

**MADAWASKA MALISEET  
FIRST NATION NEW BRUNSWICK**

---

**CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2016**

---

## Table of contents

---

Management report	1
Independent auditor's report	2
Consolidated financial statements	
Statement of operations	3
Statement of financial position	4
Statement of change in net financial assets (net debt)	5
Statement of cash flows	6
Notes to consolidated financial statements	7 - 23
Annex B: Schedule of remuneration and expenses (Elected officials)	
Independent auditor's report	24
Schedule of remuneration and expenses	25

---

## 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, 2016** 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, 2016** 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 23, 2016

## CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended March 31,	Budget \$ (unaudited)	2016 \$	2015 \$
<b>Revenues</b>			
Federal government transfers for operating (note 22)	1,903,083	2,250,429	2,095,829
Federal government transfers for capital (note 22)	73,478	178,478	1,171,975
Provincial government transfers for operating (note 22)	72,350	140,515	74,150
Provincial government transfers for capital (note 22)	-	5,000	-
Amounts earned and held in Trust by federal government (note 3)	118,346	93,983	106,383
Other non-government subsidies (Land Management & Child Family Services)	-	59,654	-
Interest earned	1,450	65,691	35,453
Rent	168,400	190,070	166,690
Provincial tax rebates	7,329,096	7,908,172	5,318,611
Video lottery terminal / Gaming agreement	1,000,000	794,332	1,078,836
Band-owned businesses: Annual operating surplus	858,740	1,043,016	981,639
	11,524,943	12,729,340	11,029,566
<b>Expenses</b>			
<b>Band government</b>	924,500	992,561	931,633
<b>Community infrastructure &amp; public works</b>	439,615	524,336	403,842
<b>Education</b>			
• Elementary & secondary	561,100	652,858	582,641
• Post secondary & student support program	472,000	554,595	416,141
• Cultural education, Indian studies & Education Initiative	30,600	62,949	84,176
<b>Social services</b>			
• Income assistance & assisted living	220,000	231,024	211,444
<b>Prevention projects</b>	-	6,400	5,900
<b>Economic Development and Employment programs</b>			
• Incentive program for job creation within the Community	27,549	75,066	-
• Incentive program for new businesses (tenants) at Grey Rock	-	149,654	-
• First Nation and Inuit students summer work experience	50,000	48,806	37,207
• Aboriginal Skills and Employment Training Strategy program	87,785	87,785	87,785
<b>Lands &amp; trust</b>	40,200	47,100	54,801
<b>Environmental site assessment and Land Management</b>	-	155,020	63,669
<b>Specific and special claims</b>	-	94,923	104,506
<b>Child and family services</b>	40,000	54,354	41,004
<b>Housing</b>			
• Non-government subsidized housing expenses	367,000	349,205	397,696
• Subsidized expenses under CMHC & RRAP programs	87,818	94,197	92,021
<b>Health services</b>			
• Non-government subsidized health expenses	131,000	153,863	129,768
• Subsidized expenses under Health Canada programs	378,102	392,157	382,552
<b>Aboriginal Head Start On Reserve</b>	36,800	35,612	37,473
<b>Fisheries and oceans</b>	94,720	93,753	95,160
<b>Loss on disposal of tangible capital assets</b>	-	1,500	-
<b>Amortization (note 11)</b>	1,393,308	1,559,984	1,369,666
	5,382,097	6,417,702	5,529,085
<b>Annual surplus (deficit) (note 24) (Segment disclosure (note 25))</b>	6,142,846	6,311,638	5,500,481
<b>Treaty credit allocated to Band members</b>	(2,580,000)	(2,926,000)	(1,740,000)
<b>Accumulated surplus (deficit), beginning of year</b>	26,952,987	26,952,987	23,192,506
<b>Accumulated surplus (deficit), end of year (note 12 &amp; page 4)</b>	30,515,833	30,338,625	26,952,987

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

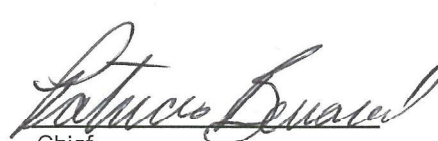
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31,	2016	2015
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents		
Unrestricted cash	7,672,019	5,294,237
Reserve funds, Section 95 Housing (note 4)	86,719	146,785
Trust fund held by federal government (note 3)	762,736	698,754
Accounts receivable (note 5)	4,134,405	4,584,102
Inventories for resale	399,560	373,281
	<b>13,055,439</b>	<b>11,097,159</b>
<b>Financial liabilities</b>		
Loan on demand (note 6)	5,750,008	657,955
Accounts payable and accrued liabilities (note 7)	1,535,262	1,885,702
Deferred revenues (note 8)	46,056	16,800
Long-term debt (note 9)	5,674,336	6,775,568
	<b>13,005,662</b>	<b>9,336,025</b>
<b>Net financial assets (net debt) (page 5)</b>	<b>49,777</b>	<b>1,761,134</b>
<b>Non-financial assets</b>		
Prepaid expenses (note 10)	189,228	115,136
Tangible capital assets (note 11)	30,099,620	25,076,717
	<b>30,288,848</b>	<b>25,191,853</b>
<b>Accumulated surplus (note 12 &amp; page 3)</b>	<b>30,338,625</b>	<b>26,952,987</b>

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

**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,	2016	2015
	\$	\$
<b>Annual surplus (deficit)</b>	<b>6,311,638</b>	<b>5,500,481</b>
<b>Other items</b>		
Treaty credit allocated to Band members	(2,926,000)	(1,740,000)
<b>Changes in non-financial assets</b>		
Tangible capital assets		
Acquisition of tangible capital assets (note 11)	(6,589,886)	(3,330,739)
Disposal of tangible capital assets (note 11)	7,000	-
Amortization of tangible capital assets (note 11)	1,559,984	1,369,666
Other non-financial assets		
Recognition (acquisition) of prepaid expenses	(74,092)	132,900
<b>Net increase (decrease) in non-financial assets</b>	<b>(5,096,994)</b>	<b>(1,828,173)</b>
<b>Change in net financial assets (net debt)</b>	<b>(1,711,357)</b>	<b>1,932,309</b>
<b>Net financial assets (net debt), beginning of year</b>	<b>1,761,134</b>	<b>(171,175)</b>
<b>Net financial assets (net debt), end of year (page 4)</b>	<b>49,777</b>	<b>1,761,134</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2016	2015
	\$	\$
<b>Operating transactions</b>		
Annual surplus	6,311,638	5,500,481
Items not affecting cash		
Amortization of tangible capital assets	1,559,984	1,369,666
Loss on disposal of tangible capital assets	1,500	-
Change in non-cash charges to operations		
Decrease (increase) in accounts receivable	449,697	(1,752,024)
Decrease (increase) in inventories for resale	(26,279)	35,141
Decrease (increase) in prepaid expenses	(74,092)	132,900
Increase (decrease) in accounts payable and accrued liabilities	(350,440)	699,474
Increase (decrease) in deferred revenues	29,256	(35,578)
Other item		
Treaty credit allocated to Band members	(2,926,000)	(1,740,000)
Cash provided by (applied to) operating transactions	4,975,264	4,210,060
<b>Capital transactions</b>		
Acquisitions of tangible capital assets	(6,589,886)	(3,330,739)
Disposal of tangible capital assets	5,500	-
Cash provided by (applied to) capital transactions	(6,584,386)	(3,330,739)
<b>Investing transactions</b>		
Investment in term deposits	-	1,092,599
Net withdrawal (deposit) from (in) Trust fund held by federal government	(63,982)	(68,383)
Cash provided by (applied to) investing transactions	(63,982)	1,024,216
<b>Financing activities</b>		
Loan on demand	5,092,053	657,955
Debt issues	-	95,000
Debt repayment	(1,101,233)	(605,107)
Cash provided by (applied to) financing activities	3,990,821	147,848
Net increase (decrease) in cash and cash equivalents	2,317,716	2,051,386
Cash and cash equivalents, beginning of year	5,441,022	3,389,635
Cash and cash equivalents, end of year	7,758,738	5,441,022
Cash and cash equivalents consist of:		
Unrestricted	7,672,019	5,294,237
Restricted	86,719	146,785
	7,758,738	5,441,022

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2016

---

**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, 2016

**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, 2016

---

**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, 2016

**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.

	Budget	2016	2015
	\$	\$	\$
	(unaudited)		
Balance, beginning of year:	698,754	<b>698,754</b>	630,371
Revenues:			
NB Power transmission line	6,900	<b>6,900</b>	6,900
Twin Rivers Pipeline Right of Way	14,946	<b>14,946</b>	-
Head lease lot	105,000	<b>64,572</b>	74,158
Interest earned	7,500	<b>7,564</b>	25,325
Expenditures:			
Funeral assistance	-	<b>(14,000)</b>	(14,000)
Housing	(16,000)	<b>(16,000)</b>	(24,000)
Balance, end of year	817,100	<b>762,736</b>	698,754

**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	2016	2015
	\$	\$	\$	\$
<b>Replacement Reserve</b> , beginning of year	<b>22,558</b>	<b>123,227</b>	<b>145,785</b>	133,781
Annual allotment	-	<b>23,000</b>	<b>23,000</b>	22,000
Interest earned	<b>21</b>	<b>115</b>	<b>136</b>	343
Withdrawals	<b>(17,640)</b>	<b>(66,863)</b>	<b>(84,503)</b>	(1,645)
Prior year surplus (Pre-1997) (CMHC letter - 11/30/15)	<b>1,301</b>	-	<b>1,301</b>	-
Replacement reserve adjustment (CMHC letter - 8/14/14)	-	-	-	(8,694)
<b>Replacement Reserve</b> , end of year	<b>6,240</b>	<b>79,479</b>	<b>85,719</b>	145,785

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2016

**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.

	2016	2015
	\$	\$
<b>Operating Reserve</b> , beginning of year	-	-
Contribution (withdrawal) as requested by CMHC	-	-
<b>Operating Reserve (including interests)</b> , 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

	2016	2015
	\$	\$
<b>Subsidy Surplus Reserve</b> , beginning of year	1,000	1,000
Contributions (withdrawal)	-	-
<b>Subsidy Surplus Reserve</b> , end of year	1,000	1,000
<b>Total reserve funds</b>	86,719	146,785

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2016

<b>5. Accounts receivable</b>	<b>2016</b>	<b>2015</b>
	\$	\$
Aboriginal Affairs and Northern Development Canada	-	-
Health Canada	5,000	13,580
Fisheries and Oceans Canada	144,820	185,720
Province of New Brunswick ( <i>District #3 &amp; #14, Tax rebates and Gaming agreement</i> )	3,803,846	4,270,316
Sub-Total government and other government organizations	3,953,666	4,469,616
Trade and others	178,224	113,988
Tenants, section 95	2,515	498
	<b>4,134,405</b>	<b>4,584,102</b>
<b>6. Loan on demand</b>	<b>2016</b>	<b>2015</b>
	\$	\$
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.	5,750,008	657,955
	<b>5,750,008</b>	<b>657,955</b>
<b>Line of credit</b>		
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.		
<b>7. Accounts payable and accrued liabilities</b>	<b>2016</b>	<b>2015</b>
	\$	\$
Health Canada ( <i>unexpended set funding</i> )	-	-
Harmonized Sales Tax	81,239	40,415
Payroll remittances	6,858	6,475
Sub-Total government and other government organizations	88,097	46,890
Salaries & vacation	17,499	14,053
Suppliers and accruals	1,429,667	1,824,760
	<b>1,535,262</b>	<b>1,885,703</b>
<b>8. Deferred revenues</b>	<b>2016</b>	<b>2015</b>
	\$	\$
Aboriginal Affairs and Northern Development Canada ( <i>unexpended funding</i> )	-	-
Health Canada ( <i>unexpended funding</i> )	-	-
Others	46,056	16,800
	<b>46,056</b>	<b>16,800</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2016

9. Long-term debt	2016	2015
	\$	\$
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.	4,305,348	5,326,604
Mortgage (Section 95), Canada Mortgage and Housing Corporation, 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.	19,266	22,416
Mortgage (Section 95), Canada Mortgage and Housing Corporation, 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.	26,519	29,409
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.	42,141	45,566
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.	31,611	35,184
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.	33,505	37,124
Mortgage (Section 95), Canada Mortgage and Housing Corporation, 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.	35,984	39,743
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.	44,548	48,022
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.	44,548	48,022

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2016

<b>9. Long-term debt [...continuation]</b>	<b>2016</b>	<b>2015</b>
	\$	\$
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.	<b>44,548</b>	48,022
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.	<b>44,548</b>	48,022
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.	<b>44,983</b>	48,491
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.	<b>148,632</b>	159,256
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.	<b>49,668</b>	53,176
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.	<b>52,260</b>	55,495
Mortgage (Section 95), Canada Mortgage and Housing Corporation, repayable in monthly installments of 297 \$, including principal and interest at 0.98%, maturing in March 2035, renewable on March 1, 2020, secured by the Minister of Aboriginal Affairs and Northern Development Canada.	<b>61,800</b>	64,745
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	<b>69,862</b>	72,224
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.	<b>82,890</b>	85,681
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.	<b>81,530</b>	84,582

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2016

9. Long-term debt [...continuation]	2016	2015
	\$	\$
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	62,616	64,589
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.	84,377	87,445
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.	84,937	87,917
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.	86,087	89,060
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.	92,129	94,772
	5,674,336	6,775,568

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

2017 - 642,606 \$      2018 - 671,267 \$      2019 - 701,235 \$      2020 - 732,572 \$      2021 - 765,340 \$

10. Prepaid expenses	2016	2015
	\$	\$
Insurance	35,224	35,622
Commercial lease	32,016	30,390
Others	19,000	27,860
Students allowances	-	21,264
Tuition fees	102,988	-
	189,228	115,136



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2016

**11. Tangible capital assets**

Cost	2015	Acquisitions	Disposals	2016
	\$	\$	\$	\$
<b>Administration and municipal-type services</b>				
Land	387,011	-	-	387,011
Paving & land improvements	372,165	145,696	-	517,861
Buildings	5,472,648	-	-	5,472,648
Housing	174,703	-	-	174,703
Residential lots	1,657,765	-	-	1,657,765
Roads & commercial lots	1,681,496	7,527	-	1,689,023
Sidewalks	1,094,026	-	-	1,094,026
Water systems & underground networks	1,045,419	66,996	-	1,112,415
Fishing facilities on-shore	203,698	74,115	-	277,813
Fishing vessels	673,060	-	-	673,060
Fishing traps & gear	240,527	53,329	-	293,856
Material & equipment	617,223	15,295	-	632,518
Signs	51,334	7,000	-	58,334
Vehicles	414,534	108,550	24,000	499,084
Computer equipment & software	89,590	-	-	89,590
<b>Health Services</b>				
Building, paving & land improvements	129,193	-	-	129,193
Equipment, learning material & amusement park	159,382	6,338	-	165,720
Computer equipment	9,926	-	-	9,926
<b>Section 95</b>				
Land	5,000	-	-	5,000
Paving & land improvements	1,465	-	-	1,465
Housing	2,590,581	84,503	-	2,675,084
Household appliances	53,759	-	-	53,759
<b>Saint John Valley Gas Bar</b>				
Land	112,905	-	-	112,905
Building	846,514	-	-	846,514
Paving & land improvements	113,400	-	-	113,400
Material & equipment	169,476	6,025	-	175,501
Computer equipment	9,665	2,277	-	11,942
Security system	17,867	1,555	-	19,422
Signs	3,963	-	-	3,963
<b>Eagle View Smoke Shop</b>				
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
<b>Madawaska Maliseet Economic Development Corp.</b>				
Land improvements, roads & underground network	14,306,433	5,934,710	-	20,241,143
Material & equipment	31,509	-	-	31,509
Signs	330,348	75,970	-	406,318
	33,525,247	6,589,886	24,000	40,091,134

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2016

**11. Tangible capital assets** [...continuation]

Accumulated amortization	2015	Amortization	Disposals	2016
	\$	\$	\$	\$
<b>Administration and municipal-type services</b>				
Paving & land improvements	61,978	19,152	-	81,130
Buildings	2,387,018	154,282	-	2,541,300
Housing	70,018	5,234	-	75,252
Residential lots	453,031	60,237	-	513,268
Roads & commercial lots	507,700	58,878	-	566,578
Sidewalks	201,531	44,625	-	246,156
Water systems & underground networks	524,401	27,726	-	552,127
Fishing facilities on-shore	14,876	11,294	-	26,170
Fishing vessels	266,776	40,628	-	307,404
Fishing traps & gear	130,161	27,406	-	157,567
Material & equipment	423,290	40,316	-	463,606
Signs	19,764	7,014	-	26,778
Vehicles	345,946	36,859	17,000	365,805
Computer equipment & software	70,713	5,663	-	76,376
<b>Health Services</b>				
Building, paving & land improvements	43,263	4,297	-	47,560
Equipment, learning material & amusement park	110,443	10,422	-	120,865
Computer equipment	9,634	88	-	9,722
<b>Section 95</b>				
Paving & land improvements	585	35	-	620
Housing	761,009	93,592	-	854,601
Household appliances	39,226	2,907	-	42,133
<b>Saint John Valley Gas Bar</b>				
Building	344,202	25,116	-	369,318
Paving & land improvements	44,666	3,437	-	48,103
Material & equipment	147,177	5,062	-	152,239
Computer equipment	8,398	722	-	9,120
Security system	14,688	791	-	15,479
Signs	3,657	61	-	3,718
<b>Eagle View Smoke Shop</b>				
Building	63,549	11,026	-	74,575
Material & equipment	55,893	2,806	-	58,699
Security system	11,940	863	-	12,803
Signs	5,311	620	-	5,931
<b>Madawaska Maliseet Economic Development Corp.</b>				
Land improvements, roads & underground network	1,178,026	804,788	-	1,982,814
Material & equipment	10,735	4,155	-	14,890
Signs	118,925	49,882	-	168,807
	8,448,530	1,559,984	17,000	9,991,514
<b>Unamortized balance</b>	25,076,717			30,099,620

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2016

<b>12. Accumulated surplus</b>	<b>2016</b>	<b>2015</b>
	\$	\$
Accumulated surplus consists of:		
Invested in tangible capital assets (note 13)	20,235,260	17,643,194
Restricted cash		
Trust funds held by federal government (note 3)	762,736	698,754
Reserve funds, Section 95 (note 4)	86,719	146,785
Unrestricted surplus (note 14)	9,253,910	8,464,253
	<b>30,338,625</b>	<b>26,952,987</b>
<b>13. Invested in tangible capital assets</b>	<b>2016</b>	<b>2015</b>
	\$	\$
Tangible capital assets	31,659,604	25,076,717
Loans related to investment in tangible capital assets		
Loan on demand (note 6)	(5,750,008)	(657,955)
Long-term debt (note 9)	(5,674,336)	(6,775,568)
Invested in tangible capital assets	<b>20,235,260</b>	<b>17,643,194</b>
<b>14. Unrestricted surplus</b>	<b>2016</b>	<b>2015</b>
	\$	\$
Unrestricted surplus, beginning of year	8,464,253	6,597,381
Annual surplus (page 3)	6,311,638	5,500,481
Treaty credit allocated to Band members	(2,926,000)	(1,740,000)
Annual surplus invested in tangible capital assets (note 13)	(2,592,066)	(1,813,222)
Annual surplus invested in restricted cash	(3,915)	(80,387)
Unrestricted surplus, end of year	<b>9,253,910</b>	<b>8,464,253</b>

**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 2,182,109 \$, as at August 8, 2016, 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, 2016

---

**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 41,638 \$ (36,412 \$ in 2014/15) for retirement benefits.

**17. Transactions with related parties**

---

During the fiscal year ended on March 31, 2016, 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 interests 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**

---

As at August 23rd, 2016 there were no significant subsequent events.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2016

22. Government transfers				2015		
	Operating	Capital	Total	Operating	Capital	Total
	\$	\$	\$	\$	\$	\$
Federal government transfers						
AANDC	1,598,504	73,478	1,671,982	1,378,401	1,071,975	2,450,376
• Funding recovered	(28,625)	-	(28,625)	-	-	-
• Unexpended from previous years	-	-	-	15,079	-	15,079
Health Canada	344,540	-	344,540	331,094	-	331,094
• Unexpended from previous years	-	-	-	15,499	-	15,499
CMHC & RRAP	89,994	-	89,994	86,631	-	86,631
Department of Fisheries & Oceans	85,720	105,000	190,720	85,720	100,000	185,720
Aboriginal Head Start On Reserve	31,709	-	31,709	31,793	-	31,793
ASETS program	87,785	-	87,785	87,785	-	87,785
FN Education Initiative	11,972	-	11,972	8,577	-	8,577
FN Land Management Ressource	16,750	-	16,750	55,250	-	55,250
Canadian Environmental Agency	8,880	-	8,880	-	-	-
Department Training & Employment	3,200	-	3,200	-	-	-
Total Federal government transfers	2,250,429	178,478	2,428,907	2,095,829	1,171,975	3,267,804
Provincial government transfers	140,515	5,000	145,515	74,150	-	74,150
	2,390,944	183,478	2,574,422	2,169,979	1,171,975	3,341,954
23. Expenses by object				2016	2015	
				\$	\$	
Salaries and fringe benefits						
Band's operations				1,489,176	1,213,911	
Band-owned businesses				638,335	636,869	
Honoraria chief and councillors				90,000	90,000	
Pension plan				42,263	37,037	
Interest on long-term debt				463,018	310,383	
Professional services				278,728	204,701	
Water, sewage and electricity				279,358	279,276	
Other				1,576,840	1,387,242	
Amortization				1,559,984	1,369,666	
				6,417,702	5,529,085	
24. Annual surplus net of capital related revenues and amortization				2016	2015	
				\$	\$	
Annual surplus				6,311,638	5,500,481	
Capital related revenues included in annual surplus:						
Federal government transfers for capital (note 22)				(178,478)	(1,171,975)	
Provincial government transfers for capital (note 22)				(5,000)	-	
				(183,478)	(1,171,975)	
Amortization expense included in annual surplus				1,559,984	1,369,666	
Annual surplus (deficit) net of capital related revenues and amortization				7,688,144	5,698,172	

## MADAWASKA MALISEET FIRST NATION NEW BRUNSWICK

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2016

## 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	2016	2015	Budget	2016	2015	Budget	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$
	(unaudited)			(unaudited)			(unaudited)		
<b>Revenues</b>									
Federal government operating transfers	311,119	344,540	346,593	231,668	231,668	226,929	72,802	72,802	71,313
Federal government capital transfers	-	-	-	-	-	-	-	-	-
Provincial government operating transfers	-	-	-	-	-	-	-	-	-
Provincial government capital transfers	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	311,119	344,540	346,593	231,668	231,668	226,929	72,802	72,802	71,313
<b>Expenses</b>									
Salaries and fringe benefits	270,000	271,307	262,424	329,000	366,818	313,107	91,015	179,615	79,748
Other expenses	239,102	274,713	249,896	363,100	389,473	355,243	348,600	344,721	324,094
Debt servicing (interest)	-	-	-	232,400	236,270	263,283	-	-	-
Amortization	13,225	14,807	16,883	25,233	28,251	30,537	171,280	191,769	185,048
<b>Total Expenses</b>	522,327	560,827	529,203	949,733	1,020,812	962,170	610,895	716,105	588,890
<b>Annual surplus (deficit)</b>	(211,208)	(216,287)	(182,610)	(718,065)	(789,144)	(735,241)	(538,093)	(643,303)	(517,577)

## MADAWASKA MALISEET FIRST NATION NEW BRUNSWICK

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2016

## 24. Segment Disclosure (...continuation)

	Housing		Education		Social Services	
	Budget \$ (unaudited)	2016 \$	Budget \$ (unaudited)	2016 \$	Budget \$ (unaudited)	2015 \$
<b>Revenues</b>						
Federal government operating transfers	88,750	89,994	666,107	670,579	256,970	251,713
Federal government capital transfers	-	-	-	-	-	-
Provincial government operating transfers	-	-	72,350	73,015	-	-
Provincial government capital transfers	-	-	-	-	-	-
Other revenues	94,750	95,168	-	-	-	-
<b>Total Revenues</b>	183,500	185,162	738,457	743,594	256,970	251,713
<b>Expenses</b>						
Salaries and fringe benefits	62,000	65,670	68,600	70,001	44,000	44,116
Other expenses	351,300	335,952	995,100	1,200,401	176,000	167,328
Debt servicing (interest)	41,518	41,780	-	-	-	-
Amortization	148,577	166,351	23,732	26,571	3,882	4,698
<b>Total Expenses</b>	603,395	609,753	1,087,432	1,296,973	223,882	216,142
<b>Annual surplus (deficit)</b>	(419,895)	(424,591)	(348,975)	(553,379)	33,088	35,571

## MADAWASKA MALISEET FIRST NATION NEW BRUNSWICK

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31, 2016

## 24. Segment Disclosure (...continuation)

	Other subsidized programs			Provincial tax rebates, V.L.T. * & B.O.B. *			Total	
	Budget \$ (unaudited)	2016 \$	2015 \$	Budget \$ (unaudited)	2016 \$	2015 \$	2016 \$	2015 \$
<b>Revenues</b>								
Federal government operating transfers	275,667	583,876	458,939	-	-	-	2,250,429	2,095,829
Federal government capital transfers	73,478	178,478	1,171,975	-	-	-	178,478	1,171,975
Provincial government operating transfers	-	67,500	-	-	-	-	140,515	74,150
Provincial government capital transfers	-	5,000	-	-	-	-	5,000	-
Other revenues	288,196	409,398	295,941	15,191,095	15,522,676	12,909,564	16,027,242	13,292,051
<b>Total Revenues</b>	637,341	1,244,252	1,926,855	15,191,095	15,522,676	12,909,564	18,601,664	16,634,005
<b>Expenses</b>								
Salaries and fringe benefits	282,205	487,415	357,451	692,069	638,335	636,869	2,127,511	1,850,780
Other expenses	189,599	457,726	248,838	4,995,190	4,953,853	4,893,609	8,139,513	7,602,695
Debt servicing (interest)	-	-	-	316,000	184,968	-	463,018	310,383
Amortization	195,208	218,560	218,471	812,172	909,329	727,584	1,559,984	1,369,666
<b>Total Expenses</b>	667,012	1,163,701	824,760	6,815,431	6,686,485	6,258,062	12,290,026	11,133,524
<b>Annual surplus (deficit)</b>	(29,671)	80,551	1,102,095	8,375,664	8,836,191	6,651,502	6,311,638	5,500,481

\* V.L.T.: «Video Lottery Terminal»

\* B.O.B.: «Band-Owned Businesses»