



DALE SOUCY CPA | CGA
COMPTABLE PROFESSIONNEL AGRÉÉ

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**MADAWASKA MALISEET
FIRST NATION NEW BRUNSWICK**

**CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015**

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Independent auditor's report

To the Chief, Councillors and Band members of
Madawaska Maliseet First Nation New Brunswick

I have audited the accompanying consolidated financial statements of **Madawaska Maliseet First Nation New Brunswick**, which include all related businesses under the Band council authority and comprise the consolidated statement of financial position as at **March 31, 2015** and the consolidated statements of operations, change in net financial assets (net debt) and cash flows for the year then ended, 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 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

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

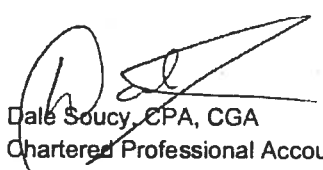
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Madawaska Maliseet First Nation New Brunswick, which include all related businesses under the Band council authority, as at March 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Dale Soucy, CPA, CGA
Chartered Professional Accountant

Edmundston, NB
August 20, 2015

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended March 31,

	Budget	2015	2014
	\$	\$	\$
	(unaudited)		
Revenues			
Federal government transfers for operating (note 22)	1,880,579	2,095,829	2,034,039
Federal government transfers for capital (note 22)	71,975	1,171,975	248,691
Provincial government transfers for operating (note 22)	83,000	74,150	189,798
Amounts earned and held in Trust by federal government (note 3)	49,221	106,383	64,167
Interest earned	1,000	35,453	1,456
Rent	161,200	166,690	163,482
Provincial tax rebates	3,973,838	5,318,611	3,906,192
Video lottery terminal	980,000	1,078,836	1,052,605
Band-owned businesses. Annual operating surplus (pages 41, 42 & 43)	1,154,248	981,639	1,185,542
	8,355,061	11,029,566	8,845,972
Expenses			
Band government (page 25)	1,034,900	931,633	1,162,159
Community infrastructure & public works (page 25)	408,660	403,842	427,804
Education			
• Elementary & secondary (page 26)	558,130	582,641	668,541
• Post secondary & student support program (pages 26 & 29)	366,420	416,141	361,671
• Cultural education, Indian studies & Education Initiative (pages 29 & 31)	21,479	84,176	155,169
Social services			
• Income assistance & assisted living (page 27)	225,740	211,444	214,864
• Prevention projects (page 30)	-	5,900	3,076
Lands & trust (page 28)	38,775	54,801	38,676
Child and family services (page 29)	47,095	41,004	57,090
Specific and special claims (page 30)	-	104,506	59,098
Employment programs			
• First Nation and Inuit students summer work experience (page 30)	52,210	37,207	73,797
• Aboriginal Skills and Employment Training Strategy program (page 31)	87,790	87,785	87,789
First Nation Land Management (page 31)	-	63,669	-
Housing			
• Non-subsidized housing expenses (page 32)	314,600	397,696	329,955
• Subsidized expenses under CMHC & RRAP programs (page 33)	112,197	92,021	127,230
Health services			
• Non-subsidized health expenses (page 32)	130,000	129,768	126,164
• Subsidized expenses under Health Canada programs (page 34)	351,708	382,552	353,784
Aboriginal Head Start On Reserve (page 39)	26,709	37,473	31,135
Fisheries and oceans (page 40)	94,320	95,160	94,585
Amortization (note 11)	1,335,000	1,369,666	1,332,113
	5,205,733	5,529,085	5,704,700
Annual surplus (deficit) (note 24) (Segment disclosure (note 25))	3,149,328	5,500,481	3,141,272
Treaty credit allocated to Band members	(1,395,000)	(1,740,000)	(1,106,000)
Accumulated surplus (deficit), beginning of year	23,192,506	23,192,506	21,157,234
Accumulated surplus (deficit), end of year (note 12 & page 4)	24,946,834	26,952,987	23,192,506

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

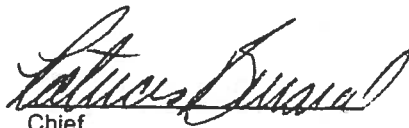
As at March 31,	2015	2014
	\$	\$
Financial assets		
Cash and cash equivalents		
Unrestricted cash	5,294,237	3,254,854
Term deposits, bearing interest @ 0.80%, expires in March 2015	-	1,092,599
Reserve funds, Section 95 Housing (note 4)	146,785	134,781
Trust fund held by federal government (note 3)	698,754	630,371
Accounts receivable (note 5)	4,584,102	2,832,078
Inventories for resale	373,281	408,422
	11,097,159	8,353,105
Financial liabilities		
Loan on demand (note 6)	657,955	-
Accounts payable and accrued liabilities (note 7)	1,885,702	1,186,229
Deferred revenues (note 8)	16,800	52,378
Long-term debt (note 9)	6,775,568	7,285,672
	9,336,025	8,524,279
Net financial assets (net debt) (page 5)	1,761,134	(171,175)
Non-financial assets		
Prepaid expenses (note 10)	115,136	248,036
Tangible capital assets (note 11)	25,076,717	23,115,644
	25,191,853	23,363,680
Accumulated surplus (note 12 & page 3)	26,952,987	23,192,506

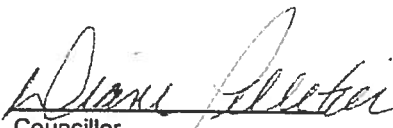
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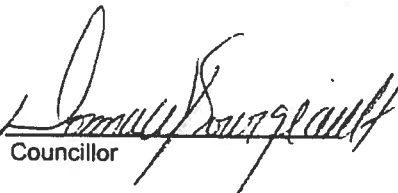
Contingencies (note 15)

Subsequent events (note 20)

On behalf of Madawaska Maliseet First Nation:


 Chief


 Councillor


 Councillor

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)

For the year ended March 31,	2015	2014
	\$	\$
Annual surplus (deficit)	5,500,481	3,141,272
Other items		
Treaty credit allocated to Band members	(1,740,000)	(1,106,000)
Changes in non-financial assets		
Tangible capital assets		
Acquisition of tangible capital assets (note 11)	(3,330,739)	(1,503,418)
Amortization of tangible capital assets (note 11)	1,369,666	1,332,113
Other non-financial assets		
Recognition (acquisition) of prepaid expenses	132,900	151,104
Net increase (decrease) in non-financial assets	(1,828,173)	(20,201)
Change in net financial assets (net debt)	1,932,309	2,015,071
Net financial assets (net debt), beginning of year	(171,175)	(2,186,246)
Net financial assets (net debt), end of year (page 4)	1,761,134	(171,175)

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2015	2014
	\$	\$
Operating transactions		
Annual surplus	5,500,481	3,141,272
Items not affecting cash		
Amortization of tangible capital assets	1,369,666	1,332,113
Change in non-cash charges to operations		
Decrease (increase) in accounts receivable	(1,752,024)	(1,063,908)
Decrease (increase) in inventories for resale	35,141	69,316
Decrease (increase) in prepaid expenses	132,900	151,104
Increase (decrease) in accounts payable and accrued liabilities	699,474	425,118
Increase (decrease) in deferred revenues	(35,578)	9,170
Cash provided by (applied to) operating transactions	5,950,060	4,064,185
Capital transactions		
Acquisitions of tangible capital assets	(3,330,739)	(1,503,418)
Cash provided by (applied to) capital transactions	(3,330,739)	(1,503,418)
Investing transactions		
Investment in term deposits	1,092,599	(1,092,599)
Net withdrawal (deposit) from (in) Trust fund held by federal government	(68,383)	(34,167)
Cash provided by (applied to) investing transactions	1,024,216	(1,126,766)
Financing activities		
Debt issues	95,000	5,822,000
Loan on demand	657,955	-
Debt repayment	(605,107)	(4,857,185)
Treaty credit allocated to Band members	(1,740,000)	(1,106,000)
Cash provided by (applied to) financing activities	(1,592,152)	(141,185)
Net increase (decrease) in cash and cash equivalents	2,051,386	1,292,817
Cash and cash equivalents, beginning of year	3,389,635	2,096,818
Cash and cash equivalents, end of year	5,441,022	3,389,635
Cash and cash equivalents consist of		
Unrestricted	5,294,237	3,254,854
Restricted	146,785	134,781
	5,441,022	3,389,635

The accompanying notes are an integral part of the consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**As at March 31, 2015**

1. Governing statutes and nature of operations

Madawaska Maliseet First Nation New Brunswick is regulated under Indian Law without being incorporated. Such as a local government, the activities are governed by a Council which is composed of a Chief and two councillors with a goal to administrate the equity of the First Nation with the best interest of the community.

Health services is operated within Madawaska Maliseet First Nation operations. Its objective is to provide adequate health care to the community.

Section 95 Housing Project is operated within Madawaska Maliseet First Nation operations. Its objective is to provide adequate housing to low income families.

Most of the revenues are generated from government funding, tax rebates, gaming agreement, sales of tobacco, gas and general merchandises and rental income.

2. Summary of significant accounting policies

Basis of accounting

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

The Madawaska Maliseet First Nation New Brunswick reporting entity includes the Madawaska Maliseet First Nation New Brunswick 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.

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, prepaid expenses and inventories.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

2. Summary of significant accounting policies [continuation]**Inventories for resale**

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

Loans receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Madawaska Maliseet First Nation New Brunswick incremental cost of borrowing.

Amortization is provided annually at rates calculated to write off the assets over their useful lives using the declining balance method as follows:

Buildings & fishing facilities on-shore	5%
Housing	5%
Paving & land improvements	5%
Residential lots	5%
Roads & commercial lots	5%
Sidewalks	5%
Water systems & underground networks	5%
Fishing vessels	10%
Fishing traps & gear	20%
Material & equipment	20%
Amusement park	20%
Security system	20%
Signs	20%
Household appliances	20%
Vehicles	30%
Computer equipment & softwares	30%

Half-year rule applies for the acquisitions during the year

Tangible capital assets are written down when conditions indicate that they no longer contribute to Madawaska Maliseet First Nation New Brunswick ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

2. Summary of significant accounting policies [continuation]

Tangible capital assets [continuation]

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

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.

Inventories held for use

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

Employee benefit obligations

Madawaska Maliseet First Nation provides defined contribution plan for eligible members of its staff. Members are required to contribute 5.5% of their salary up to a maximum of 9.0% of their basic salary. The First Nation contributes 5.5% which contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan.

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 performed.

Measurement uncertainty

In preparing the financial statements for the government of Madawaska Maliseet First Nation, the Council is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. These estimates are based on Council's best knowledge of current events and actions that Madawaska Maliseet First Nation may undertake in the future. Actual results could differ from these estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

3. Trust funds held by federal government

The Ottawa Trust Accounts 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

	2015	2014
	\$	\$
Balance, beginning of year	630,371	596,204
Revenues:		
NB Power transmission line	6,900	6,900
Twin Rivers Pipeline Right of Way (14,946 \$ yearly)	-	29,893
Head lease lot	74,158	11,960
Interest earned	25,325	15,415
Expenditures:		
Funeral assistance	(14,000)	(14,000)
Housing	(24,000)	(16,000)
Balance, end of year	698,754	630,371

4. Reserve funds

Under the terms of the agreement with CMHC, the **replacement reserve** account is to be credited for an amount of \$ 1,000 annually for each unit. These funds, along with accumulated interest, 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. The funds in the account may only be used as approved by CMHC. Withdrawals are credited to interest first and then to principal.

	Pre-1997	Post-1996	2015	2014
	\$	\$	\$	\$
Replacement Reserve, beginning of year	31,032	102,749	133,781	121,166
Adjustment requested by CMHC on August 14, 2014	(8,536)	(158)	(8,694)	-
Restated Replacement Reserve as at April 1, 2014	22,496	102,591	125,087	121,166
Annual allotment	-	22,000	22,000	22,000
Interest earned	62	281	343	449
Withdrawals	-	(1,645)	(1,645)	(9,834)
Replacement Reserve, end of year	22,558	123,227	145,785	133,781

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

4. Reserve funds [continuation]

Under the terms of the agreement with CMHC, a portion of accumulated surplus is to be retained in an **operating reserve** fund. These funds, along with accumulated interest, 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. The funds in the account may only be used to fund any future deficit. Withdrawals are credited to interest first and then to principal.

	2015	2014
	\$	\$
Operating Reserve, beginning of year	-	6,703
Contribution (withdrawal) as requested by CMHC	-	(6,703)
Operating Reserve (including interests), end of year	-	-

Under the terms of the agreement with CMHC, excess federal assistance payments received must be retained in a **subsidy reserve** up to a maximum of \$ 500 per unit, plus interest. 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 or 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. Withdrawals are credited to interest first and then to 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 the other projects owned by the borrower requiring additional assistance if they are within the same municipality or are assisted under the same program.

	2015	2014
	\$	\$
Subsidy Surplus Reserve, beginning of year	1,000	1,000
Contributions (withdrawal)	-	-
Subsidy Surplus Reserve, end of year	1,000	1,000
Total reserve funds	146,785	134,781

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

5. Accounts receivable	2015	2014
	\$	\$
Aboriginal Affairs and Northern Development Canada	-	27,000
Health Canada	13,580	7,104
Fisheries and Oceans Canada	185,720	303,140
Province of New Brunswick (District #3 & #14, Tax rebates and Gaming agreement)	4,270,316	2,230,411
Aboriginal Skills and Employment Training Strategy program	-	47,631
Sub-Total government and other government organizations	4,469,616	2,615,286
Trade and others	113,988	215,272
Tenants, section 95	498	1,521
	4,584,102	2,832,078
6. Loan on demand	2015	2014
	\$	\$
Construction credit facility, Bank of Montreal, authorized amount of 5,800,000 \$ available in multiple draws based on work in progress, bearing interest at prime rate plus 1.5%, interest payable on a monthly basis, repayable in full on the earlier of twelve (12) months after the first advance or upon substantial completion of the «Strip Mall Project», guaranteed by Madawaska Maliseet First Nation.	657,955	-
	657,955	-
<u>Line of credit</u>		
Authorized line of credit of 500,000 \$, Royal Bank of Canada, bearing interest at prime plus 0.70% per annum payable monthly, secured by accounts receivable and inventory.		
7. Accounts payable and accrued liabilities	2015	2014
	\$	\$
Health Canada (unexpended set funding)	-	338
Harmonized Sales Tax	40,415	51,038
Payroll remittances	6,475	3,884
Sub-Total government and other government organizations	46,890	55,260
Salaries & vacation	14,053	11,704
Suppliers and accruals	1,824,760	1,119,265
	1,885,703	1,186,229
8. Deferred revenues	2015	2014
	\$	\$
Aboriginal Affairs and Northern Development Canada (unexpended funding)	-	15,079
Health Canada (unexpended funding)	-	15,499
Others	16,800	21,800
	16,800	52,378

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

9. Long-term debt	2015	2014
	\$	\$
Loan payable, Royal Bank of Canada, repayable in monthly installments of 62,203 \$, including principal and interest at 4.60%, maturing in November 2023, renewable on March 01, 2019, secured by the Minister of Aboriginal Affairs and Northern Development Canada	5,326,604	5,822,000
Loan payable, Ally Credit Canada Limited, repayable in monthly installments of 505 \$, including principal and interest at 6.98%, maturing in March 2017, secured by Jeep Patriot 2011	-	16,375
Loan payable, Ally Credit Canada Limited, repayable in monthly installments of 591 \$, including principal and interest at 4.99%, maturing in April 2017, secured by Dodge RAM 2012	-	20,242
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 294 \$, including principal and interest at 1.83%, maturing in December 2021, renewable on December 1, 2019, secured by the Minister of Aboriginal Affairs and Northern Development Canada	22,416	25,195
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 283 \$, including principal and interest at 1.83%, maturing in August 2024, renewable on December 01, 2019, secured by the Minister of Aboriginal Affairs and Northern Development Canada	29,409	31,853
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 419 \$, including principal and interest at 3.65%, maturing in March 2026, renewable on March 01, 2016, secured by the Minister of Aboriginal Affairs and Northern Development Canada	45,566	48,874
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 389 \$, including principal and interest at 3.25%, maturing in November 2023, renewable on November 01, 2018, secured by the Minister of Aboriginal Affairs and Northern Development Canada.	35,184	38,647
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 389 \$, including principal and interest at 2.94%, maturing in March 2024, renewable on April 15, 2019, secured by the Minister of Aboriginal Affairs and Northern Development Canada	37,124	40,610
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 371 \$, including principal and interest at 1.83%, maturing in December 2024, renewable on December 1, 2019, secured by the Minister of Aboriginal Affairs and Northern Development Canada.	39,743	42,924
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 397 \$, including principal and interest at 2.79%, maturing in January 2027, renewable on January 01, 2017, secured by the Minister of Aboriginal Affairs and Northern Development Canada	48,022	51,405

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

9. Long-term debt [continuation]	2015	2014
	\$	\$
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 397 \$, including principal and interest at 2.79%, maturing in January 2027, renewable on January 01, 2017, secured by the Minister of Aboriginal Affairs and Northern Development Canada.	48,022	51,405
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 397 \$, including principal and interest at 2.79%, maturing in January 2027, renewable on January 01, 2017, secured by the Minister of Aboriginal Affairs and Northern Development Canada	48,022	51,405
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 397 \$, including principal and interest at 2.79%, maturing in January 2027, renewable on January 01, 2017, secured by the Minister of Aboriginal Affairs and Northern Development Canada	48,022	51,405
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 401 \$, including principal and interest at 2.79%, maturing in January 2027, renewable on January 01, 2017, secured by the Minister of Aboriginal Affairs and Northern Development Canada	48,491	51,906
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 1,215 \$, including principal and interest at 2.57%, maturing in January 2028, renewable on January 14, 2018, secured by the Minister of Aboriginal Affairs and Northern Development Canada	159,256	169,577
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 410 \$, including principal and interest at 2.75%, maturing in January 2028, renewable on January 21, 2018, secured by the Minister of Aboriginal Affairs and Northern Development Canada	53,176	56,577
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 405 \$, including principal and interest at 3.01%, maturing in March 2029, renewable on March 1, 2019, secured by the Minister of Aboriginal Affairs and Northern Development Canada	55,495	58,640
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 297 \$, including principal and interest at 0.98%, maturing in March 2035, renewable on March 1, 2015, secured by the Minister of Aboriginal Affairs and Northern Development Canada	64,745	66,533
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 522 \$, including principal and interest at 5.49%, maturing in June 2033, renewable on June 1, 2016, secured by the Minister of Aboriginal Affairs and Northern Development Canada	72,224	74,472
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 513 \$, including principal and interest at 3.98%, maturing in July 2035, renewable on July 1, 2016, secured by the Minister of Aboriginal Affairs and Northern Development Canada	85,681	88,373

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

9. Long-term debt [continuation]	2015	2014
	\$	\$
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 465 \$, including principal and interest at 3.04%, maturing in July 2035, renewable on July 1, 2016, secured by the Minister of Aboriginal Affairs and Northern Development Canada.	84,582	87,550
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 376 \$, including principal and interest at 3.98%, maturing in June 2036, renewable on June 1, 2016, secured by the Minister of Aboriginal Affairs and Northern Development Canada	64,589	66,491
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 447 \$, including principal and interest at 2.67%, maturing in August 2036, renewable on August 1, 2017, secured by the Minister of Aboriginal Affairs and Northern Development Canada.	87,445	90,438
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 460 \$, including principal and interest at 2.93%, maturing in September 2036, renewable on September 1, 2017, secured by the Minister of Aboriginal Affairs and Northern Development Canada	87,917	90,818
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 455 \$, including principal and interest at 2.84%, maturing in February 2037, renewable on February 1, 2018, secured by the Minister of Aboriginal Affairs and Northern Development Canada.	89,060	91,957
Mortgage (Section 95), Royal Bank of Canada, repayable in monthly installments of 444 \$, including principal and interest at 2.87%, maturing in February 2040, renewable on February 1, 2020, secured by the Minister of Aboriginal Affairs and Northern Development Canada	94,772	-
	6,775,567	7,285,672
Current portion of long-term debt	592,357	542,765
	6,183,210	6,742,907

The aggregate amount of payments required over the next five years on the above indebtedness is as follows

2016 - 592,357 \$ 2017 - 618,697 \$ 2018 - 646,232 \$ 2019 - 675,124 \$ 2020 - 705,128 \$

10. Prepaid expenses	2015	2014
	\$	\$
Insurance	35,622	28,255
Commercial lease	30,390	5,980
Others	27,860	10,715
Students allowances	21,264	20,770
Tuition fees	-	182,316
	115,136	248,036

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

11. Tangible capital assets

Cost	2014	Acquisitions	Disposals	2015
	\$	\$	\$	\$
Administration and municipal-type services				
Land	387,011	-	-	387,011
Paving & land improvements	269,352	245,820	-	515,172
Buildings	5,464,270	8,378	-	5,472,648
Housing	293,749	-	119,046	174,703
Residential lots	1,657,765	-	-	1,657,765
Roads & commercial lots	1,538,489	-	-	1,538,489
Sidewalks	1,094,026	-	-	1,094,026
Water systems & underground networks	1,045,419	-	-	1,045,419
Fishing facilities on-shore	150,405	53,293	-	203,698
Fishing vessels	673,060	-	-	673,060
Fishing traps & gear	183,823	56,704	-	240,527
Material & equipment	560,070	57,153	-	617,223
Signs	26,761	24,573	-	51,334
Vehicles	389,534	25,000	-	414,534
Computer equipment & software	86,350	3,240	-	89,590
Health Services				
Building, paving & land improvements	129,193	-	-	129,193
Equipment, learning material & amusement park	159,382	-	-	159,382
Computer equipment	9,926	-	-	9,926
Section 95				
Land	5,000	-	-	5,000
Paving & land improvements	1,465	-	-	1,465
Housing	2,463,034	127,546	-	2,590,580
Household appliances	51,259	2,500	-	53,759
Saint John Valley Gas Bar				
Land	112,905	-	-	112,905
Building	846,514	-	-	846,514
Paving & land improvements	113,400	-	-	113,400
Material & equipment	163,781	5,695	-	169,476
Computer equipment	9,665	-	-	9,665
Security system	17,867	-	-	17,867
Signs	3,963	-	-	3,963
Eagle View Smoke Shop				
Land	80,000	-	-	80,000
Building	284,069	-	-	284,069
Material & equipment	69,924	-	-	69,924
Security system	16,257	-	-	16,257
Signs	8,413	-	-	8,413
Madawaska Maliseet Economic Development Corp.				
Land improvements, roads & underground network	11,466,551	2,839,882	-	14,306,433
Material & equipment	31,509	-	-	31,509
Signs	330,348	-	-	330,348
	30,194,509	3,449,785	119,046	33,525,247

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

11. Tangible capital assets [continuation]

Accumulated amortization	2014	Amortization	Disposals	2015
	\$	\$	\$	\$
Administration and municipal-type services				
Paving & land improvements	48,358	17,195	-	65,553
Buildings	2,224,837	162,181	-	2,387,018
Housing	64,508	5,510	-	70,018
Residential lots	389,624	63,407	-	453,031
Roads & commercial lots	449,685	54,440	-	504,125
Sidewalks	154,558	46,973	-	201,531
Water systems & underground networks	496,979	27,422	-	524,401
Fishing facilities on-shore	6,340	8,536	-	14,876
Fishing vessels	221,633	45,143	-	266,776
Fishing traps & gear	109,658	20,503	-	130,161
Material & equipment	381,951	41,339	-	423,290
Signs	14,943	4,821	-	19,764
Vehicles	321,908	24,038	-	345,946
Computer equipment & software	63,317	7,396	-	70,713
Health Services				
Building, paving & land improvements	38,740	4,523	-	43,263
Equipment, learning material & amusement park	98,208	12,235	-	110,443
Computer equipment	9,509	125	-	9,634
Section 95				
Paving & land improvements	547	37	-	584
Housing	668,073	92,937	-	761,010
Household appliances	35,905	3,321	-	39,226
Saint John Valley Gas Bar				
Building	317,765	26,437	-	344,202
Paving & land improvements	41,048	3,618	-	44,666
Material & equipment	142,314	4,863	-	147,177
Computer equipment	7,855	543	-	8,398
Security system	13,893	795	-	14,688
Signs	3,580	77	-	3,657
Eagle View Smoke Shop				
Building	51,943	11,606	-	63,549
Material & equipment	52,385	3,508	-	55,893
Security system	10,861	1,079	-	11,940
Signs	4,536	775	-	5,311
Madawaska Maliseet Economic Development Corp.				
Land improvements, roads & underground network	561,791	616,235	-	1,178,026
Material & equipment	5,542	5,193	-	10,735
Signs	66,070	52,855	-	118,925
	7,078,864	1,369,666	-	8,448,530
Unamortized balance	23,115,645			25,076,717

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

12. Accumulated surplus	2015	2014
	\$	\$
Accumulated surplus consists of:		
Invested in tangible capital assets (note 13)	17,643,194	15,829,972
Restricted cash		
Trust funds held by federal government (note 3)	698,754	630,371
Reserve funds, Section 95 (note 4)	146,785	134,781
Unrestricted surplus (note 14)	8,464,253	6,597,381
	26,952,987	23,192,506
13. Invested in tangible capital assets	2015	2014
	\$	\$
Tangible capital assets	25,076,717	23,115,644
Loans related to investment in tangible capital assets		
Loan on demand (note 6)	(657,955)	-
Long-term debt (note 9)	(6,775,568)	(7,285,672)
Invested in tangible capital assets	17,643,194	15,829,972
14. Unrestricted surplus	2015	2014
	\$	\$
Unrestricted surplus, beginning of year	6,597,381	3,808,677
Annual surplus (page 3)	5,500,481	3,141,272
Treaty credit allocated to Band members	(1,740,000)	(1,106,000)
Annual surplus invested in tangible capital assets (note 13)	(1,813,222)	793,510
Annual surplus invested in restricted cash	(80,387)	(40,078)
Unrestricted surplus, end of year	8,464,253	6,597,381

15. Contingencies**Contribution agreements**

The Madawaska Maliseet First Nation 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

Bank guarantee

The Madawaska Maliseet First Nation is contingently liable for mortgage loans for a total amount of 1,743,883 \$, as at August 13, 2015, for Band members which is secured by a promissory note co-signed by the Madawaska Maliseet First Nation and the Minister of Aboriginal Affairs and Northern Development Canada

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**As at March 31, 2015**

16. Pension agreement

Madawaska Maliseet First Nation provides defined contribution plan for eligible members of its staff. Members are required to contribute 5.5% of their salary up to a maximum of 9.0% of their basic salary. The First Nation contributes 5.5% which contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. Madawaska Maliseet contributed during the year 36,412 \$ (32,337 \$ in 2013/14) for retirement benefits.

17. Transactions with related parties

During the fiscal year ended on March 31, 2015, there were no transactions with related parties.

18. Economic dependence

The government of Madawaska Maliseet First Nation receives a major portion of its revenue from Aboriginal Affairs and Northern Development Canada, Health Canada, tax rebates and gaming agreement with the province of New Brunswick. The nature and extent of these revenues is of such significance that the First Nation is economically dependent on these source of revenues.

19. Financial Instruments

The financial instruments consist of cash, accounts receivable & payable and mortgages. Unless otherwise noted, it is the management opinion that the organization is not exposed to significant interest and credit risks arising from these financial instruments and not at all exposed to currency exchange risk. The fair value of the short-term financial instruments approximates their carrying values, unless otherwise noted. Furthermore, the fair value of the mortgages is not readily obtainable. However, the overall interest rates bearing on the mortgages are representative of the actual market rates and, therefore, the fair value of the mortgages approximates its carrying value.

20. Subsequent events

On August 11, 2014, the province of New Brunswick send a letter to Madawaska Maliseet First Nation stating that the Premier David Alward has assigned the Minister of Finance with the important task of redesigning the financial arrangements between First Nations and the Government of New Brunswick. Therefore, pursuant to section 13 in the Agreement on the Collection of Provincial, Tobacco Tax, Gasoline Tax, Sales Tax, and Self-Licensing relating to Gaming between Madawaska Maliseet First Nation and the Province of New Brunswick, that letter served as an official notice of termination of the agreement effective November 9, 2014. However, the letter state that although the current agreements will be ending, there will be no immediate impact to the Band's revenue streams. The letter also states that the Government of New Brunswick will respect the fact that some communities have made long-term investments based on the current arrangements.

The new arrangements will be implemented in consultation with First Nations and will be introduced over 5 years in order to mitigate the impact of the termination of the existing agreements and to help your community shift its budgetary planning cycle to align with new funding arrangements.

On April 29, 2015, the province of New Brunswick send a letter to Madawaska Maliseet First Nation stating that the «Agreement» will continue to remain in place as is for up to May 1, 2016 and that this extension will provide more time for both parties to further engage in a collaborative dialogue.

21. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

22. Government transfers	2015			2014		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
Federal government transfers						
AANDC	1,378,401	1,071,975	2,450,376	1,420,052	68,693	1,488,745
• Unexpended carried forward	-	-	-	(15,079)	-	(15,079)
• Unexpended from previous years	15,079	-	15,079	8,184	-	8,184
Health Canada	331,094	-	331,094	331,969	-	331,969
• Unexpended carried forward	-	-	-	(15,499)	-	(15,499)
• Unexpended from previous years	15,499	-	15,499	15,843	-	15,843
CMHC & RRAP	86,631	-	86,631	84,387	-	84,387
Department of Fisheries & Oceans	85,720	100,000	185,720	79,320	121,820	201,140
Aboriginal Head Start On Reserve	31,793	-	31,793	30,681	-	30,681
ASETS program	87,785	-	87,785	87,789	-	87,789
FN Education Initiative	8,577	-	8,577	6,392	-	6,392
FN Land Management Ressource	55,250	-	55,250	-	-	-
ACOA	-	-	-	-	58,178	58,178
Total Federal government transfers	2,095,829	1,171,975	3,267,804	2,034,039	248,691	2,282,730
Provincial government transfers	74,150	-	74,150	189,798	-	189,798
	2,169,979	1,171,975	3,341,954	2,223,837	248,691	2,472,528
23. Expenses by object				2015	2014	
				\$	\$	
Salaries and fringe benefits						
Band's operations				1,213,911	1,239,089	
Band-owned businesses				636,869	568,237	
Honorary chief and councillors				90,000	90,000	
Severance pay				-	144,077	
Pension plan				37,037	32,337	
Interest on long-term debt				310,383	285,872	
Professional services				204,701	164,841	
Water, sewage and electricity				279,276	236,675	
Other				1,387,242	1,611,459	
Amortization				1,369,666	1,332,113	
				5,529,085	5,704,700	
24. Annual surplus net of capital related revenues and amortization				2015	2014	
				\$	\$	
Annual surplus				5,500,481	3,141,272	
Capital related revenues included in annual surplus:						
Federal government transfers for capital (note 22)				(1,171,975)	(248,691)	
Provincial government transfers for capital (note 22)				-	-	
				(1,171,975)	(248,691)	
Amortization expense included in annual surplus				1,369,666	1,332,113	
Annual surplus (deficit) net of capital related revenues and amortization				5,698,172	4,224,694	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

25. Segment Disclosure

Madawaska Maliseet First Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by services provided. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. 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 segment results for the period are as follows:

	Health Services		Band Government		Infrastructure & Public Works	
	Budget 2015 \$	2014 \$	Budget 2015 \$	2014 \$	Budget 2015 \$	2014 \$
	(unaudited)		(unaudited)		(unaudited)	
Revenues						
Federal government operating transfers	328,072	332,313	226,929	216,582	71,313	68,062
Federal government capital transfers	-	-	-	-	-	-
Provincial government operating transfers	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total Revenues	328,072	332,313	226,929	216,582	71,313	68,062
Expenses						
Salaries and fringe benefits	236,000	230,171	425,544	416,970	84,300	73,626
Other expenses	245,708	249,777	351,360	511,699	324,360	354,178
Debt servicing (interest)	-	-	257,996	233,490	-	-
Amortization	16,500	20,233	29,800	29,932	180,400	196,734
Total Expenses	498,208	500,181	1,064,700	1,192,091	589,060	624,538
Annual surplus (deficit)	(170,136)	(167,868)	(837,771)	(975,509)	(517,747)	(556,476)

As at March 31, 2015

Social Services

	Housing			Education			Social Services		
	Budget	2015	2014	Budget	2015	2014	Budget	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	(unaudited)			(unaudited)			(unaudited)		
Revenues									
Federal government operating transfers	70,392	86,631	84,387	645,134	845,134	653,757	251,713	251,713	250,616
Federal government capital transfers	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	-	-	83,000	74,150	81,080	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-	-
Other revenues	239,800	240,651	241,517	-	-	-	-	-	-
Total Revenues	310,192	327,282	325,904	728,134	719,284	734,837	251,713	251,713	250,616
Expenses									
Salaries and fringe benefits	61,200	60,720	29,902	48,430	47,844	44,544	39,620	44,118	39,548
Other expenses	316,900	381,897	374,901	873,120	946,315	960,218	186,120	167,328	175,316
Debt servicing (interest)	48,697	47,100	52,382	-	-	-	-	-	-
Amortization	165,700	169,910	186,780	16,100	16,535	10,923	4,600	4,698	4,605
Total Expenses	592,497	659,627	643,965	937,650	1,010,494	1,015,685	230,340	216,142	219,469
Annual surplus (deficit)	(282,305)	(332,345)	(318,061)	(209,516)	(291,210)	(280,848)	21,373	35,571	31,147

MADAWASKA MALISEET FIRST NATION NEW BRUNSWICK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2015

24. Segment Disclosure (continuation)

	Other subsidized programs			Provincial tax rebates, VLT * & BOB *			Total	
	Budget \$ (unaudited)	2015 \$	2014 \$	Budget \$ (unaudited)	2015 \$	2014 \$	2015 \$	2014 \$
Revenues								
Federal government operating transfers	287,026	467,516	428,322	-	-	-	1,880,579	2,034,039
Federal government capital transfers	71,975	1,171,975	248,691	-	-	-	71,975	248,691
Provincial government operating transfers	-	-	108,718	-	-	-	83,000	189,798
Provincial government capital transfers	-	-	-	-	-	-	-	-
Other revenues	50,221	141,836	109,387	12,069,051	12,909,584	11,908,539	12,359,072	12,259,443
Total Revenues	409,222	1,781,327	895,118	12,069,051	12,909,584	11,908,539	14,394,626	14,731,971
Expenses								
Salaries and fringe benefits	333,678	406,152	404,328	671,000	636,869	568,237	1,899,772	1,807,326
Other expenses	116,300	284,313	343,336	5,289,965	4,893,609	5,195,963	7,703,833	8,165,388
Debt servicing (interest)	-	-	-	-	-	-	306,693	285,872
Amortization	212,500	218,471	192,648	709,400	727,584	690,258	1,335,000	1,332,113
Total Expenses	662,478	908,936	940,312	6,670,365	6,258,062	6,454,458	11,245,298	11,590,699
Annual surplus (deficit)	(253,256)	872,391	(45,194)	5,398,686	6,651,502	5,454,081	3,149,328	3,141,272

* VLT «Video Lottery Terminal»

* BOB «Band-Owned Businesses»