

**Montana First Nation**  
**Consolidated Financial Statements**  
**March 31, 2020**

# Montana First Nation

## CONTENTS

	<u>Page</u>
<b>MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING</b>	1
<b>INDEPENDENT AUDITORS' REPORT</b>	2 - 3
<b>FINANCIAL STATEMENTS</b>	
Consolidated Statement of Financial Position	4
Consolidated Statement of Financial Activities	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Consolidated Statement of Changes in Accumulated Surplus - Schedule 1	8
Consolidated Statement of Tangible Capital Assets - Schedule 2	9
Consolidated Statement of Financial Activities by Program - Schedule 3	10
Consolidated Statement of Expenditures by Object - Schedule 4	11
Notes to the Consolidated Financial Statements	12 - 21

# 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\*  
Scott T. Mockford, CPA, CA\*  
Allen Lee, CPA, CMA\*  
Jason Bondarevich, CPA, CA\*  
\* Operates as a Professional Corporation

11210 - 107 Avenue N.W., 2nd Flr  
Edmonton, Alberta T5H 0Y1  
Tel (780) 452-2300, Fax (780) 452-2335

## **INDEPENDENT AUDITORS' REPORT**

### **To the Chief and Council**

#### **Opinion**

We have audited the consolidated financial statements of **Montana First Nation** (the Nation), which comprise the consolidated statement of financial position as at March 31, 2020, and the results of its operations, changes in its net financial assets and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Montana First Nation as at March 31, 2020, the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Those Charged with Governance 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.

In preparing the consolidated financial statements, management is responsible for assessing the Nation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Nation's financial reporting process

#### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

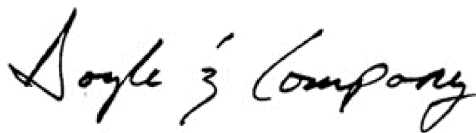
## INDEPENDENT AUDITORS' REPORT - continued

- Obtain an understanding of internal control relevant to the audit 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 Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Scott Mockford, CPA, CA.



11210 - 107 Avenue NW  
Edmonton, Alberta  
T5H 0Y1

April 14, 2021

Chartered Professional Accountants

**Montana First Nation**  
**Consolidated Statement of Financial Position**  
**As at March 31, 2020**

	2020	2019 (Restated)
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	106,335	-
Restricted cash (Note 3)	9,469,544	863,282
Accounts receivable (Note 4)	1,538,911	9,947,534
Investments (Note 5)	1,254,641	1,224,040
Investment in First Nation controlled enterprises (Note 6)	2,985,261	2,996,473
	<b>15,354,692</b>	<b>15,031,329</b>
<b>LIABILITIES</b>		
Bank indebtedness (Note 7)	-	193,499
Accounts payable	274,698	565,091
Deferred contributions (Note 8)	12,077,283	10,797,534
Obligations under capital lease (Note 9)	306,771	335,037
Bank loan (Note 10)	371,450	319,803
Long-term liabilities (Note 11)	810,910	934,984
	<b>13,841,112</b>	<b>13,145,948</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,513,580</b>	<b>1,885,381</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	20,918,949	20,649,586
Prepaid expenses	-	4,500
	<b>20,918,949</b>	<b>20,654,086</b>
<b>ACCUMULATED SURPLUS (Schedule 1 and Note 15)</b>	<b>22,432,529</b>	<b>22,539,467</b>

Approved by:

\_\_\_\_\_  
*Original Signed By* Chief

\_\_\_\_\_  
*Original Signed By* Band Administrator

\_\_\_\_\_  
*Original Signed By* Chief Financial Officer

The accompanying notes form part of these financial statements.

**Montana First Nation**  
**Consolidated Statement of Financial Activities**  
**For the year ended March 31, 2020**

	2020 Budget \$	2020 Actual \$	2019 Actual \$
<b>REVENUE</b>			
Indigenous Services Canada	6,768,337	8,149,094	6,873,044
Aboriginal Skills and Employment Training Strategy	460,008	1,089,098	9,454,615
Canada Housing and Mortgage Corporation	33,006	99,018	151,653
First Nation Development Fund	293,220	401,373	521,405
Health Canada	612,271	784,151	792,559
Trust Funds			
Capital	-	205,800	-
Revenue	80,000	80,000	370,000
Interest income	-	311,329	211,756
Other revenue	1,588,493	3,121,930	3,035,798
Revenue deferred from previous period	-	10,797,534	2,143,325
Revenue deferred to subsequent period	-	(12,077,283)	(10,797,534)
	9,835,335	12,962,044	12,756,621
<b>EXPENDITURES</b>			
Aboriginal Skills and Employment Training	465,308	337,794	362,604
Administration	889,419	3,215,976	3,533,413
Akamihk Community Development Society	-	368,069	324,063
Alberta Government	578,275	410,252	232,447
Capacity Consultation	725,000	550,755	267,813
Canada Mortgage and Housing Corporation	103,006	104,005	147,559
Community Services and Elders	80,000	222,511	158,837
Economic Development	72,952	72,952	201,380
Education - Community School	6,500	225,003	489,278
Education - Post Secondary	360,200	357,607	429,458
Education - Summer Students	-	86,103	87,815
Health Services	520,201	574,585	540,540
Housing	1,709,800	1,890,955	730,758
Other Programs	153,514	120	23,000
Public Works	751,913	1,978,146	1,168,354
Recreation	-	39,906	56,230
Social Services	3,928,057	2,727,757	1,975,892
Parent Child Assistance	-	62,385	63,314
	10,344,145	13,224,881	10,792,755
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>(508,810)</b>	<b>(262,837)</b>	<b>1,963,866</b>

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, 2020**

	2020	2019 (Restated)
	\$	\$
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(106,938)</b>	2,050,066
Acquisition of tangible capital assets	<b>(1,525,538)</b>	(3,250,120)
Amortization of tangible capital assets	<b>1,256,177</b>	1,205,742
	<b>(269,361)</b>	(2,044,378)
Acquisition of prepaid assets	-	(4,500)
Use of prepaid assets	<b>4,498</b>	-
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>(371,801)</b>	1,188
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<b>1,885,381</b>	1,884,193
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>1,513,580</b>	1,885,381

The accompanying notes form part of these financial statements.



**Montana First Nation**  
**Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2020**

	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from funding agencies and customers	22,650,416	13,092,921
Cash paid to suppliers	(12,129,301)	(9,678,305)
	<b>10,521,115</b>	<b>3,414,616</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in long-term liabilities	(124,074)	(117,126)
Increase in bank loan	51,647	319,803
Increase (decrease) in obligations under capital lease	(28,266)	335,037
	<b>(100,693)</b>	<b>537,714</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of capital assets	(1,525,538)	(3,250,120)
Decrease (increase) in investment on controlled entities	11,212	(274,465)
	<b>(1,514,326)</b>	<b>(3,524,585)</b>
<b>INCREASE IN CASH DURING THE YEAR</b>	<b>8,906,096</b>	<b>427,745</b>
<b>CASH - Beginning of year</b>	<b>669,783</b>	<b>242,038</b>
<b>CASH - End of year</b>	<b>9,575,879</b>	<b>669,783</b>
<b>Cash Consists of:</b>		
Cash (bank indebtedness)	106,335	(193,499)
Restricted cash	9,469,544	863,282
	<b>9,575,879</b>	<b>669,783</b>

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, 2020**

	Unrestricted Surplus \$	Equity in Tangible Capital Assets \$	Equity in Enterprise Fund \$	Equity in Trust Funds \$	Equity in CMHC Reserve \$	2020 \$	2019 (Restated) \$
<b>BALANCE, Beginning of Year, as originally stated</b>	<b>(1,332,296)</b>	<b>19,379,565</b>	<b>2,996,473</b>	<b>795,359</b>	<b>-</b>	<b>21,839,101</b>	<b>19,789,035</b>
<b>Prior Period Adjustment (Note 17)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>700,366</b>	<b>700,366</b>	<b>700,336</b>
<b>BALANCE, Beginning of Year, as restated</b>	<b>(1,332,296)</b>	<b>19,379,565</b>	<b>2,996,473</b>	<b>795,359</b>	<b>700,366</b>	<b>22,539,467</b>	<b>20,489,371</b>
Excess of revenue over expenditures	(262,837)	-	94,821	61,078	-	(106,938)	2,050,066
Current years funds advanced to (from) subsidiaries	4,707	-	(4,707)	-	-	-	-
Current years funds used for tangible capital assets	(1,525,538)	1,525,538	-	-	-	-	-
Annual amortization expense	1,256,175	(1,256,175)	-	-	-	-	-
Long-term liabilities repaid	(140,338)	140,338	-	-	-	-	-
Transfer	(55,147)	12,002	-	-	43,145	-	-
Change in accumulated surplus	(722,978)	421,703	90,114	61,078	43,145	(106,938)	2,050,066
<b>BALANCE, End of Year</b>	<b>(2,055,274)</b>	<b>19,801,268</b>	<b>3,086,587</b>	<b>856,437</b>	<b>743,511</b>	<b>22,432,529</b>	<b>21,839,101</b>

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, 2020**

	Land \$	Automotive \$	Buildings \$	Equipment \$	Infrastructure \$	2020 \$	2019 \$
<b>COST</b>							
<b>BALANCE, Beginning of Year</b>	14,600	1,540,143	28,516,107	3,147,206	14,817,781	48,035,837	44,825,985
Acquisition of tangible capital assets	-	73,526	30,422	21,089	1,400,501	1,525,538	3,250,120
Disposal of tangible capital assets	-	(394,286)	-	(996,205)	-	(1,390,491)	(40,268)
<b>Balance, End of Year</b>	14,600	1,219,383	28,546,529	2,172,090	16,218,282	48,170,884	48,035,837
<b>ACCUMULATED AMORTIZATION:</b>							
<b>BALANCE, Beginning of Year</b>	-	1,329,743	21,587,327	2,375,968	2,093,213	27,386,251	26,220,777
Annual amortization	-	71,153	347,200	165,954	671,868	1,256,175	1,205,742
Accumulated amortization on disposals	-	(394,286)	-	(996,205)	-	(1,390,491)	(40,268)
<b>Balance, End of Year</b>	-	1,006,610	21,934,527	1,545,717	2,765,081	27,251,935	27,386,251
<b>NET BOOK VALUE</b>	14,600	212,773	6,612,002	626,373	13,453,201	20,918,949	20,649,586

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, 2020**

			2020			2019
	ISC	Other	Total	Total	Surplus	Surplus
	Revenue		Revenue	Expenditures	(Deficit)	(Deficit)
	\$	\$	\$	\$	\$	\$
Aboriginal Skills and Employment Training Strategy	-	337,794	337,794	337,794	-	35,699
Administration	1,015,248	870,094	1,885,342	3,215,976	(1,330,634)	(917,026)
Akamihk Community Development Society	-	515,985	515,985	368,069	147,916	(14,580)
Alberta Government Programs	-	593,252	593,252	410,252	183,000	376,633
Capacity Consultation	-	925,755	925,755	550,755	375,000	100,000
Canada Mortgage and Housing Corporation	-	228,077	228,077	104,005	124,072	64,094
Community Services and Elders	-	208,373	208,373	222,511	(14,138)	(11,537)
Economic Development	1,072,952	-	1,072,952	72,952	1,000,000	-
Education - Community School	-	225,003	225,003	225,003	-	1,422
Education - Post Secondary	357,457	150	357,607	357,607	(149)	(105,688)
Education - Summer Students	86,103	-	86,103	86,103	-	4,025
Health Services	-	574,585	574,585	574,585	-	1,215,727
Housing	995,000	119,704	1,114,704	1,890,955	(776,251)	(7,055)
Other Programs	-	170,942	170,942	120	170,822	93,537
Public Works	1,428,342	500,334	1,928,676	1,978,146	(49,470)	1,148,667
Recreation	-	39,906	39,906	39,906	-	50
Social Services	3,081,610	(446,858)	2,634,752	2,727,757	(93,005)	(20,102)
Preventative Social Services	-	62,385	62,385	62,385	-	-
	8,036,712	4,925,481	12,962,193	13,224,881	(262,837)	1,963,866

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, 2020

	2020 \$	2019 \$
<b>EXPENDITURES</b>		
Amortization	1,232,174	1,205,743
Bad debts	191,990	101,467
Bank charges and short term interest	171,055	49,464
Materials, goods and utilities	581,506	473,188
Professional fees	287,467	616,387
Program costs	4,478,783	3,343,459
Repairs and maintenance	2,685,973	980,121
Training	911,671	812,401
Travel	326,414	297,977
Wages and employee benefits	2,357,848	2,912,548
	13,224,881	10,792,755

The accompanying notes form part of these financial statements.

**Montana First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2020**

---

**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, 2020**

---

**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, 2020**

---

**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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible and intangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the revenue and expenses in the years in which they become known. 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 Services Canada.



**Montana First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2020**

**3. RESTRICTED CASH**

	2020	2019
	\$	\$
Trust Funds		
Band Capital	395,389	383,266
Band Revenue	461,048	412,093
First Nation Development Fund	502,837	67,923
CIBC savings account	8,110,270	-
	<b>9,469,544</b>	<b>863,282</b>

Restricted cash represents funds on deposit that must be used for specific expenditures and projects.

**4. ACCOUNTS RECEIVABLE**

	2020	2019
	\$	\$
Government Agencies		
Indigenous Services Canada	98,782	379,553
First Nation Development Fund	-	512,800
Alberta Government	122,817	8,012,000
Health Canada	101,694	41,123
Trust Funds	735,800	450,000
Member loans	-	126,270
Other receivables	479,818	552,058
Less: Allowance for doubtful accounts	-	(126,270)
	<b>1,538,911</b>	<b>9,947,534</b>

**5. INVESTMENTS**

Investments represent a guaranteed investment certificate that matures in October, 2020 and earns interest at 0.55%.

**Montana First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2020**

**6. INVESTMENTS IN FIRST NATIONS CONTROLLED ENTITIES**

	<b>2020</b>	<b>2019</b>
	\$	\$
<b>Colchester Holdings Ltd. - 100% interest</b>		
Shares	5	5
Advances	2,993,344	3,099,378
Accumulated deficit in earnings	-	(70,940)
	<b>2,993,349</b>	<b>3,028,443</b>
<b>1560750 Alberta Ltd. (Bobtail) - 100% interest</b>		
Shares	5	5
Advances	79,995	79,995
Accumulated deficit in earnings	(88,088)	(111,970)
	<b>(8,088)</b>	<b>(31,970)</b>
	<b>2,985,261</b>	<b>2,996,473</b>

Unaudited financial information for each of the entities for their respective March 31, 2020 years ended are as follows:

	<b>Assets</b>	<b>Liabilities</b>	<b>Revenues</b>	<b>Net Earnings (Loss)</b>
	\$	\$	\$	\$
Colchester Holdings Ltd.	<b>3,015,410</b>	<b>3,015,405</b>	<b>286,186</b>	<b>70,939</b>
1560750 Alberta Ltd. (Bobtail)	<b>34,034</b>	<b>122,117</b>	<b>192,333</b>	<b>(53,937)</b>

**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, 2020**

**8. DEFERRED CONTRIBUTIONS**

	2020 \$	2019 \$
Aboriginal Skills and Employment Training		
First Nation Childcare Initiative	122,214	111,282
Administration		
Indigenous Services Canada		
Environmental support	47,448	-
Alberta Government Programs		
Climate leadership - solar	7,817,000	8,000,000
Alberta Labor - AEI	523,538	523,203
Capacity Consultation - Government of Alberta	1,437,225	873,782
Health Canada		
Headstart building	-	35,396
Headstart program funding	96,271	23,639
Canada prenatal nutrition	16,180	-
Child oral health initiative	54,000	-
Maternal child health	102,150	-
Housing		
Indigenous Services Canada		
Lot servicing	220,303	-
Recovery	82,382	-
Other Programs - other revenue	-	13,045
Public Works		
Indigenous Services Canada		
Firehall	-	8,532
Road	-	38,071
Social		
Indigenous Services Canada		
Preventative social services	326,207	168,845
Client support	1,053,479	664,000
Case management capacity	15,532	112,000
Parent Child Assistance	163,354	225,739
	<b>12,077,283</b>	<b>10,797,534</b>

**Montana First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2020**

**9. OBLIGATIONS UNDER CAPITAL LEASE**

	<b>2020</b>				<b>2019</b>
	<b>Total</b>	<b>Deferred Finance</b>	<b>Current Portion</b>	<b>Long-Term Portion</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Brandt tractor lease	<b>322,040</b>	<b>15,269</b>	<b>29,566</b>	<b>277,205</b>	335,037

The lease payable to Brandt Tractor Ltd. is due May 2021 and is repayable in monthly installments of \$3,564. The lease includes interest charged at 4.50% and is secured by equipment with a net book value of \$243,558.

Interest paid on obligations under capital lease was \$14,498 (2019 - \$15,841).

Future lease payments on obligations under capital lease are as follows:

	\$
2020	<b>42,766</b>
2021	<b>279,274</b>
	<b>322,040</b>

**10. BANK LOAN**

Montana First Nation has a loan from ATB for the purpose of paying legal fees in an ongoing treaty land entitlement negotiation.

This loan has no due date and has no fixed terms of repayment.

**Montana First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2020**

**11. LONG-TERM LIABILITIES**

	2020 \$	2019 \$
Mortgage repayable in monthly instalments of \$2,371 including interest at 4.79%, secured by a Ministerial Guarantee, maturing June 1, 2020	75,374	107,396
Mortgage repayable in monthly instalments of \$1,258 including interest at 4.79%, secured by a Ministerial Guarantee, maturing March 1, 2021	64,105	75,860
Mortgage repayable in monthly instalments of \$1,516 including interest at 7.25%, secured by a Ministerial Guarantee, maturing April 1, 2021	88,422	98,154
Mortgage repayable in monthly instalments of \$1,525 including interest at 4.79%, secured by a Ministerial Guarantee, maturing April 1, 2021	86,596	102,169
Mortgage repayable in monthly instalments of \$1,832 including interest at 7.25%, secured by a Ministerial Guarantee, maturing April 1, 2020	116,338	129,498
Mortgage repayable in monthly instalments of \$1,684 including interest at 7.25%, secured by a Ministerial Guarantee, maturing May 1, 2020	117,065	128,641
Mortgage repayable in monthly instalments of \$3,613 including interest at 4.79%, secured by a Ministerial Guarantee, maturing March 1, 2021	263,010	293,266
	<b>810,910</b>	<b>934,984</b>

Interest paid on long-term liabilities amounted to \$41,453 (2019 - \$56,415) during the year.

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

	\$
2021	120,153
2022	138,627
2023	148,032
2024	128,068
2025	127,470
2026 and thereafter	148,560
	<b>810,910</b>

**Montana First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2020**

**12. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2020</b>	<b>2019</b>
	\$	\$
Tangible capital assets (Schedule 2)	<b>48,170,884</b>	48,035,837
Accumulated amortization (Schedule 2)	<b>(27,251,935)</b>	(27,386,251)
Long-term liabilities (Note 11)	<b>(810,910)</b>	(934,984)
Obligations under capital lease (Note 9)	<b>(306,771)</b>	(335,037)
	<b>19,801,268</b>	19,379,565

**13. EQUITY IN ENTERPRISE FUND**

	<b>2020</b>	<b>2019</b>
	\$	\$
Balance, beginning of year	<b>2,996,473</b>	2,722,008
Surplus from subsidiary companies	<b>94,821</b>	-
Advances to (from) controlled entities	<b>(4,707)</b>	274,465
Balance, end of year	<b>3,086,587</b>	2,996,473

**14. EQUITY IN TRUST FUNDS**

	<b>Capital</b>	<b>Revenue</b>	<b>Total</b>
	\$	\$	\$
Balance, beginning of year	<b>383,266</b>	<b>412,093</b>	<b>795,359</b>
Other revenue	<b>12,123</b>	<b>48,955</b>	<b>61,078</b>
Balance, end of year	<b>395,389</b>	<b>461,048</b>	<b>856,437</b>

**15. ACCUMULATED SURPLUS**

	<b>2020</b>	<b>2019</b>
	\$	(Restated) \$
Unrestricted surplus	<b>(2,055,274)</b>	(1,332,296)
Equity in tangible capital assets	<b>19,801,268</b>	19,379,565
Equity in enterprise fund	<b>3,086,587</b>	2,996,473
Equity in trust funds	<b>856,437</b>	795,359
Equity in CMHC replacement reserve	<b>743,511</b>	700,366
	<b>22,432,529</b>	22,539,467

**Montana First Nation**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2020**

---

**16. SUBSEQUENT EVENTS**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic. The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The overall effect of these events on the Nation and its operations is too uncertain to be estimated at this time. As a result, we are unable to estimate the potential impact on the Nation's operations as at the date of these financial statements.

**17. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was made to reclassify the CMHC reserve from a liability account to an equity account. As this amount is not an actual liability but rather is a reserve for future repairs and maintenance expenditures.

The result of this adjustment was to reduce the liabilities by \$700,366 and to increase the equity in CMHC Reserve by the same amount. This adjustment did not impact the statement of operations.