

Montana First Nation
Consolidated Financial Statements
March 31, 2016

Montana First Nation

CONTENTS

| | <u>Page</u> |
|--|-------------|
| MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING | 1 |
| INDEPENDENT AUDITORS' REPORT | 2 |
| Consolidated Statement of Financial Position | 3 |
| Consolidated Statement of Financial Activities | 4 |
| Consolidated Statement of Change in Net Financial Assets | 5 |
| Consolidated Statement of Cash Flows | 6 |
| Consolidated Statement of Changes in Accumulated Surplus - Schedule 1 | 7 |
| Consolidated Statement of Tangible Capital Assets - Schedule 2 | 8 |
| Consolidated Statement of Financial Activities by Program - Schedule 3 | 9 |
| Consolidated Statement of Expenditures by Object - Schedule 4 | 10 |
| Notes to the Consolidated Financial Statements | 11 - 18 |

Montana First Nation

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Montana First Nation are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgment. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Montana First Nation maintains systems of internal accounting and administrative controls of high quality. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

The First Nation's Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The consolidated financial statements have been audited by Doyle & Company in accordance with Canadian auditing standards on behalf of the members.

Original signed by _____ Chief

_____ Band Administrator

Original signed by _____ Chief Financial Officer

Allan J. Grykuliak, C.A.*

Scott T. Mockford, C.A.*

* Operates as a Professional Corporation

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INDEPENDENT AUDITORS' REPORT

To the Chief and Council

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Montana First Nation**, which comprise the statement of financial position as at March 31, 2016 and the statements of financial activities, change in net financial assets, cash flows, change in accumulated surplus, tangible capital assets, financial activities by program and expenditures by object 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

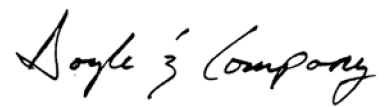
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Montana First Nation 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.

Edmonton, Alberta

August 4, 2016



Chartered Accountants

Montana First Nation
Consolidated Statement of Financial Position
As at March 31, 2016

| | 2016 \$ | 2015 \$ |
|--|-------------------|-------------------|
| FINANCIAL ASSETS | | |
| Restricted cash (Note 3) | 564,836 | 462,994 |
| Accounts receivable (Note 4) | 2,179,864 | 1,090,146 |
| Investments (Note 5) | 1,198,200 | 1,916,774 |
| Investment in First Nation controlled enterprises (Note 6) | 2,341,635 | 2,348,968 |
| | 6,284,535 | 5,818,882 |
| LIABILITIES | | |
| Bank indebtedness (Note 7) | 850,181 | 417,368 |
| Accounts payable | 1,865,860 | 925,921 |
| Deferred revenue (Note 8) | 1,002,921 | 87,485 |
| Replacement reserve | 600,130 | 600,130 |
| Long-term liabilities (Note 9) | 1,446,212 | 1,658,909 |
| Obligations under capital lease (Note 10) | 129,697 | 168,420 |
| | 5,895,001 | 3,858,233 |
| NET FINANCIAL ASSETS | 389,534 | 1,960,649 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 2) | 12,371,691 | 9,343,439 |
| ACCUMULATED SURPLUS (Schedule 1 and Note 14) | 12,761,225 | 11,304,088 |

Approved by:

Original signed by _____ Chief

_____ Band Administrator

Original signed by _____ Chief Financial Officer

Montana First Nation
Consolidated Statement of Financial Activities
For the year ended March 31, 2016

| | 2016 Budget \$ | 2016 Actual \$ | 2015 Actual \$ |
|--|----------------------|----------------------|----------------------|
| REVENUE | | | |
| Indigenous and Northern Affairs Canada | 5,558,891 | 5,282,438 | 5,450,393 |
| Aboriginal Skills and Employment Training Strategy | 284,239 | 602,603 | 423,935 |
| Canada Housing and Mortgage Corporation | 44,354 | 159,161 | 169,226 |
| First Nation Development Fund | 394,000 | 569,712 | 466,749 |
| Health Canada | 403,993 | 411,738 | 383,909 |
| Trust Funds | | | |
| Revenue | 82,400 | 80,000 | 80,000 |
| Interest income | - | 12 | 170,318 |
| Other revenue | 1,537,178 | 1,586,691 | 1,615,466 |
| Revenue deferred from previous period | - | 87,485 | 291,266 |
| Revenue deferred to subsequent period | - | (1,002,920) | (87,485) |
| | 8,305,055 | 7,776,920 | 8,963,777 |
| EXPENDITURES | | | |
| Aboriginal Skills and Employment Training | 553,719 | 274,754 | 315,848 |
| Administration | 1,124,881 | 1,365,873 | 1,354,116 |
| Akamihk Community Development Society | - | 166,003 | 75,442 |
| Alberta Government | 265,480 | 266,944 | 127,750 |
| Capacity Consultation | 392,525 | 202,075 | 292,720 |
| Canada Mortgage and Housing Corporation | 95,000 | 118,726 | 127,999 |
| Community Services and Elders | 107,400 | 110,694 | 101,184 |
| Economic Development | - | 197,929 | 179,832 |
| Education - Community School | 1,354,381 | 1,676,249 | 1,826,930 |
| Education - Post Secondary | - | 308,417 | 300,221 |
| Education - Summer Students | - | 13,292 | 15,976 |
| Health Services | 429,868 | 394,810 | 384,181 |
| Housing | - | 558,171 | 552,312 |
| Public Works | 2,341,988 | 1,212,714 | 891,332 |
| Recreation | - | 81,579 | 100,749 |
| Recovery - Deficit | 350,000 | 1,249 | 9,367 |
| Social Services | 1,780,418 | 1,670,486 | 1,545,793 |
| | 8,795,660 | 8,619,965 | 8,201,752 |
| Excess of Revenue Over Expenditures | | | |
| Before Other Revenue (Expenditures) | (490,605) | (843,045) | 762,025 |
| Other Revenue (Expenditures) | | | |
| Capital funding | | | |
| Indigenous and Northern Affairs Canada | - | 2,967,841 | - |
| Amortization | - | (754,540) | (668,562) |
| | - | 2,213,301 | (668,562) |
| EXCESS OF REVENUE OVER EXPENDITURES | (490,605) | 1,370,256 | 93,463 |

The accompanying notes form part of these financial statements.

Montana First Nation

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31, 2016

| | 2016 \$ | 2015 \$ |
|--|--------------------|------------------|
| EXCESS OF REVENUES OVER EXPENDITURES | 1,457,137 | 51,141 |
| Acquisition of tangible capital assets | (3,782,792) | (1,041,338) |
| Amortization of tangible capital assets | 754,540 | 668,562 |
| | (3,028,252) | (372,776) |
| DECREASE IN NET FINANCIAL ASSETS | (1,571,115) | (321,635) |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | 1,960,649 | 2,282,284 |
| NET FINANCIAL ASSETS, END OF YEAR | 389,534 | 1,960,649 |

The accompanying notes form part of these financial statements.

Montana First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

| | 2016 \$ | 2015 \$ |
|--|--------------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from funding agencies and customers | 7,602,638 | 8,641,340 |
| Cash paid to suppliers | (4,009,294) | (7,178,322) |
| | 3,593,344 | 1,463,018 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Decrease in long-term obligations, net | (212,697) | (240,413) |
| Decrease in obligations under capital lease | (38,723) | (36,041) |
| | (251,420) | (276,454) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of capital assets | (3,782,792) | (1,041,338) |
| Decrease in investment on controlled entities | 7,333 | 146,830 |
| | (3,775,459) | (894,508) |
| INCREASE (DECREASE) IN CASH DURING THE YEAR | (433,535) | 292,056 |
| BANK INDEBTEDNESS - Beginning of year | (417,368) | (709,424) |
| BANK INDEBTEDNESS - End of year | (850,903) | (417,368) |

The accompanying notes form part of these financial statements.

Montana First Nation
Schedule of Changes in Accumulated Surplus - Schedule 1
For the year ended March 31, 2016

| | Unrestricted Surplus \$ | Equity in Tangible Capital Assets \$ | Equity in Enterprise Fund \$ | Equity in Trust Funds \$ | 2016 \$ | 2015 \$ |
|--|-------------------------------|--|------------------------------------|--------------------------------|-------------------|-------------------|
| Balance, Beginning of Year | 976,738 | 7,516,110 | 2,348,968 | 462,272 | 11,304,088 | 11,252,947 |
| Excess of revenue over expenditures | 1,370,256 | - | (12,082) | 98,963 | 1,457,137 | 51,141 |
| Current years funds advanced to (from) subsidiaries | (4,749) | - | 4,749 | - | - | - |
| Current years funds used for tangible capital assets | (3,782,792) | 3,782,792 | - | - | - | - |
| Annual amortization expense | 754,540 | (754,540) | - | - | - | - |
| Long-term liabilities repaid | (251,420) | 251,420 | - | - | - | - |
| Change in accumulated surplus | (1,914,165) | 3,279,672 | (7,333) | 98,963 | 1,457,137 | 51,141 |
| Balance, End of Year | (937,427) | 10,795,782 | 2,341,635 | 561,235 | 12,761,225 | 11,304,088 |

The accompanying notes form part of these financial statements.

Montana First Nation
Consolidated Statement of Tangible Capital Assets - Schedule 2
For the year ended March 31, 2016

| | Land \$ | Automotive \$ | Buildings \$ | Equipment \$ | Infrastructure \$ | 2016 \$ | 2015 \$ |
|--|---------------|------------------|------------------|-----------------|----------------------|-------------------|------------------|
| COST: | | | | | | | |
| Balance, Beginning of Year | 14,600 | 1,658,864 | 26,957,667 | 2,545,481 | 2,007,533 | 33,184,145 | 32,142,807 |
| Acquisition of tangible capital assets | - | - | 319,373 | - | 3,463,419 | 3,782,792 | 1,041,338 |
| Balance, End of Year | 14,600 | 1,658,864 | 27,277,040 | 2,545,481 | 5,470,952 | 36,966,937 | 33,184,145 |
| ACCUMULATED AMORTIZATION: | | | | | | | |
| Balance, Beginning of Year | - | 1,244,046 | 20,291,865 | 1,930,659 | 374,136 | 23,840,706 | 23,172,143 |
| Annual amortization | - | 124,449 | 341,274 | 120,562 | 168,255 | 754,540 | 668,563 |
| Balance, End of Year | - | 1,368,495 | 20,633,139 | 2,051,221 | 542,391 | 24,595,246 | 23,840,706 |
| NET BOOK VALUE | 14,600 | 290,369 | 6,643,901 | 494,260 | 4,928,561 | 12,371,691 | 9,343,439 |

The accompanying notes form part of these financial statements.

Montana First Nation

Consolidated Statement of Financial Activities by Program - Schedule 3

For the year ended March 31, 2016

| | | | 2016 | | | 2015 |
|--|-----------|-----------|------------|--------------|-----------|-----------|
| | INAC | Other | Total | Total | Surplus | Surplus |
| | Revenue | | Revenue | Expenditures | (Deficit) | (Deficit) |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Aboriginal Skills and Employment Training Strategy | - | 286,185 | 286,185 | 274,754 | 11,431 | (29,379) |
| Administration | 539,598 | 585,013 | 1,124,611 | 1,365,873 | (241,262) | 244,818 |
| Akamihk Community Development Society | - | 174,979 | 174,979 | 166,003 | 8,976 | (10,854) |
| Alberta Government Programs | - | 266,944 | 266,944 | 266,944 | - | 11,950 |
| Capacity Consultation | - | 202,075 | 202,075 | 202,075 | - | - |
| Canada Mortgage and Housing Corporation | - | 305,412 | 305,412 | 118,726 | 186,686 | 84,976 |
| Community Services and Elders | - | 105,000 | 105,000 | 110,694 | (5,694) | (21,184) |
| Economic Development | 197,929 | - | 197,929 | 197,929 | - | - |
| Education - Community School | 1,048,378 | 485,134 | 1,533,512 | 1,676,249 | (142,737) | (153,192) |
| Education - Post Secondary | 308,417 | - | 308,417 | 308,417 | - | (379) |
| Education - Summer Students | 13,292 | - | 13,292 | 13,292 | - | (3,187) |
| Health Services | - | 440,488 | 440,488 | 394,810 | 45,678 | 92,745 |
| Housing | 165,000 | 99,000 | 264,000 | 558,171 | (294,171) | (240,262) |
| Public Works | 4,120,848 | (324,803) | 3,796,045 | 1,212,714 | 2,583,331 | 730,823 |
| Recreation | - | 83,001 | 83,001 | 81,579 | 1,422 | - |
| Recovery - Deficit | - | 683 | 683 | 1,249 | (566) | (8,892) |
| Social Services | 1,628,625 | 13,563 | 1,642,188 | 1,670,486 | (28,298) | 64,042 |
| | 8,022,087 | 2,722,674 | 10,744,761 | 8,619,965 | 2,124,796 | 762,025 |

The accompanying notes form part of these financial statements.

Montana First Nation

Consolidated Statement of Expenditures by Object - Schedule 4

For the year ended March 31, 2016

| | 2016 \$ | 2015 \$ |
|--------------------------------------|------------|------------|
| EXPENDITURES | | |
| Bad debts | 41,045 | 47,971 |
| Bank charges and short term interest | 27,210 | 39,318 |
| Materials, goods and utilities | 628,999 | 439,263 |
| Professional fees | 296,120 | 411,034 |
| Program costs | 2,928,028 | 3,080,492 |
| Repairs and maintenance | 649,167 | 704,946 |
| Training | 714,640 | 504,968 |
| Travel | 64,378 | 92,313 |
| Wages and employee benefits | 3,270,378 | 2,881,447 |
| | 8,619,965 | 8,201,752 |

The accompanying notes form part of these financial statements.

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2016

NATURE OF OPERATIONS

Montana First Nation provides local government, education and social development services to its members and was established under the Indian Act (Canada)

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements include the assets, liabilities, and results of operations of Montana First Nation (the "First Nation") and all related entities and organizations subject to control by Chief and Council. No inclusion has been made of assets, liabilities, revenues or expenses of First Nations members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of Chief and Council.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government, as established by the Public Sector Accounting and Audit Boards ("PSAB"), which encompasses the following principles:

(a) Fund Accounting

Montana First Nation utilizes fund accounting procedures, which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. Montana First Nation has established the following funds:

- The Operating Fund which reports the general activities of the General Administration.
- The Tangible Capital Fund which reports the capital assets of Montana First Nation together with their related assets and liabilities.
- The Enterprise Fund which reports the investments in related entities as well as on and off reserve business operations.
- The Trust Fund which reports on trust funds owned by Montana First Nation and held by third parties.
- The CMHC Housing Fund which reports the CMHC project housing assets of the Montana First Nation together with related activities.

(b) Reporting Entity and Principles of Financial Reporting

The Montana First Nation reporting entity includes the Montana First Nation's government and all related entities which are accountable to the First Nation and are either owned or controlled by the Montana First Nation.

Investments in wholly-owned incorporated subsidiaries of Montana First Nation are accounted for by the equity method. The equity method initially records the investment at cost and the carrying value thereafter is adjusted for the investor's pro-rata share of post acquisition earnings or losses of the subsidiary. The companies that Montana First Nation owns are as follows:

- Colchester Holdings Ltd.
- 1560750 Alberta Ltd. (Bobtail Construction)

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

(c) Revenue Recognition

Government transfers and grant revenue are recognized as the First Nations becomes entitled to the funding under the terms of applicable funding agreements and are recorded in the period in which the recourses are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for the purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Other revenue, including rent and lease revenue, sales of goods and provision of services are recognized in the period the goods or services are provided and the related proceeds are received or receivable.

(d) Investments

Investments are recorded at fair market value.

(e) Trust Funds

The Ottawa Trust Account arises from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. This fund is held in trust in the Consolidated Revenue Fund of the Government of Canada and is subject to audit by the Office of the Auditor General of Canada. The management of this fund is primarily governed by Sections 63 to 69 of the Indian Act.

First Nation trust funds are included as revenue in these statements only to the extent they have been received from the First Nation's trust funds.

(f) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a declining balance basis over the estimated useful life as follows:

| | |
|--------------------------|-----|
| Feedlot | 5% |
| Buildings | 5% |
| Administration equipment | 20% |
| School equipment | 30% |
| Automotive | 30% |

Annual amortization is charged in the year of acquisition and not in the year of disposal.

Assets under construction are not amortized until the asset is available for productive use.

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - continued

(g) Financial Instruments

The Nation's financial instruments consist of cash, trust funds, accounts receivable, investments, accounts payable, deferred revenue and long-term liabilities. Unless otherwise noted, it is management's opinion that the Nation is not exposed to significant market or currency risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Credit Risk

The Nation is exposed to credit risk to the extent of non-collection of accounts receivable and loans to Band members. Management is of the opinion that the risk of non-collection of accounts receivable is low since the majority of accounts receivable are from the Government of Canada.

Interest Rate Risk

The Nation is exposed to risk that the fair value of financial instruments or future cash flows associated with the instrument will fluctuate due to changes in market interest rates.

(h) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. ECONOMIC DEPENDENCE

The Montana First Nation receives a major portion of its revenues pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

3. RESTRICTED CASH

| | 2016 | 2015 |
|-------------------------------|----------------|-------------|
| | \$ | \$ |
| Trust Funds | | |
| Band Capital | 323,737 | 281,547 |
| Band Revenue | 237,498 | 180,725 |
| First Nation Development Fund | 3,601 | 722 |
| | 564,836 | 462,994 |

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2016

4. ACCOUNTS RECEIVABLE

| | 2016 | 2015 |
|---|-----------|-----------|
| | \$ | \$ |
| Government Agencies | | |
| Indigenous and Northern Affairs Canada | 1,347,951 | 341,296 |
| First Nation Development Fund | 177,340 | 316,749 |
| Alberta Government | 55,200 | 9,920 |
| Canada Housing and Mortgage Corporation | 40,973 | 20,305 |
| Health Canada | 11,091 | 126,338 |
| Six Independent Alberta First Nations | 95,625 | 11,768 |
| Trust Funds | 220,000 | 140,000 |
| Member loans | 106,493 | 100,616 |
| Other receivables | 185,282 | 83,245 |
| Less: Allowance for doubtful accounts | (60,091) | (60,091) |
| | 2,179,864 | 1,090,146 |

5. INVESTMENTS

Investments represent a guaranteed investment certificate that matures in September, 2016 and earns interest at 0.9%.

6. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES

| | 2016 | 2015 |
|--|-----------|-----------|
| | \$ | \$ |
| Colchester Holdings Ltd. - 100% interest | | |
| Shares | 5 | 5 |
| Advances | 2,483,405 | 2,478,656 |
| Accumulated deficit in earnings | (70,940) | (70,940) |
| | 2,412,470 | 2,407,721 |
| Bobtail Construction Ltd. - 100% interest | | |
| Shares | 5 | 5 |
| Advances | 79,995 | 79,995 |
| Accumulated surplus in earnings | (150,835) | (138,753) |
| | (70,835) | (58,753) |
| | 2,341,635 | 2,348,968 |

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2016

6. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES - continued

Unaudited financial information for each of the entities for their respective March 31, 2016 years ended are as follows:

| | Assets | Liabilities | Revenues | Net Earnings (Loss) |
|---------------------------|-----------|-------------|----------|------------------------|
| | \$ | \$ | \$ | \$ |
| Colchester Holdings Ltd. | 2,463,638 | 2,534,574 | 210,885 | - |
| Bobtail Construction Ltd. | 53,465 | 204,295 | 57,443 | (12,082) |

7. BANK INDEBTEDNESS

The First Nation has a bank overdraft protection with CIBC operating account in the amount of \$750,000 and CIBC social services account in the amount of \$150,000 both bearing interest at prime (2.7%) plus 1%.

8. DEFERRED REVENUE

| | 2016 \$ | 2015 \$ |
|---|------------------|---------------|
| Indigenous and Northern Affairs Canada Capital Funding - Water Treatment | 555,830 | - |
| First Nation Development Fund | 92,340 | 60,000 |
| Alberta Government Funding | 354,751 | 27,485 |
| | 1,002,921 | 87,485 |

9. LONG-TERM LIABILITIES

| | 2016 \$ | 2015 \$ |
|--|------------|------------|
| Mortgage repayable in monthly instalments of \$1,158 including interest at 4.84%, secured by a Ministerial Guarantee, maturing April 1, 2016 | 27,491 | 39,744 |
| Mortgage repayable in monthly instalments of \$1,206 including interest at 4.89%, secured by a Ministerial Guarantee, maturing July 1, 2016 | 7,136 | 20,901 |
| Mortgage repayable in monthly instalments of \$2,257 including interest at 4.00%, secured by a Ministerial Guarantee, maturing October 1, 2016 | 24,341 | 49,905 |
| Mortgage repayable in monthly instalments of \$1,704 including interest at 4.99%, secured by a Ministerial Guarantee, maturing August 1, 2017 | 27,916 | 46,481 |

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2016

| 9. LONG-TERM LIABILITIES - continued | 2016 \$ | 2015 \$ |
|---|------------------|------------|
| Mortgage repayable in monthly instalments of \$2,327 including interest at 4.85%, secured by a Ministerial Guarantee, maturing January 1, 2018 | 48,909 | 73,830 |
| Mortgage repayable in monthly instalments of \$1,291 including interest at 5.14%, secured by a Ministerial Guarantee, maturing June 1, 2018 | 32,872 | 46,319 |
| Mortgage repayable in monthly instalments of \$1,003 including interest at 5.14%, secured by a Ministerial Guarantee, maturing June 1, 2018 | 25,542 | 35,991 |
| Mortgage repayable in monthly instalments of \$2,371 including interest at 4.79%, secured by a Ministerial Guarantee, maturing June 1, 2020 | 172,606 | 191,986 |
| Mortgage repayable in monthly instalments of \$1,258 including interest at 4.79%, secured by a Ministerial Guarantee, maturing March 1, 2021 | 107,964 | 116,791 |
| Mortgage repayable in monthly instalments of \$1,375 including interest at 4.74%, secured by a Ministerial Guarantee, maturing April 1, 2017 | 129,822 | 151,054 |
| Mortgage repayable in monthly instalments of \$1,528 including interest at 4.84%, secured by a Ministerial Guarantee, maturing April 1, 2016 | 139,709 | 139,976 |
| Mortgage repayable in monthly instalments of \$1,648 including interest at 4.74%, secured by a Ministerial Guarantee, maturing April 1, 2017 | 165,732 | 177,433 |
| Mortgage repayable in monthly instalments of \$1,510 including interest at 4.74%, secured by a Ministerial Guarantee, maturing November 1, 2017 | 160,830 | 171,141 |
| Mortgage repayable in monthly instalments of \$3,613 including interest at 4.79%, secured by a Ministerial Guarantee, maturing March 1, 2021 | 375,342 | 397,357 |
| | 1,446,212 | 1,658,909 |

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2016

9. LONG-TERM LIABILITIES - continued

| | 2016 | 2015 |
|--|-------------|------------------|
| | \$ | \$ |
| Interest paid on long-term liabilities amounted to \$84,254 (2015 - \$94,316) during the year. | | |
| Future principal repayments on long-term liabilities are estimated as follows: | | |
| | | \$ |
| 2017 | | 217,112 |
| 2018 | | 178,156 |
| 2019 | | 120,294 |
| 2020 | | 117,752 |
| 2021 and thereafter | | 812,898 |
| | | 1,446,212 |

10. OBLIGATIONS UNDER CAPITAL LEASE

| | 2016 | | | 2015 |
|------------------------|----------------|-------------------------|------------------------|--------------------------|
| | Total | Deferred Finance | Current Portion | Long-Term Portion |
| | \$ | \$ | \$ | \$ |
| John Deere Credit Inc. | 138,208 | 8,511 | 41,605 | 88,092 |
| | | | | 168,420 |

The John Deere Credit Inc. obligation is due March, 2017 and is repayable over a five year period in monthly instalments of \$4,132 including interest charged at 7.2%.

The First Nation has pledged specific pieces of equipment as collateral for this obligation.

Interest paid on long-term liabilities amounted to \$10,865 (2015 - \$13,547) during the year.

Future annual lease payments are estimated as follows:

| | \$ |
|------|----------------|
| 2017 | 49,588 |
| 2018 | 88,620 |
| | 138,208 |

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2016

11. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2016 | 2015 |
|---|---------------------|--------------|
| | \$ | \$ |
| Tangible capital assets (Schedule 2) | 36,966,937 | 33,184,145 |
| Accumulated amortization (Schedule 2) | (24,595,246) | (23,840,706) |
| Long-term liabilities (Note 9) | (1,446,212) | (1,658,909) |
| Obligations under capital lease (Note 10) | (129,697) | (168,420) |
| | 10,795,782 | 7,516,110 |

12. EQUITY IN ENTERPRISE FUND

| | 2016 | 2015 |
|---|------------------|-------------|
| | \$ | \$ |
| Balance, beginning of year | 2,348,968 | 2,495,798 |
| Surplus (deficit) from subsidiary companies | (12,082) | (122,873) |
| Advances to (from) controlled entities | 4,749 | (23,957) |
| Balance, end of year | 2,341,635 | 2,348,968 |

13. EQUITY IN TRUST FUNDS

| | Capital | Revenue | Total |
|----------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Balance, beginning of year | 281,547 | 180,725 | 462,272 |
| Royalties | 1,672 | 20,535 | 22,207 |
| Interest | - | 10,176 | 10,176 |
| Other revenue | 40,518 | 26,062 | 66,580 |
| Balance, end of year | 323,737 | 237,498 | 561,235 |

14. ACCUMULATED SURPLUS

| | 2016 | 2015 |
|-----------------------------------|-------------------|-------------|
| | \$ | \$ |
| Unrestricted surplus | (937,427) | 976,738 |
| Equity in tangible capital assets | 10,795,782 | 7,516,110 |
| Equity in enterprise fund | 2,341,635 | 2,348,968 |
| Equity in trust funds | 561,235 | 462,272 |
| | 12,761,225 | 11,304,088 |