

**Montana First Nation
Consolidated Financial Statements
March 31, 2018**

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

DOYLE & COMPANY
CHARTERED PROFESSIONAL
ACCOUNTANTS

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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, 2018 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.

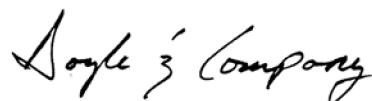
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Edmonton, Alberta

July 31, 2018



Chartered Professional Accountants

Montana First Nation
Consolidated Statement of Financial Position
As at March 31, 2018

	2018 \$	2017 \$
FINANCIAL ASSETS		
Cash	-	2,776,042
Restricted cash (Note 3)	1,113,261	667,243
Accounts receivable (Note 4)	1,629,625	1,178,719
Investments (Note 5)	1,213,122	1,203,494
Investment in First Nation controlled enterprises (Note 6)	2,722,008	2,369,748
	6,678,016	8,195,246
LIABILITIES		
Bank indebtedness (Note 7)	871,223	-
Accounts payable	765,571	441,975
Deferred contributions (Note 8)	2,143,325	5,204,770
Replacement reserve	661,959	600,130
Long-term liabilities (Note 9)	1,052,111	1,226,332
	5,494,189	7,473,207
NET FINANCIAL ASSETS	1,183,827	722,039
NON-FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	18,605,208	15,615,649
ACCUMULATED SURPLUS (Schedule 1 and Note 13)	19,789,035	16,337,688

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, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
REVENUE			
Indigenous and Northern Affairs Canada	4,423,362	6,571,979	12,847,955
Aboriginal Skills and Employment Training Strategy	302,094	608,521	1,158,837
Canada Housing and Mortgage Corporation	128,000	100,928	156,260
First Nation Development Fund	198,000	455,422	555,411
Health Canada	426,302	1,625,371	357,826
Trust Funds			
Revenue	-	80,000	80,000
Interest income	-	290,096	201,682
Other revenue	917,857	1,712,560	2,432,694
Revenue deferred from previous period	451,773	5,204,770	1,002,920
Revenue deferred to subsequent period	-	(2,143,325)	(5,204,770)
	6,847,388	14,506,322	13,588,815
EXPENDITURES			
Aboriginal Skills and Employment Training	302,094	469,778	336,762
Administration	1,215,560	2,415,212	2,164,552
Akamihk Community Development Society	-	318,682	321,429
Alberta Government	-	419,519	408,637
Capacity Consultation	458,112	284,420	256,768
Canada Mortgage and Housing Corporation	107,000	123,935	61,383
Community Services and Elders	-	138,703	140,765
Economic Development	-	73,219	72,952
Education - Community School	1,936,419	1,770,399	1,861,205
Education - Post Secondary	-	373,530	346,410
Education - Summer Students	142,160	129,192	20,850
Health Services	426,302	444,174	378,527
Housing	524,984	911,063	818,382
Other Programs	-	71,948	60,131
Public Works	-	1,363,944	977,681
Recreation	-	91,890	81,880
Social Services	1,678,262	1,759,871	1,786,323
	6,790,893	11,159,479	10,094,637
EXCESS OF REVENUE OVER EXPENDITURES	56,495	3,346,843	3,494,178

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, 2018

	2018 \$	2017 \$
EXCESS OF REVENUES OVER EXPENDITURES	3,451,347	3,576,463
Acquisition of tangible capital assets	(3,983,749)	(4,170,699)
Proceeds on disposal of tangible capital assets	-	60,287
Amortization of tangible capital assets	994,190	866,454
	(2,989,559)	(3,243,958)
INCREASE IN NET FINANCIAL ASSETS	461,788	332,505
NET FINANCIAL ASSETS, BEGINNING OF YEAR	722,039	389,534
NET FINANCIAL ASSETS, END OF YEAR	1,183,827	722,039

Montana First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from funding agencies and customers	10,993,971	14,809,927
Cash paid to suppliers	(9,684,988)	(6,593,194)
	1,308,983	8,216,733
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in long-term obligations, net	(174,221)	(219,880)
Decrease in obligations under capital lease	-	(129,697)
	(174,221)	(349,577)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(3,983,749)	(4,170,699)
Proceeds on disposal of capital assets	-	60,286
Decrease in investment on controlled entities	(352,260)	(28,113)
	(4,336,009)	(4,138,526)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(3,201,247)	3,728,630
CASH (BANK INDEBTEDNESS) - Beginning of year	3,443,285	(285,345)
CASH - End of year	242,038	3,443,285
 Cash Consists of:		
Cash (bank indebtedness)	(871,223)	2,776,042
Restricted cash	1,113,261	667,243
	242,038	3,443,285

Montana First Nation
Schedule of Changes in Accumulated Surplus - Schedule 1
For the year ended March 31, 2018

	Unrestricted Surplus \$	Equity in Tangible Capital Assets \$	Equity in Enterprise Fund \$	Equity in Trust Funds \$	2018 \$	2017 \$
Balance, Beginning of Year	(1,064,897)	14,389,317	2,369,748	643,520	16,337,688	12,761,225
Excess of revenue over expenditures	3,346,843	-	38,865	65,639	3,451,347	3,576,463
Current years funds advanced to (from) subsidiaries	(313,395)	-	313,395	-	-	-
Current years funds used for tangible capital assets	(3,983,749)	3,983,749	-	-	-	-
Annual amortization expense	994,190	(994,190)	-	-	-	-
Long-term liabilities repaid	(174,221)	174,221	-	-	-	-
Change in accumulated surplus	(130,332)	3,163,780	352,260	65,639	3,451,347	3,576,463
Balance, End of Year	(1,195,229)	17,553,097	2,722,008	709,159	19,789,035	16,337,688

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, 2018

	Land \$	Automotive \$	Buildings \$	Equipment \$	Infrastructure \$	2018 \$	2017 \$
COST:							
Balance, Beginning of Year	14,600	1,363,464	27,277,040	2,545,481	9,641,651	40,842,236	36,966,937
Acquisition of tangible capital assets	-	34,000	-	230,393	3,719,356	3,983,749	4,170,699
Disposal of tangible capital assets	-	-	-	-	-	-	(295,400)
Balance, End of Year	14,600	1,397,464	27,277,040	2,775,874	13,361,007	44,825,985	40,842,236
ACCUMULATED AMORTIZATION:							
Balance, Beginning of Year	-	1,220,496	20,965,334	2,147,670	893,087	25,226,587	24,595,246
Annual amortization	-	47,994	315,585	100,199	530,412	994,190	866,454
Accumulated amortization on disposals	-	-	-	-	-	-	(235,113)
Balance, End of Year	-	1,268,490	21,280,919	2,247,869	1,423,499	26,220,777	25,226,587
NET BOOK VALUE	14,600	128,974	5,996,121	528,005	11,937,508	18,605,208	15,615,649

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, 2018

	INAC Revenue \$	Other \$	Total Revenue \$	Total Expenditures \$	Surplus (Deficit) \$	2017 Surplus (Deficit) \$
Aboriginal Skills and Employment Training Strategy	-	503,778	503,778	469,778	34,000	15,589
Administration	730,788	743,332	1,474,120	2,415,212	(941,092)	(785,722)
Akamihk Community Development Society	-	364,926	364,926	318,682	46,244	32,965
Alberta Government Programs	-	419,519	419,519	419,519	-	-
Capacity Consultation	2,250	282,170	284,420	284,420	-	-
Canada Mortgage and Housing Corporation	-	243,128	243,128	123,935	119,193	217,922
Community Services and Elders	-	120,000	120,000	138,703	(18,703)	(35,765)
Economic Development	72,952	267	73,219	73,219	-	-
Education - Community School	1,894,154	1,765,420	3,659,574	1,770,399	1,889,175	(4,146)
Education - Post Secondary	338,960	216,820	555,780	373,530	182,250	-
Education - Summer Students	68,499	73,661	142,160	129,192	12,968	-
Health Services	-	602,628	602,628	444,174	158,454	(20,701)
Housing	165,000	646,284	811,284	911,063	(99,779)	(37,467)
Public Works	1,520,614	1,960,093	3,480,707	1,363,944	2,116,763	4,025,617
Recreation	-	28,423	28,423	91,890	(63,467)	432
Other Programs	-	71,948	71,948	71,948	-	184,037
Social Services	1,678,762	(8,054)	1,670,708	1,759,871	(89,163)	(98,583)
	6,471,979	8,034,343	14,506,322	11,159,479	3,346,843	3,494,178

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, 2018

	2018 \$	2017 \$
EXPENDITURES		
Amortization	994,191	866,454
Bad debts	48,111	69,984
Bank charges and short term interest	26,500	38,190
Materials, goods and utilities	607,440	456,801
Professional fees	382,088	266,649
Program costs	3,296,870	3,047,525
Repairs and maintenance	1,186,359	932,076
Training	963,478	866,161
Travel	223,769	190,570
Wages and employee benefits	3,430,673	3,360,227
	11,159,479	10,094,637

Montana First Nation

Notes to the Consolidated Financial Statements

March 31, 2018

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, 2018

**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, 2018

**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 initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities, other than investments, at amortized cost. The financial assets subsequently measured at amortized cost include cash and cash equivalents and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities. Investments are recorded at fair value.

The Nation's risk exposures related to its financial instruments are outlined as follows:

Credit Risk

The Nation is exposed to credit risk resulting from the possibility that parties may default on their financial obligations.

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

	2018	2017
	\$	\$
Trust Funds		
Band Capital	354,358	342,713
Band Revenue	354,801	300,807
First Nation Development Fund	404,102	23,723
	1,113,261	667,243

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

4. ACCOUNTS RECEIVABLE

	2018	2017
	\$	\$
Government Agencies		
Indigenous and Northern Affairs Canada	155,260	107,569
First Nation Development Fund	455,423	346,976
Alberta Government	12,000	249,845
Canada Housing and Mortgage Corporation	-	152,007
Health Canada	570,000	-
Six Independent Alberta First Nations	56,662	133,668
Member loans	127,476	127,896
Other receivables	312,895	120,849
Less: Allowance for doubtful accounts	<u>(60,091)</u>	<u>(60,091)</u>
	1,629,625	1,178,719

5. INVESTMENTS

Investments represent a guaranteed investment certificate that matures in September, 2018 and earns interest at 0.75%.

6. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES

	2018	2017
	\$	\$
Colchester Holdings Ltd. - 100% interest		
Shares	5	5
Advances	2,824,913	2,511,518
Accumulated deficit in earnings	<u>(70,940)</u>	<u>(70,940)</u>
	2,753,978	2,440,583
Bobtail Construction Ltd. - 100% interest		
Shares	5	5
Advances	79,995	79,995
Accumulated surplus in earnings	<u>(111,970)</u>	<u>(150,835)</u>
	<u>(31,970)</u>	<u>(70,835)</u>
	2,722,008	2,369,748

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

6. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES - continued

Unaudited financial information for each of the entities for their respective March 31, 2018 years ended are as follows:

	Assets \$	Liabilities \$	Revenues \$	Net Earnings \$
Colchester Holdings Ltd.	2,841,251	2,912,187	324,868	-
Bobtail Construction Ltd.	578,632	690,597	134,000	26,783

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 (3.7%) plus 1% and a revolving term loan of \$100,000 for equipment purchases.

None of these facilities have been used in the year.

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

8. DEFERRED CONTRIBUTIONS

	2018 \$	2017 \$
Aboriginal Skills and Employment Training		
First Nation Childcare Initiative	64,870	163,333
Administration		
Prairie Central	150,000	-
Alberta Government Programs		
Alberta Labor - AEI	69,627	285,940
Capacity Consultation - Government of Alberta	314,017	378,112
Education - Community School		
Indigenous and Northern Affairs Canada		
Meskanahk school repairs	23,428	500,000
School solar energy	-	900,000
Other revenue	-	93,880
Education - Post Secondary		
Government of Alberta	-	132,315
Education - Summer Students		
Indigenous and Northern Affairs Canada		
Skills Link Program	-	73,661
Health Canada - Headstart building	1,022,743	-
Housing		
Indigenous and Northern Affairs Canada		
Mould certification	-	30,000
Needs assessment	-	100,000
Housing policies	-	100,000
Other Programs		
Parent Child Assistance program	39,053	86,527
Public Works		
Indigenous and Northern Affairs Canada		
Solid waste feasibility	25,320	-
Solar farm	60,725	141,900
Daycare solar	104,500	57,000
Firehall	269,042	1,700,000
Water system construction	-	367,102
First Nation Development Fund	-	95,000
	2,143,325	5,204,770

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

9. LONG-TERM LIABILITIES

	2018 \$	2017 \$
Mortgage repayable in monthly instalments of \$1,158 including interest at 4.84%, secured by a Ministerial Guarantee, maturing April 1, 2018	1,131	14,505
Mortgage repayable in monthly instalments of \$1,704 including interest at 4.99%, secured by a Ministerial Guarantee, maturing August 1, 2017	-	8,414
Mortgage repayable in monthly instalments of \$2,327 including interest at 4.85%, secured by a Ministerial Guarantee, maturing January 1, 2018	-	22,764
Mortgage repayable in monthly instalments of \$1,291 including interest at 5.14%, secured by a Ministerial Guarantee, maturing June 1, 2018	3,840	18,724
Mortgage repayable in monthly instalments of \$1,003 including interest at 5.14%, secured by a Ministerial Guarantee, maturing June 1, 2018	2,984	14,549
Mortgage repayable in monthly instalments of \$2,371 including interest at 4.79%, secured by a Ministerial Guarantee, maturing June 1, 2020	130,169	151,890
Mortgage repayable in monthly instalments of \$1,258 including interest at 4.79%, secured by a Ministerial Guarantee, maturing March 1, 2021	87,072	97,765
Mortgage repayable in monthly instalments of \$1,500.69 including interest at 6.95%, secured by a Ministerial Guarantee, maturing April 1, 2018	108,928	118,271
Mortgage repayable in monthly instalments of \$1,528 including interest at 4.79%, secured by a Ministerial Guarantee, maturing April 1, 2021	115,280	127,785
Mortgage repayable in monthly instalments of \$1,811 including interest at 6.95%, secured by a Ministerial Guarantee, maturing April 1, 2018	141,768	152,421
Mortgage repayable in monthly instalments of \$1,510 including interest at 6.95%, secured by a Ministerial Guarantee, maturing May 1, 2018	139,106	150,024

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

9. LONG-TERM LIABILITIES - continued

	2018	2017
	\$	\$
Mortgage repayable in monthly instalments of \$3,613 including interest at 4.79%, secured by a Ministerial Guarantee, maturing March 1, 2021	<u>321,833</u>	349,220
	1,052,111	1,226,332

Interest paid on long-term liabilities amounted to \$63,297 (2017 - \$82,026) during the year.

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

	\$
2019	118,502
2020	126,762
2021	134,492
2022	142,711
2023	146,692
2024 and thereafter	<u>382,952</u>
	1,052,111

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2018	2017
	\$	\$
Tangible capital assets (Schedule 2)	44,825,985	40,842,236
Accumulated amortization (Schedule 2)	(26,220,777)	(25,226,587)
Long-term liabilities (Note 9)	<u>(1,052,111)</u>	(1,226,332)
	17,553,097	14,389,317

11. EQUITY IN ENTERPRISE FUND

	2018	2017
	\$	\$
Balance, beginning of year	2,369,748	2,341,635
Surplus from subsidiary companies	38,865	-
Advances to controlled entities	<u>313,395</u>	28,113
Balance, end of year	2,722,008	2,369,748

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2018

12. EQUITY IN TRUST FUNDS

	Capital \$	Revenue \$	Total \$
Balance, beginning of year	342,713	300,807	643,520
Royalties	1,185	15,811	16,996
Interest	-	13,889	13,889
Other revenue	10,460	24,294	34,754
Balance, end of year	354,358	354,801	709,159

13. ACCUMULATED SURPLUS

	2018 \$	2017 \$
Unrestricted surplus	(1,195,229)	(1,064,897)
Equity in tangible capital assets	17,553,097	14,389,317
Equity in enterprise fund	2,722,008	2,369,748
Equity in trust funds	709,159	643,520
	19,789,035	16,337,688

14. CONTINGENT LIABILITIES

- 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.

- 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.