

**Montana First Nation
Consolidated Financial Statements
March 31, 2022**

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.

René

Chief

Joan Bissell
Band Administrator

Band Administrator

Director of Finance

Allan J. Grykuliak, CPA, CA*
Scott T. Mockford, CPA, CA*
Allen Lee, CPA, CMA*
Jason Bondarevich, CPA, CA*
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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, 2022, 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, 2022, 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

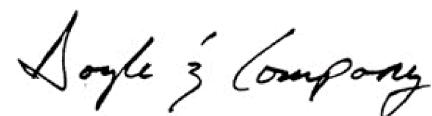
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nation's internal control.
- Evaluate the appropriateness of accounting policies 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.

October 3, 2022
11210 - 107 Avenue NW
Edmonton, Alberta T5H 0Y1



Chartered Professional Accountants

Montana First Nation
Consolidated Statement of Financial Position

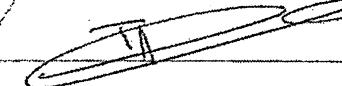
As at March 31, 2022

| | 2022 \$ | 2021 \$ |
|--|-------------------|-------------------|
| FINANCIAL ASSETS | | |
| Cash | 9,988,959 | 3,266,659 |
| Restricted cash (Note 3) | 1,092,476 | 1,019,623 |
| Accounts receivable (Note 4) | 4,222,573 | 3,894,584 |
| Investments (Note 5) | 3,578,345 | 3,559,996 |
| Investment in First Nation controlled enterprises (Note 6) | 7,658,273 | 4,504,716 |
| | 26,540,626 | 16,245,578 |
| LIABILITIES | | |
| Accounts payable (Note 9) | 595,687 | 1,280,321 |
| Deferred contributions (Note 7) | 17,746,041 | 11,125,299 |
| Obligations under capital lease | - | 277,203 |
| Bank loan (Note 10) | 418,774 | 371,612 |
| Long-term liabilities (Note 11) | 566,478 | 697,431 |
| | 19,326,980 | 13,751,866 |
| NET FINANCIAL ASSETS | 7,213,646 | 2,493,712 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Schedule 2) | 34,246,359 | 30,697,366 |
| Prepaid expenses | 12,056 | 5,119 |
| | 34,258,415 | 30,702,485 |
| ACCUMULATED SURPLUS (Schedule 1 and Note 16) | 41,472,061 | 33,196,197 |

Approved by:


 _____ Chief


 _____ Band Administrator


 _____ Director of Finance

Montana First Nation
Consolidated Statement of Financial Activities
For the year ended March 31, 2022

| | 2022 Budget \$ | 2022 Actual \$ | 2021 Actual \$ |
|--|-------------------------------|-------------------------------|-------------------------------|
| REVENUE | | | |
| Indigenous Services Canada | 1,716,975 | 14,889,635 | 13,959,708 |
| Aboriginal Skills and Employment Training Strategy | - | 615,727 | 722,034 |
| Canada Mortgage and Housing Corporation | - | 5,790,699 | 1,126,818 |
| First Nation Development Fund | 190,000 | 475,000 | 297,227 |
| Health Canada | 639,237 | 1,639,344 | 1,591,798 |
| Trust Funds | | | |
| Capital | - | - | 153,675 |
| Interest income | - | 215,582 | 36,634 |
| Other revenue | 1,191,926 | 4,683,281 | 6,162,689 |
| Revenue deferred from previous period | 88,817 | 11,125,299 | 12,077,283 |
| Revenue deferred to subsequent period | - | (17,746,041) | (11,125,299) |
| | 3,826,955 | 21,688,526 | 25,002,567 |
| EXPENDITURES | | | |
| Administration | 1,604,700 | 3,663,515 | 3,356,254 |
| Akamihk Community Development Society | - | 243,070 | 276,694 |
| Alberta Government | - | 142,000 | 373,391 |
| Capacity Consultation | 152,853 | 211,621 | 110,000 |
| Canada Mortgage and Housing Corporation | - | 63,073 | 81,086 |
| Community Benefits | - | 476,073 | 170,036 |
| Community Services and Elders | 190,000 | 399,491 | 292,026 |
| Covid - 19 | - | 1,051,335 | 2,711,584 |
| Economic Development | 72,952 | 183,968 | 183,968 |
| Education - Community School | - | 34,200 | - |
| Education - Post Secondary | 279,367 | 361,306 | 331,222 |
| Education - Summer Students | - | 60,636 | 64,458 |
| Food Security | - | 27,276 | - |
| Health Services | 536,007 | 647,271 | 529,312 |
| Housing | 306,200 | 174,422 | 706,032 |
| Indigenous Skills and Employment Training | - | 457,468 | 312,835 |
| Job Corp. | - | 827,756 | - |
| Preventative Social Services | - | 226,120 | 1,267,136 |
| Public Works | - | 1,541,187 | 973,318 |
| Special Projects | - | 2,168,961 | 825,256 |
| Social Services | - | 2,756,470 | 2,808,317 |
| Parent Child Assistance | 189,594 | 69,383 | 70,677 |
| | 3,331,673 | 15,786,602 | 15,443,602 |
| EXCESS OF REVENUE OVER EXPENDITURES | 495,282 | 5,901,924 | 9,558,965 |

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, 2022

| | 2022 \$ | 2021 \$ |
|---|--------------------|-------------------|
| EXCESS OF REVENUES OVER EXPENDITURES | 8,275,864 | 10,763,668 |
| Acquisition of tangible capital assets | (5,721,389) | (11,551,764) |
| Proceeds on disposal of tangible capital assets | 274,680 | - |
| Amortization of tangible capital assets | 1,949,714 | 1,773,347 |
| Gain on disposal of capital assets | (51,998) | - |
| | (3,548,993) | (9,778,417) |
| Acquisition of prepaid assets | (12,056) | (5,119) |
| Use of prepaid assets | 5,119 | - |
| | (6,937) | (5,119) |
| INCREASE IN NET FINANCIAL ASSETS | 4,719,934 | 980,132 |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | 2,493,712 | 1,513,580 |
| NET FINANCIAL ASSETS, END OF YEAR | 7,213,646 | 2,493,712 |

Montana First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2022

| | 2022 \$ | 2021 \$ |
|--|--------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from funding agencies and customers | 27,981,279 | 21,694,910 |
| Cash paid to suppliers | (12,224,866) | (13,770,397) |
| | 15,756,413 | 7,924,513 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Decrease in long-term liabilities | (130,953) | (113,479) |
| Decrease in obligations under capital lease | (277,203) | (29,574) |
| Increase in bank loan | 47,162 | 162 |
| | (360,994) | (142,891) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of capital assets | (5,721,389) | (11,551,764) |
| Proceeds on disposal of capital assets | 274,680 | - |
| Increase in investment on controlled entities | (3,153,557) | (1,519,455) |
| | (8,600,266) | (13,071,219) |
| INCREASE (DECREASE) IN CASH DURING THE YEAR | 6,795,153 | (5,289,597) |
| CASH - Beginning of year | 4,286,282 | 9,575,879 |
| CASH - End of year | 11,081,435 | 4,286,282 |
| Cash Consists of: | | |
| Cash | 9,988,959 | 3,266,659 |
| Restricted cash | 1,092,476 | 1,019,623 |
| | 11,081,435 | 4,286,282 |

Montana First Nation
Schedule of Changes in Accumulated Surplus - Schedule 1
For the year ended March 31, 2022

| | Unrestricted Surplus \$ | Equity in Tangible Capital Assets \$ | Equity in Enterprise Fund \$ | Equity in Trust Funds \$ | Equity in CMHC Reserve \$ | 2022 \$ | 2021 \$ |
|--|---------------------------------------|--|--|--|---|-------------------|-------------------|
| BALANCE, Beginning of Year | (2,735,439) | 29,722,733 | 4,504,716 | 918,229 | 785,958 | 33,196,197 | 22,432,529 |
| Excess of revenue over expenditures | 5,901,924 | - | 2,301,088 | 72,852 | - | 8,275,864 | 10,763,668 |
| Current years funds advanced to (from) subsidiaries | (702,469) | - | 702,469 | - | - | - | - |
| Current years funds used for tangible capital assets | (5,721,389) | 5,721,389 | - | - | - | - | - |
| Disposal of capital assets | 222,682 | (222,682) | - | - | - | - | - |
| Annual amortization expense | 1,949,714 | (1,949,714) | - | - | - | - | - |
| Long-term liabilities repaid | (408,156) | 408,156 | - | - | - | - | - |
| Transfer | (42,337) | - | - | - | 42,337 | - | - |
| Change in accumulated surplus | 1,199,969 | 3,957,149 | 3,003,557 | 72,852 | 42,337 | 41,472,061 | 10,763,668 |
| BALANCE, End of Year | (1,535,470) | 33,679,882 | 7,508,273 | 991,081 | 828,295 | 41,472,061 | 33,196,197 |

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, 2022

| | Land \$ | Automotive \$ | Buildings \$ | Equipment \$ | Infrastructure \$ | 2022 \$ | 2021 \$ |
|--|---------------|------------------|-------------------|------------------|----------------------|-------------------|-------------------|
| COST | | | | | | | |
| BALANCE, Beginning of Year | 14,600 | 1,789,293 | 30,768,129 | 2,194,590 | 24,968,026 | 59,734,638 | 48,170,884 |
| Acquisition of tangible capital assets | - | 78,448 | 5,507,377 | 4,725 | 130,839 | 5,721,389 | 11,551,764 |
| Disposal of tangible capital assets | - | - | - | (386,600) | - | (386,600) | - |
| Balance, End of Year | 14,600 | 1,867,741 | 36,275,506 | 1,812,715 | 25,098,865 | 65,069,427 | 59,722,648 |
| ACCUMULATED AMORTIZATION: | | | | | | | |
| BALANCE, Beginning of Year | - | 1,155,461 | 22,320,667 | 1,685,916 | 3,875,228 | 29,037,272 | 27,251,935 |
| Annual amortization | - | 197,582 | 638,540 | 55,681 | 1,057,911 | 1,949,714 | 1,773,347 |
| Accumulated amortization on disposals | - | - | - | (163,918) | - | (163,918) | - |
| Balance, End of Year | - | 1,353,043 | 22,959,207 | 1,577,679 | 4,933,139 | 30,823,068 | 29,025,282 |
| NET BOOK VALUE | 14,600 | 514,698 | 13,316,299 | 235,036 | 20,165,726 | 34,246,359 | 30,697,366 |
| 2021 NET BOOK VALUE | 14,600 | 633,832 | 8,447,462 | 508,674 | 21,092,798 | 30,697,366 | |

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, 2022

| | ISC Revenue \$ | Other \$ | 2022 Total Revenue \$ | Total Expenditures \$ | Surplus (Deficit) \$ | 2021 Surplus (Deficit) \$ |
|--|----------------------|------------------|--------------------------------|-----------------------------|----------------------------|------------------------------------|
| Administration | 740,427 | 1,236,413 | 1,976,840 | 3,663,515 | (1,686,675) | (1,780,662) |
| Akamihk Community Development Society | - | 250,215 | 250,215 | 243,070 | 7,145 | (101,774) |
| Alberta Government Programs | - | 142,000 | 142,000 | 142,000 | - | - |
| Capacity Consultation | - | 211,621 | 211,621 | 211,621 | - | - |
| Canada Mortgage and Housing Corporation | - | 139,960 | 139,960 | 63,073 | 76,887 | (5,868) |
| Community Benefits | 580,000 | 1,884,999 | 2,464,999 | 476,073 | 1,988,926 | 550,777 |
| Community Services and Elders | - | 399,491 | 399,491 | 399,491 | - | - |
| Covid - 19 | 1,751,754 | (700,419) | 1,051,335 | 1,051,335 | - | 705,000 |
| Economic Development | 658,198 | - | 658,198 | 183,968 | 474,230 | 8,749,744 |
| Education - Community School | - | 34,200 | 34,200 | 34,200 | - | - |
| Education - Post Secondary | 454,113 | (92,807) | 361,306 | 361,306 | - | - |
| Education - Summer Students | - | 60,636 | 60,636 | 60,636 | - | - |
| Food Security | 220,000 | (192,724) | 27,276 | 27,276 | - | - |
| Health Services | - | 647,271 | 647,271 | 647,271 | - | 94,920 |
| Housing | 166,870 | 7,552 | 174,422 | 174,422 | - | (210,777) |
| Indigenous Skills and Employment Training Strategy | - | 457,468 | 457,468 | 457,468 | - | - |
| Job Corp. | - | 827,756 | 827,756 | 827,756 | - | - |
| Other Programs | - | 1,610,091 | 1,610,091 | - | 1,610,091 | - |
| Parent Child Assistance | 26,921 | 42,462 | 69,383 | 69,383 | - | - |
| Preventative Social Services | 194,799 | 31,321 | 226,120 | 226,120 | - | - |
| Public Works | 1,636,591 | (12,672) | 1,623,919 | 1,541,187 | 82,732 | (93,995) |
| Special Projects | 4,216,003 | 1,301,546 | 5,517,549 | 2,168,961 | 3,348,588 | 1,651,600 |
| Social Services | 4,243,960 | (1,487,490) | 2,756,470 | 2,756,470 | - | - |
| | 14,889,636 | 6,798,890 | 21,688,526 | 15,786,602 | 5,901,924 | 9,558,965 |

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, 2022

| | 2022 \$ | 2021 \$ |
|--------------------------------------|-------------------|-------------------|
| EXPENDITURES | | |
| Amortization | 1,949,714 | 1,768,772 |
| Bank charges and short term interest | 13,662 | 27,414 |
| Materials, goods and utilities | 2,704,430 | 794,238 |
| Professional fees | 255,584 | 316,766 |
| Program costs | 6,933,970 | 7,580,109 |
| Repairs and maintenance | 707,617 | 1,056,851 |
| Training | 589,428 | 539,317 |
| Travel | 323,637 | 95,511 |
| Wages and employee benefits | 2,308,560 | 3,264,624 |
| | 15,786,602 | 15,443,602 |

Montana First Nation

Notes to the Consolidated Financial Statements

March 31, 2022

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)
- Akamihk Kanataskiy Ventures Ltd. (AKV)
- Akamihk Energy Incorporated. (AEI)

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2022

**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, 2022

**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, 2022

3. RESTRICTED CASH

| | 2022 | 2021 |
|-------------------------------|------------------|-------------|
| | \$ | \$ |
| Trust Funds | | |
| Band Capital | 417,114 | 401,705 |
| Band Revenue | 573,967 | 516,523 |
| First Nation Development Fund | <u>101,395</u> | 101,395 |
| | 1,092,476 | 1,019,623 |

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

4. ACCOUNTS RECEIVABLE

| | 2022 | 2021 |
|---|------------------|-------------|
| | \$ | \$ |
| Government Agencies | | |
| Indigenous Services Canada | 1,085,226 | 280,626 |
| First Nation Development Fund | 475,000 | 237,941 |
| Alberta Government | 1,183,938 | 590,878 |
| Canada Housing and Mortgage Corporation | 71,009 | - |
| Trust Funds | 889,475 | 889,475 |
| Akamihk Energy Incorporated | - | 932,744 |
| Other receivables | <u>517,925</u> | 962,920 |
| | 4,222,573 | 3,894,584 |

Akamihk Energy Incorporated is a company owned by Montana First Nation.

5. INVESTMENTS

Investments represent a guaranteed investment certificate that matures in October, 2022 and earns interest at 0.35%.

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2022

6. INVESTMENT IN FIRST NATIONS CONTROLLED ENTITIES

| | 2022 \$ | 2021 \$ |
|---|-------------------|-------------------|
| Colchester Holdings Ltd. - 100% interest | | |
| Shares | 5 | 5 |
| Advances | 2,812,345 | 2,765,134 |
| Accumulated deficit in earnings | (955) | (12,446) |
| | 2,811,395 | 2,752,693 |
| 1560750 Alberta Ltd. (Bobtail) - 100% interest | | |
| Shares | - | 5 |
| Advances | - | 79,995 |
| Accumulated deficit in earnings | - | (122,352) |
| | - | (42,352) |
| Akamihk Kanataskiy Ventures Ltd. (AKV) - 100% interest | | |
| Shares | 100 | 100 |
| Advances | 350,000 | 350,000 |
| Accumulated surplus in earnings | 3,827,153 | 1,259,693 |
| | 4,177,253 | 1,609,793 |
| Akamihk Energy Incorporated (AEI) - 100% interest | | |
| Advances | 1,012,906 | 250,000 |
| Accumulated deficit in earnings | (343,281) | (65,418) |
| | 669,625 | 184,582 |
| | 7,658,273 | 4,504,716 |

Unaudited financial information for each of the entities for their respective March 31, 2022 years ended are as follows:

| | Assets \$ | Liabilities \$ | Revenues \$ | Net Earnings (Loss) \$ |
|--|---------------------|--------------------------|-----------------------|--------------------------------------|
| Colchester Holdings Ltd. | 2,837,112 | 2,838,062 | 319,625 | 11,491 |
| Akamihk Kanataskiy Ventures Ltd. (AKO) | 4,914,672 | 1,087,419 | 8,776,384 | 2,567,460 |
| Akamihk Energy Incorporated (AEI) | 737,623 | 1,080,904 | 1,197,749 | (277,863) |

Montana First Nation
Notes to the Consolidated Financial Statements
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7. DEFERRED CONTRIBUTIONS

| | 2022 | 2021 |
|--|-------------|-------------|
| | \$ | \$ |
| Administration | | |
| Planning risk management - ISC (Q32N-001) | 78,750 | 32,420 |
| Alberta Government Programs | | |
| Alberta Labour - AEI | 644,592 | 359,121 |
| Capacity Consultation - Government of Alberta | 49,765 | - |
| Community Benefits - Industry | 2,945,287 | 3,021,671 |
| Covid - ISC (Q23X-001, Q3V9-002) | 1,246,541 | 471,935 |
| Education - Community School - ISC (Q2FR-001) | - | 34,200 |
| Education - Post Secondary - ISC (Q29A-001-002) | 217,987 | 125,180 |
| Education - Summer Student - ISC (Q26G-001-002) | 139,943 | 200,579 |
| Food Security - ISC (Q3ST-001) | 192,724 | - |
| Health Canada | | |
| Indigenous Services Canada | | |
| Aboriginal headstart on reserve - ISC (Q22K-001-002) | 314,543 | 279,199 |
| Canada prenatal nutrition - ISC (Q22G-001-002) | 37,211 | 33,171 |
| Communicable disease emergencies - ISC (Q23U-001)) | 9,209 | 3,935 |
| Child oral health initiative - ISC (Q02U-001-002) | 159,022 | 105,022 |
| Maternal child health - ISC (Q22I-001) | 184,682 | 126,836 |
| Mental health crisis management - ISC (Q21G) | 1,518,172 | 771,469 |
| HIV / Aids - ISC (Q23Z-001-002) | 37,020 | 23,337 |
| Medical transportation - ISC (Q01D, Q01O) | 144,626 | 70,749 |
| Administrative support - ISC (Q30P-001-003) | 81,516 | 78,580 |
| Indigenous Skills and Employment Training | | |
| CRF | 167,377 | 121,639 |
| FNICCI | - | 4,769 |
| IELCC | 263,229 | 145,454 |
| Job Corp. | - | 413,878 |
| Other Programs | - | 1,163,528 |
| Parent Child Assistance - Government of Alberta | 173,294 | 242,677 |
| Preventative Social Services | | |
| Indigenous Services Canada | | |
| Community based initiative (Q2BW-001) | 475,787 | 471,188 |
| Capacity building (Q2HD-001) | 245,960 | 254,959 |
| Public Works | | |
| Indigenous Services Canada | | |
| Waste water feasibility (Q351-001) | 80,000 | - |
| Special Projects | | |
| Indigenous Services Canada | | |
| Emergency management assistance preparedness | 92,858 | - |
| Waste transfer station (Q3OF-001) | 1,077,140 | 104,744 |
| Admin building repair | 497,850 | - |

Montana First Nation
Notes to the Consolidated Financial Statements
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7. DEFERRED CONTRIBUTIONS - continued

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Drainage study | 99,652 | - |
| Comprehensive community plan | 139,013 | - |
| Master infrastructure plan (Q32N-001) | 98,029 | 119,913 |
| 5 Unit renovations | 240,000 | - |
| Pet food feasibility | 32,000 | - |
| CMHC 20 new homes | 2,511,441 | - |
| Preparedness mitigation (Q3FO-001 and Q3FO-002) | - | 214,131 |
| Social | | |
| Indigenous Services Canada | | |
| Social (Q29W) | 665,903 | 236,497 |
| Social Assistance and Employment Training (Q2A0-001) | 114,803 | 28,692 |
| Pre Employment Sport Program - (Q2AK, Q2AL, Q2AM) | 2,770,115 | 1,865,826 |
| | 17,746,041 | 11,125,299 |

8. 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.

9. ACCOUNTS PAYABLE

| | 2022 | 2021 |
|---------------------------------------|----------------|------------------|
| | \$ | \$ |
| Trade | 476,336 | 909,955 |
| Wages, salaries and source deductions | 119,349 | 105,502 |
| Due to REA | - | 264,864 |
| | 595,685 | 1,280,321 |

Trade payables include \$466,738 to Akamihk Kanataskiy Ventures Ltd., a company owned by Montana First Nation.

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, has no fixed terms of repayment and bears interest at 2.95% annually.

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2022

11. LONG-TERM LIABILITIES

| | 2022 | 2021 |
|--|----------------|-------------|
| | \$ | \$ |
| Mortgage repayable in monthly instalments of \$2,455 including interest at 7.25%, secured by a Ministerial Guarantee, maturing June 1, 2022 | 32,888 | 58,983 |
| Mortgage repayable in monthly instalments of \$1,315 including interest at 1.94%, secured by a Ministerial Guarantee, maturing September 1, 2024 | 38,811 | 51,780 |
| Mortgage repayable in monthly instalments of \$1,525 including interest at 1.99%, secured by a Ministerial Guarantee, maturing October 1, 2024 | 58,743 | 74,009 |
| Mortgage repayable in monthly instalments of \$1,516 including interest at 2.19%, secured by a Ministerial Guarantee, maturing October 1, 2025 | 59,864 | 74,185 |
| Mortgage repayable in monthly instalments of \$1,832 including interest at 2.49%, secured by a Ministerial Guarantee, maturing October 1, 2026 | 86,257 | 102,206 |
| Mortgage repayable in monthly instalments of \$1,684 including interest at 7.25%, secured by a Ministerial Guarantee, maturing May 1, 2022 | 91,681 | 104,825 |
| Mortgage repayable in monthly instalments of \$3,876 including interest at 2.25%, secured by a Ministerial Guarantee, maturing September 1, 2026 | 198,233 | 231,443 |
| | 566,477 | 697,431 |

Interest paid on long-term liabilities amounted to \$28,582 (2021 - \$56,866) during the year.

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

| | \$ |
|---------------------|----------------|
| 2023 | 129,190 |
| 2024 | 120,330 |
| 2025 | 118,424 |
| 2026 | 102,386 |
| 2027 | 77,209 |
| 2028 and thereafter | 18,938 |
| | 566,477 |

Montana First Nation
Notes to the Consolidated Financial Statements
March 31, 2022

12. EQUITY IN TANGIBLE CAPITAL ASSETS

| | 2022 \$ | 2021 \$ |
|--|---------------------|-------------------|
| Tangible capital assets (Schedule 2) | 65,069,427 | 59,722,648 |
| Accumulated amortization (Schedule 2) | (30,823,068) | (29,025,282) |
| Long-term liabilities (Note 11) | (566,477) | (697,431) |
| <u>Obligations under capital lease</u> | <u>-</u> | (277,204) |
| | 33,679,882 | 29,722,731 |

13. EQUITY IN ENTERPRISE FUND

| | 2022 \$ | 2021 \$ |
|--|-------------------|-------------------|
| Balance, beginning of year | 4,504,716 | 3,086,587 |
| Surplus from subsidiary companies | 2,301,088 | 1,142,911 |
| Advances to (from) controlled entities | 702,469 | 275,218 |
| Balance, end of year | 7,508,273 | 4,504,716 |

14. EQUITY IN TRUST FUNDS

| | Capital \$ | Revenue \$ | Total \$ |
|----------------------------|----------------------|----------------------|--------------------|
| Balance, beginning of year | 401,705 | 516,524 | 918,229 |
| Royalties | 15,409 | 57,443 | 72,852 |
| Balance, end of year | 417,114 | 573,967 | 991,081 |

15. ACCUMULATED SURPLUS

| | 2022 \$ | 2021 \$ |
|---|--------------------|-------------------|
| Unrestricted surplus (deficit) | (1,535,470) | (2,735,437) |
| Equity in tangible capital assets | 33,679,882 | 29,722,731 |
| Equity in enterprise fund | 7,508,273 | 4,504,716 |
| Equity in trust funds | 991,081 | 918,229 |
| <u>Equity in CMHC replacement reserve</u> | <u>828,295</u> | 785,958 |
| | 41,472,061 | 33,196,197 |

Montana First Nation
Notes to the Consolidated Financial Statements
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16. RELATED PARTY TRANSACTIONS

Nature of Relationship

Colchester Holdings Ltd., 1560750 Alberta Ltd., Akamihk Energy Incorporated and Akamihk Kanataskiy Ventures Ltd. are related by the fact that all are owned by Montana First Nation.

Revenue

During the year the Montana First Nation recorded donation revenue of \$203,721 from Akamihk Energy Incorporated.

During the year the Montana First Nation recorded interest income of \$197,211 from Colchester Holdings Ltd.

During the year the Montana First Nation recorded revenue \$nil (2021 - \$932,744) from Akamihk Energy Incorporated for work done, by Montana First Nation, related to the Solar Farm.

Consulting Expense

During the year the Montana First Nation paid fees in the amount of \$166,574 (2021 - \$400,000) to Akamihk Kanataskiy Ventures Ltd. for subcontract work done.

These transactions were in the normal course of operations and were measured at the exchange amount.

17. CONTINGENT LIABILITIES

(a) There has been a claim filed related to a dispute over funds owed for services provided. The claim is for \$150,000 plus additional damages and costs. Based on currently available information, the assessed risk is low.

(b) There has been a claim filed for a wrongful termination. The claim is for \$66,000 plus additional damages and costs. Based on currently available information, the assessed risk is low.