

**Montana First Nation
Consolidated Financial Statements
March 31, 2017**

Montana First Nation

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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 Administrator on behalf of 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

Original signed by

Band Administrator

Original signed by

Chief Financial Officer

Allan J. Grykuliak, CPA, CA*

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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, 2017 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.

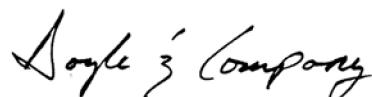
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta

August 2, 2017



Chartered Professional Accountants

Montana First Nation
Consolidated Statement of Financial Position
As at March 31, 2017

	2017 \$	2016 \$
FINANCIAL ASSETS		
Cash	2,776,042	-
Restricted cash (Note 3)	667,243	564,836
Accounts receivable (Note 4)	1,178,719	2,179,864
Investments (Note 5)	1,203,494	1,198,200
Investment in First Nation controlled enterprises (Note 6)	2,369,748	2,341,635
	8,195,246	6,284,535
LIABILITIES		
Bank indebtedness (Note 7)	-	850,181
Accounts payable	441,975	1,865,860
Deferred contributions (Note 8)	5,204,770	1,002,921
Replacement reserve	600,130	600,130
Long-term liabilities (Note 9)	1,226,332	1,446,212
Obligations under capital lease (Note 10)	-	129,697
	7,473,207	5,895,001
NET FINANCIAL ASSETS	722,039	389,534
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	15,615,649	12,371,691
ACCUMULATED SURPLUS (Schedule 1 and Note 14)	16,337,688	12,761,225

Approved by:

Original signed by _____ Chief

Original signed by _____ Band Administrator

Original signed by _____ Chief Financial Officer

Montana First Nation
Consolidated Statement of Financial Activities
For the year ended March 31, 2017

	2017 Budget \$	2017 Actual \$	2016 Actual \$
REVENUE			
Indigenous and Northern Affairs Canada	8,641,144	8,866,073	5,282,438
Aboriginal Skills and Employment Training Strategy	296,615	1,158,837	602,603
Canada Housing and Mortgage Corporation	182,000	156,260	159,161
First Nation Development Fund	343,401	555,411	569,712
Health Canada	354,953	357,826	411,738
Trust Funds			
Revenue	82,400	80,000	80,000
Interest income	-	201,682	162,548
Other revenue	1,418,021	2,432,694	1,424,155
Revenue deferred from previous period	-	1,002,920	87,485
Revenue deferred to subsequent period	-	(5,204,770)	(1,002,920)
	11,318,534	9,606,933	7,776,920
EXPENDITURES			
Aboriginal Skills and Employment Training	300,615	336,762	274,754
Administration	1,198,229	1,298,098	1,365,873
Akamihk Community Development Society	-	321,429	166,003
Alberta Government	-	408,637	266,944
Capacity Consultation	80,000	256,768	202,075
Canada Mortgage and Housing Corporation	281,000	61,383	118,726
Community Services and Elders	107,400	140,765	110,694
Economic Development	148,929	72,952	197,929
Education - Community School	2,035,412	1,861,205	1,676,249
Education - Post Secondary	323,092	346,410	308,417
Education - Summer Students	20,850	20,850	13,292
Health Services	354,953	378,527	394,810
Housing	-	818,382	558,171
Public Works	4,718,723	977,681	1,212,714
Recreation	-	81,880	81,579
Other Programs	-	60,131	1,249
Social Services	1,794,075	1,786,323	1,670,486
	11,363,278	9,228,183	8,619,965
Excess of Revenue Over Expenditures			
Before Other Revenue (Expenditures)	(44,744)	378,750	(843,045)
Other Revenue (Expenditures)			
Capital funding			
Indigenous and Northern Affairs Canada	-	3,981,882	2,967,841
Amortization	-	(866,454)	(754,540)
	-	3,115,428	2,213,301
EXCESS OF REVENUE OVER EXPENDITURES	(44,744)	3,494,178	1,370,256

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, 2017

	2017 \$	2016 \$
EXCESS OF REVENUES OVER EXPENDITURES	3,576,463	1,457,137
Acquisition of tangible capital assets	(4,170,699)	(3,782,792)
Proceeds on disposal of tangible capital assets	60,287	-
Amortization of tangible capital assets	866,454	754,540
	(3,243,958)	(3,028,252)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	332,505	(1,571,115)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	389,534	1,960,649
NET FINANCIAL ASSETS, END OF YEAR	722,039	389,534

Montana First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and customers	14,809,927	7,602,638
Cash paid to suppliers	(6,593,194)	(3,444,458)
	8,216,733	4,158,180
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in long-term obligations, net	(219,880)	(212,697)
Decrease in obligations under capital lease	(129,697)	(38,723)
	(349,577)	(251,420)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(4,170,699)	(3,782,792)
Proceeds on disposal of capital assets	60,286	-
Decrease in investment on controlled entities	(28,113)	7,333
	(4,138,526)	(3,775,459)
INCREASE IN CASH DURING THE YEAR	3,728,630	131,301
BANK INDEBTEDNESS - Beginning of year	(285,345)	(416,646)
CASH (BANK INDEBTEDNESS) - End of year	3,443,285	(285,345)
 Cash Consists of:		
Cash	2,776,042	-
Restricted cash	667,243	564,836
Bank indebtedness	-	(850,181)
	3,443,285	(285,345)

Montana First Nation
Schedule of Changes in Accumulated Surplus - Schedule 1
For the year ended March 31, 2017

	Unrestricted Surplus \$	Equity in Tangible Capital Assets \$	Equity in Enterprise Fund \$	Equity in Trust Funds \$	2017 \$	2016 \$
Balance, Beginning of Year	(937,427)	10,795,782	2,341,635	561,235	12,761,225	11,304,088
Excess of revenue over expenditures	3,494,178	-	-	82,285	3,576,463	1,457,137
Current years funds advanced to (from) subsidiaries	(28,113)	-	28,113	-	-	-
Current years funds used for tangible capital assets	(4,170,699)	4,170,699	-	-	-	-
Disposal of capital assets	60,282	(60,282)	-	-	-	-
Annual amortization expense	866,454	(866,454)	-	-	-	-
Long-term liabilities repaid	(349,572)	349,572	-	-	-	-
Change in accumulated surplus	(127,470)	3,593,535	28,113	82,285	3,576,463	1,457,137
Balance, End of Year	(1,064,897)	14,389,317	2,369,748	643,520	16,337,688	12,761,225

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, 2017

	Land \$	Automotive \$	Buildings \$	Equipment \$	Infrastructure \$	2017 \$	2016 \$
COST:							
Balance, Beginning of Year	14,600	1,658,864	27,277,040	2,545,481	5,470,952	36,966,937	33,184,145
Acquisition of tangible capital assets	-	-	-	-	4,170,699	4,170,699	3,782,792
Disposal of tangible capital assets	-	(295,400)	-	-	-	(295,400)	-
Balance, End of Year	14,600	1,363,464	27,277,040	2,545,481	9,641,651	40,842,236	36,966,937
ACCUMULATED AMORTIZATION:							
Balance, Beginning of Year	-	1,368,495	20,633,139	2,051,221	542,391	24,595,246	23,840,706
Annual amortization	-	87,114	332,195	96,449	350,696	866,454	754,540
Accumulated amortization on disposals	-	(235,113)	-	-	-	(235,113)	-
Balance, End of Year	-	1,220,496	20,965,334	2,147,670	893,087	25,226,587	24,595,246
NET BOOK VALUE	14,600	142,968	6,311,706	397,811	8,748,564	15,615,649	12,371,691

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, 2017

	INAC Revenue \$	Other \$	Total Revenue \$	Total Expenditures \$	Surplus (Deficit) \$	2016 Surplus (Deficit) \$
Aboriginal Skills and Employment Training Strategy	-	352,351	352,351	336,762	15,589	11,431
Administration	531,101	847,729	1,378,830	1,298,098	80,732	(241,262)
Akamihk Community Development Society	-	354,394	354,394	321,429	32,965	8,976
Alberta Government Programs	-	408,637	408,637	408,637	-	-
Capacity Consultation	18,750	238,018	256,768	256,768	-	-
Canada Mortgage and Housing Corporation	-	279,305	279,305	61,383	217,922	186,686
Community Services and Elders	-	105,000	105,000	140,765	(35,765)	(5,694)
Economic Development	72,952	-	72,952	72,952	-	-
Education - Community School	3,012,593	(1,155,534)	1,857,059	1,861,205	(4,146)	(142,737)
Education - Post Secondary	323,092	23,318	346,410	346,410	-	-
Education - Summer Students	94,511	(73,661)	20,850	20,850	-	-
Health Services	-	357,826	357,826	378,527	(20,701)	(11,627)
Housing	645,000	135,915	780,915	818,382	(37,467)	(294,171)
Public Works	6,476,626	(1,473,328)	5,003,298	977,681	4,025,617	(384,510)
Recreation	-	82,312	82,312	81,880	432	1,422
Other Programs	-	244,168	244,168	60,131	184,037	(566)
Social Services	1,673,330	14,410	1,687,740	1,786,323	(98,583)	(28,298)
	12,847,955	740,860	13,588,815	9,228,183	4,360,632	(900,350)

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, 2017

	2017 \$	2016 \$
EXPENDITURES		
Bad debts	69,984	41,045
Bank charges and short term interest	38,190	27,210
Materials, goods and utilities	381,149	628,999
Professional fees	266,649	296,120
Program costs	3,123,181	2,928,028
Repairs and maintenance	932,076	649,167
Training	993,370	714,640
Travel	65,436	64,378
Wages and employee benefits	3,358,148	3,270,378
	9,228,183	8,619,965

Montana First Nation

Notes to the Consolidated Financial Statements

March 31, 2017

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, 2017

**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 resources 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, 2017

**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES -
continued**

(g) Cash and Cash Equivalents

Cash and cash equivalents consist of bank accounts and temporary investments with maturities of three months or less.

(h) 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.

(i) 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

	2017	2016
	\$	\$
Trust Funds		
Band Capital	342,713	323,737
Band Revenue	300,807	237,498
First Nation Development Fund	23,723	3,601
	667,243	564,836

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2017

4. ACCOUNTS RECEIVABLE

	2017	2016
	\$	\$
Government Agencies		
Indigenous and Northern Affairs Canada	107,569	341,296
First Nation Development Fund	346,976	316,749
Alberta Government	249,845	9,920
Canada Housing and Mortgage Corporation	152,007	20,305
Health Canada	-	126,338
Six Independent Alberta First Nations	133,668	11,768
Trust Funds	-	140,000
Member loans	100,718	106,493
Other receivables	120,849	1,167,086
Less: Allowance for doubtful accounts	<u>(32,913)</u>	<u>(60,091)</u>
	1,178,719	2,179,864

5. INVESTMENTS

Investments represent a guaranteed investment certificate that matures in September, 2017 and earns interest at 0.8%.

6. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES

	2017	2016
	\$	\$
Colchester Holdings Ltd. - 100% interest		
Shares	5	5
Advances	2,511,518	2,483,405
Accumulated deficit in earnings	<u>(70,940)</u>	<u>(70,940)</u>
	2,440,583	2,412,470
Bobtail Construction Ltd. - 100% interest		
Shares	5	5
Advances	79,995	79,995
Accumulated surplus in earnings	<u>(150,835)</u>	<u>(150,835)</u>
	(70,835)	(70,835)
	2,369,748	2,341,635

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2017

6. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES - continued

Unaudited financial information for each of the entities for their respective March 31, 2017 years ended are as follows:

	Assets	Liabilities	Revenues	Net Earnings (Loss)
	\$	\$	\$	\$
Colchester Holdings Ltd.	2,513,509	2,584,445	231,481	-
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, a CIBC social services account in the amount of \$150,000 both bearing interest at prime (2.7%) plus 1% and a revolving term loan of \$100,000 for equipment purchases.

None of these facilities have been used in the year.

8. DEFERRED CONTRIBUTIONS

	2017	2016
	\$	\$
Indigenous and Northern Affairs Canada - capital projects		
Mould certification	30,000	-
Needs assessment	100,000	-
Housing policies	100,000	-
School solar energy	900,000	-
Meskanahk school repairs	500,000	-
Daycare solar energy	57,000	-
Solar farm	141,900	-
Firehall	1,700,000	-
Water system construction	367,102	555,830
Indigenous and Northern Affairs Canada - fixed		
Skills Link Program	73,661	-
First Nation Development Fund	95,000	92,340
Aboriginal Skills and Employment Training	163,333	-
Alberta Government Funding	976,774	354,751
	5,204,770	1,002,921

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2017

9. LONG-TERM LIABILITIES

	2017 \$	2016 \$
Mortgage repayable in monthly instalments of \$1,158 including interest at 4.84%, secured by a Ministerial Guarantee, maturing April 1, 2016	14,505	27,491
Mortgage repayable in monthly instalments of \$1,206 including interest at 4.89%, secured by a Ministerial Guarantee, maturing July 1, 2016	-	7,136
Mortgage repayable in monthly instalments of \$2,257 including interest at 4.00%, secured by a Ministerial Guarantee, maturing October 1, 2016	-	24,341
Mortgage repayable in monthly instalments of \$1,704 including interest at 4.99%, secured by a Ministerial Guarantee, maturing August 1, 2017	8,414	27,916
Mortgage repayable in monthly instalments of \$2,327 including interest at 4.85%, secured by a Ministerial Guarantee, maturing January 1, 2018	22,764	48,909
Mortgage repayable in monthly instalments of \$1,291 including interest at 5.14%, secured by a Ministerial Guarantee, maturing June 1, 2018	18,724	32,872
Mortgage repayable in monthly instalments of \$1,003 including interest at 5.14%, secured by a Ministerial Guarantee, maturing June 1, 2018	14,549	25,542
Mortgage repayable in monthly instalments of \$2,371 including interest at 4.79%, secured by a Ministerial Guarantee, maturing June 1, 2020	151,890	172,606
Mortgage repayable in monthly instalments of \$1,258 including interest at 4.79%, secured by a Ministerial Guarantee, maturing March 1, 2021	97,765	107,964
Mortgage repayable in monthly instalments of \$1,500.69 including interest at 6.95%, secured by a Ministerial Guarantee, maturing October 1, 2017	118,271	129,822
Mortgage repayable in monthly instalments of \$1,528 including interest at 6.95%, secured by a Ministerial Guarantee, maturing October 1, 2017	127,785	139,709
Mortgage repayable in monthly instalments of \$1,811 including interest at 6.95%, secured by a Ministerial Guarantee, maturing October 1, 2017	152,421	165,732
Mortgage repayable in monthly instalments of \$1,510 including interest at 4.74%, secured by a Ministerial Guarantee, maturing November 1, 2017	150,024	160,830

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2017

9. LONG-TERM LIABILITIES - continued

	2017	2016
	\$	\$
Mortgage repayable in monthly instalments of \$3,613 including interest at 4.79%, secured by a Ministerial Guarantee, maturing March 1, 2021	349,220	375,342
	1,226,332	1,446,212

Interest paid on long-term liabilities amounted to \$82,026 (2016 - \$84,254) during the year.

Future principal repayments on long-term liabilities are estimated as follows:

	\$
2018	176,763
2019	128,975
2020	128,067
2021	135,554
2022	143,491
2023 and thereafter	513,482
	1,226,332

10. OBLIGATIONS UNDER CAPITAL LEASE

	2017	2016			
	Total	Deferred	Current	Long-Term	Long-Term
	\$	\$	\$	\$	\$
John Deere Credit Inc.	-	-	-	-	129,697

The John Deere Credit Inc. obligation was due March, 2017.

Interest paid on long-term liabilities amounted to \$7,982 (2016 - \$10,865) during the year.

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2017

11. EQUITY IN TANGIBLE CAPITAL ASSETS

	2017 \$	2016 \$
Tangible capital assets (Schedule 2)	40,842,236	36,966,937
Accumulated amortization (Schedule 2)	(25,226,587)	(24,595,246)
Long-term liabilities (Note 9)	(1,226,332)	(1,446,212)
<u>Obligations under capital lease (Note 10)</u>	<u>-</u>	(129,697)
	14,389,317	10,795,782

12. EQUITY IN ENTERPRISE FUND

	2017 \$	2016 \$
Balance, beginning of year	2,341,635	2,348,968
Surplus (deficit) from subsidiary companies	-	(12,082)
Advances to controlled entities	28,113	4,749
Balance, end of year	2,369,748	2,341,635

13. EQUITY IN TRUST FUNDS

	Capital \$	Revenue \$	Total \$
Balance, beginning of year	323,737	237,498	561,235
Royalties	1,032	21,818	22,850
Interest	-	10,648	10,648
Other revenue	17,944	30,843	48,787
Balance, end of year	342,713	300,807	643,520

14. ACCUMULATED SURPLUS

	2017 \$	2016 \$
Unrestricted surplus	(1,064,897)	(937,427)
Equity in tangible capital assets	14,389,317	10,795,782
Equity in enterprise fund	2,369,748	2,341,635
Equity in trust funds	643,520	561,235
	16,337,688	12,761,225

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2017

15. CONTINGENT LIABILITIES

1. During 1997, an action was brought by Chevron Canada Resources against Her Majesty the Queen in Right of Canada, represented by Montana First Nation, Indian Oil and Gas Canada (IOGC) and three other Hobbema area Indian Bands. The Action alleges a mistaken overpayment to Indian Bands of approximately \$10 million in royalties on gas production under an oil and gas lease with the Indian Bands during the period January 1, 1991 to October 31, 1996.

Montana First Nation has filed a defence denying liability to Chevron on the grounds set out in their Statement of Defence and filed a counterclaim against Chevron.

In addition, the Montana First Nation has filed a Counterclaim against the Crown, so that if Montana is in any way liable to Chevron, then they claim to be entitled to indemnity and contribution from Her Majesty the Queen.

2. The Crown has brought a Third Party Claim against Montana Tribe seeking reimbursement on a claim against the Crown by Louis Bull Tribe. The claim for reimbursement is \$4,000,000 but it is against Samson, Ermineskin and Montana.

The outcome and potential liability to the First Nation from this action, has been determined to be nil.