \$150,000 and a decrease in the 2018 acquisition of tangible capital assets of \$150,000. The resulting affect on net debt is \$nil.

MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

20. INVESTMENTS HELD IN TRUST

During fiscal year ended March 31, 2017 the First Nation settled an outstanding land claim with the Federal Government of Canada. A portion of the claim has been set aside in an economic development trust managed by a third party trustee for the benefit of the band and its members. Through an extensive approval process the trustee has the ability to approve the release of the trust funds to the First Nation for economic development projects that benefit the band and its members.

21. INVESTMENT IN COMMERCIAL ENTERPRISES

The commercial enterprises are included in the First Nation reporting entity, as described in note 2 - Principles of consolidation includes:

- Maliseet Gas Bar Ltd. - fully consolidated
- Tobique High Stakes V.T. - fully consolidated
- John W. Jamer Ltd. - modified equity
- Wocawson Energy LP - modified equity (51% ownership)

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

	Maliseet Gas Bar Ltd.	Tobique High Stakes V.T.	John W. Jamer Ltd.	Wocawson Energy LP	2019	2018
Cash	\$ 37,857	\$ 459,526	\$ 54,115	\$ 629,819	\$ 1,181,317	\$ 579,170
Accounts receivable	263,989	556,057	14,304	80,670	915,020	1,088,005
Inventory	138,813	-	160,624	-	299,437	211,930
Tangible capital assets	1,204,908	1,547,061	79,330	814,636	3,645,935	2,154,075
Other assets	3,494	-	712	-	4,206	5,198
Total assets	\$ 1,649,061	\$ 2,562,644	\$ 309,085	\$ 1,525,125	\$ 6,045,915	\$ 4,038,378
Accounts payable	\$ 644,606	\$ 1,208,263	\$ 124,411	\$ 329,785	\$ 2,307,065	\$ 2,796,677
Note payable	284,870	-	-	-	284,870	-
Long term debt	-	-	-	-	-	5,881
Total liabilities	\$ 929,476	\$ 1,208,263	\$ 124,411	\$ 329,785	\$ 2,591,935	\$ 2,802,558
Accumulated Surplus	\$ 719,585	\$ 1,354,381	\$ 184,674	\$ 1,195,340	\$ 3,453,980	\$ 1,235,820
Revenue	\$ 4,338,561	\$ 3,761,523	\$ 417,007	\$ 684	\$ 8,517,775	\$ 5,977,438
Expenses	3,919,773	3,093,608	346,385	9,182	7,368,948	5,651,906
Debt servicing	-	103	-	-	103	1,450
Total Expenses	\$ 3,919,773	\$ 3,093,711	\$ 346,385	\$ 9,182	\$ 7,369,051	\$ 5,653,356
Net Income (loss)	\$ 418,788	\$ 667,812	\$ 70,622	\$ (8,498)	\$ 1,148,724	\$ 324,082

22. 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
Year Ended March 31, 2019

23. DUE FROM RELATED PARTIES

	2019	2018
Due from John W. Jamer Ltd.	\$ 101,961	\$ -
Due from Tribal ReLeaf	189,563	-
	\$ 291,524	\$ -

Advances from a related First Nation are non-interest bearing and have no set repayment terms. Maliseet Nation at Tobique is the parent of John W. Jamer Ltd.

MALISEET NATION AT TOBIQUE
Notes to Consolidated Financial Statements
Year Ended March 31, 2019

24. 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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE										
Federal Government	\$ 4,261,308	\$ 4,986,706	\$ 4,220,146	\$ 3,912,074	\$ -	\$ -	\$ 82,045	\$ 99,416	\$ 5,837,288	\$ 3,553,480
Provincial Government	344,651	403,565	-	-	-	-	-	-	-	-
Economic Activities	-	-	-	-	18,100,084	15,977,438	-	-	-	-
Net income from investment in John W. Jamer Ltd.	-	-	-	-	70,622	(7,836)	-	-	-	-
Net income from Wocawon Energy LP	-	-	-	-	(8,498)	-	-	-	-	-
Other Revenue	-	4,793	58,737	136,606	-	-	253,048	226,107	56,445	186,302
	4,605,959	5,395,064	4,278,883	4,048,680	18,162,208	15,969,602	335,093	325,523	5,893,732	3,739,782
EXPENSES										
Salaries and benefits	1,900,467	1,968,346	2,070,001	1,874,727	2,169,343	2,072,937	-	-	523,410	603,194
Amortization	311,166	283,152	282,722	237,219	188,640	179,138	171,118	165,823	1,110,512	1,145,435
Debt Servicing	3,738	6,350	-	-	103	1,450	39,494	43,758	-	-
Other Expenses	3,320,827	3,292,765	1,746,833	1,300,325	14,655,398	13,391,995	102,067	102,178	1,237,085	993,486
	\$ 5,536,198	\$ 5,552,613	\$ 4,099,556	\$ 3,412,271	\$ 17,013,484	\$ 15,645,520	\$ 312,679	\$ 311,760	\$ 2,871,007	\$ 2,742,115
SURPLUS (DEFICIT)	\$ (930,238)	\$ (157,549)	\$ 179,327	\$ 636,409	\$ 1,148,724	\$ 324,082	\$ 22,414	\$ 13,764	\$ 3,022,725	\$ 997,667

	Social Services		Band Government		Other		Consolidated Total	
	2019	2018	2019	2018	2019	2018	2019	2018
REVENUE								
Federal Government	\$ 2,893,203	\$ 3,618,336	\$ 2,190,080	\$ 1,251,934	\$ 1,294,560	\$ 560,855	\$ 20,778,630	\$ 17,982,802
Provincial Government	-	-	896,650	1,157,766	1,577,990	1,655,731	2,819,291	3,217,064
Economic Activities	-	-	-	-	1,527,352	2,085,212	19,627,436	18,066,650
Net income from investment in John W. Jamer Ltd.	-	-	-	-	-	-	70,622	(7,836)
Net income from Wocawon Energy LP	-	-	-	-	-	-	(8,498)	-
Other Revenue	-	-	328,171	200,306	\$ 7,717,023	\$ 4,024,401	\$ 6,413,424	\$ 4,778,516
	2,893,203	3,618,336	3,414,901	2,610,007	10,116,925	8,330,199	49,700,905	44,037,195
EXPENSES								
Salaries and benefits	417,100	400,950	1,837,267	1,691,419	2,909,608	2,506,560	11,827,196	11,118,133
Amortization	20,085	20,085	278,565	179,341	-	-	2,362,808	2,212,193
Debt Servicing	-	-	-	-	388,249	271,679	431,584	323,238
Other Expenses	2,847,418	2,943,966	1,464,002	925,940	4,329,973	3,395,531	29,703,603	26,346,189
	3,284,603	3,365,002	3,579,833	2,796,700	7,627,830	6,173,771	44,325,191	39,999,753
SURPLUS (DEFICIT)	\$ (391,400)	\$ 253,335	\$ (164,932)	\$ (186,693)	\$ 2,489,095	\$ 2,156,428	\$ 5,375,714	\$ 4,037,442