

Financial Statements of

**PROVINCIAL MÉTIS HOLDCO
INC.**

Year ended December 31, 2008



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AUDITORS' REPORT TO THE MEMBERS

We have audited the statements of financial position of Provincial Métis Holdco Inc. as at December 31, 2008 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Company has not recorded amortization on buildings and equipment in the financial statements as required by Canadian generally accepted accounting principles.

In our opinion, except for the failure to record amortization on buildings and equipment as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Saskatoon, Canada
June 29, 2009

PROVINCIAL MÉTIS HOLDCO INC.

Statement of Financial Position

December 31, 2008, with comparative figures for 2007

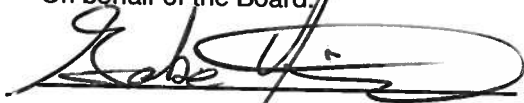

	2008	2007
Assets		
Current assets:		
Cash	\$ 472	\$ 22,626
Guaranteed Investment Certificate (note 2)	22,102	21,610
Rent receivable (net of allowance for doubtful accounts of \$72,424; 2007 \$48,214)	40,743	25,210
Prepaid expenses	2,449	2,341
	<u>65,766</u>	<u>71,787</u>
Loan to Métis Nation-Saskatchewan Secretariat Inc. (note 3)	-	55,000
Capital assets (note 4)	508,346	508,346
	<u>\$ 574,112</u>	<u>\$ 635,133</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,786	\$ 36,373
GST payable	495	5,319
Unearned rent	-	3,900
Current portion of long-term debt (note 5)	-	316,676
Due to affiliate (note 6)	112,100	112,100
	<u>123,381</u>	<u>474,368</u>
Long-term debt (note 5)	517,658	200,982
Loan from Provincial Métis Housing Corporation (note 7)	-	45,000
Net assets:		
Invested in capital assets	-	334,397
Unrestricted	(66,927)	(419,614)
	<u>(66,927)</u>	<u>(85,217)</u>
Subsequent event (note 8)		
	<u>\$ 574,112</u>	<u>\$ 635,133</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director
 Director

PROVINCIAL MÉTIS HOLDCO INC.

Statement of Revenue and Expenses

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Revenue:		
Rental income (related organizations)	\$ 164,726	\$ 160,064
Rental income (unrelated organizations)	-	159
Other income	1,612	700
	<u>166,338</u>	<u>160,923</u>
Expenses:		
Property taxes	29,479	30,359
Bad debts	24,210	48,214
Common area (electrical)	16,586	13,511
Interest on long-term debt (net of interest forgiveness)	13,143	32,260
Common area (gas)	13,059	16,796
Repairs and maintenance	11,756	12,302
Janitorial	10,243	7,830
Insurance	9,139	3,365
Common area (water and sewer)	9,033	5,358
Professional fees	6,340	10,841
Grounds and parking lot maintenance	2,601	1,294
Snow and refuse removal	2,226	2,056
Bank charges	233	184
Donations	-	3,006
	<u>148,048</u>	<u>187,376</u>
Excess (deficiency) of revenue over expenses	\$ 18,290	\$ (26,453)

See accompanying notes to financial statements.

PROVINCIAL MÉTIS HOLDCO INC.

Statement of Changes in Net Assets

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Balance, beginning of year	\$ (85,217)	\$ (58,764)
Excess (deficiency) of revenue over expenses	18,290	(26,453)
Balance, end of year	\$ (66,927)	\$ (85,217)

See accompanying notes to financial statements.

PROVINCIAL MÉTIS HOLDCO INC.

Statement of Cash Flows

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Cash flows from (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 18,290	\$ (26,453)
Change in non-cash operating working capital:		
Rent receivable	(15,533)	27,217
Prepaid expenses	(108)	(147)
Accounts payable and accrued liabilities	(25,587)	15,598
GST payable	(4,824)	4,602
Unearned rent	(3,900)	3,900
	(31,662)	24,717
Financing:		
Provincial Metis Housing Corp. loan payment	(45,000)	-
Metis Nations Saskatchewan - Secretariat Inc. loan proceeds	55,000	-
	10,000	-
Investing:		
Increase in Guaranteed Investment Certificate	(492)	(700)
Increase (decrease) in cash position	(22,154)	24,017
Cash, beginning of year	22,626	(1,391)
Cash, end of year	\$ 472	\$ 22,626

See accompanying notes to financial statements.

PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements

Year ended December 31, 2008

Nature of operations:

The Company was incorporated July 15, 1992 under the Non-Profit Corporations Act of Saskatchewan, with one class of membership consisting of two charter members, The Métis Nation - Saskatchewan Secretariat Inc. and Provincial Métis Housing Corporation. The purpose of the Company is to promote the economic and social welfare of persons of Métis origin and to provide support for recognized benevolent and charitable enterprises, federations, agencies and societies engaged in assisting the development, both economic and social of Métis citizens.

The Company owns an office building in Saskatoon, Saskatchewan. The Company's mandate is served by renting office space to organizations providing services to Métis citizens and by providing financial support to such organizations.

Due to the nature of its activities, the Company is not taxable for income tax purposes under section 149 of the Income Tax Act.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies.

(b) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from these estimates.

(c) Capital assets and amortization:

Capital assets are carried at cost if purchased, or fair value at the date of acquisition if received by gift. Proceeds of disposals, less carrying values of these assets are reported in the statement of revenue and expenses as gains or losses on disposal. The Company does not record amortization on an annual basis.

(d) Revenue recognition:

The Company recognizes revenue as it accrues in accordance with the terms of its rental agreements, provided reasonable assurance exists regarding measurement and collectibility.

PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2008

1. Significant accounting policies (continued):

(e) Financial instruments:

The Company has designated all of its cash and investments that may arise as "held for trading" and records them at fair value. Rent receivable is classified as "loans and receivables" and measured at amortized cost. Liabilities, loans and long-term debt are classified as "other financial liabilities" and measured at amortized cost.

2. Guaranteed Investment Certificate:

The guaranteed investment certificate bears interest at a variable rate (currently 1.26%) and matures November 30, 2009. It is pledged as security for the line of credit of Métis Nation - Saskatchewan Secretariat Inc. at the Royal Bank of Canada.

3. Loan to Métis Nation - Saskatchewan Secretariat Inc.:

The loan was unsecured, non-interest bearing and was receivable in full at December 31, 2005. However, payment was deferred indefinitely and therefore the balance outstanding at December 31, 2007 was classified as non-current. During 2008, payment of the loan was received in full.

4. Capital assets:

	2008	2007
Land and building	\$ 508,155	\$ 508,155
Equipment	192	192
	<hr/> \$ 508,347	<hr/> \$ 508,347

PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2008

5. Long-term debt:

	2008	2007
Sasknative Economic Development Corporation mortgage payable in monthly instalments of \$4,190 including interest at 9% per annum; secured by a promissory note for \$286,000, a second mortgage on land and building, a general security agreement on all property, and assignment of insurance; due in 2010. Terms have been amended to interest only payments of \$1,750 per month.	\$ 231,658	\$ 231,658
Clarence Campeau Development Fund mortgage payable in quarterly instalments of \$2,860 of interest only at 4.81% per annum; secured by first mortgage on land and building, and assignment of insurance; due December 2012.	286,000	286,000
	517,658	517,658
Less principal portion due within one year.	-	(316,676)
	\$ 517,658	\$ 200,982

6. Due to affiliate:

	2008	2007
Provincial Métis Housing Corporation	\$ 112,100	\$ 112,100

The loan is unsecured and non-interest bearing. Provincial Métis Housing Corporation is affiliated with Provincial Métis Holdco Inc. through membership in Métis Nations - Saskatchewan. Provincial Métis Housing Corporation has the ability to demand repayment of the loan and, as a result, the loan has been classified as a current liability.

7. Loan from Provincial Métis Housing Corporation:

The loan was unsecured, non-interest bearing and was to be repayable in monthly instalments of \$5,000 commencing February 1, 2005. During 2005, the monthly instalments were deferred indefinitely by Provincial Métis Housing Corporation. During 2008, payment of the loan has been made in full.

PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2008

8. Subsequent event:

Pursuant to an agreement dated May 29, 2009, the Company sold the land and building described in note 4 for proceeds of \$1,295,000. Proceeds from the sale, net of real estate commissions and other costs related to the sale, are to be used to repay the long-term debt described in note 5 and the amount due to affiliate described in note 6.

9. Related party transactions:

All rents received during the year from organizations related by common membership occurred in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. Financial instruments:

The Company as part of its operations carries a number of financial instruments. It is management's opinion that the company is not exposed to significant interest or credit risks arising from these financial instruments.

Fair Value

Cash and Guaranteed Investment Certificate are carried at fair value. The carrying amounts of rent receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturities of these items. It is not possible to estimate the fair value of the amount due to affiliate as it is not possible to predict the timing of cash outflows from these items in the absence of fixed repayment terms.

The fair value of the long-term debt is not determinable as it is not possible to estimate the terms that would apply to a commercial lending arrangement of similar size.

Credit Concentration

Of the total rent receivable at year end, a significant portion is due from one tenant, the Métis Nation - Saskatchewan Secretariat Inc., one of the Company's charter members.

11. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.