

Financial Statements of

**PROVINCIAL MÉTIS HOLDCO  
INC.**

Years ended December 31, 2012 and 2011



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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Provincial Métis Holdco Inc.

We have audited the accompanying financial statements of Provincial Métis Holdco Inc., which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011, the statements of operations, changes in net assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 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 the financial statements present fairly, in all material respects, the financial position of Provincial Métis Holdco Inc. as at December 31, 2012, December 31, 2011, and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants

June 4, 2012  
Saskatoon, Canada

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# PROVINCIAL MÉTIS HOLDCO INC.

Statement of Financial Position

December 31, 2012, December 31, 2011 and January 1, 2011

	December 31, 2012	December 31, 2011	January 1, 2011
<b>Assets</b>			
Current assets:			
Cash	\$ 377,836	\$ 526,642	\$ 363,547
Guaranteed investment certificate (note 2)	22,135	22,135	22,135
Accounts receivable	16,431	8,791	9,971
Prepaid expenses	29,049	29,049	40,968
Due from Métis Nation - Saskatchewan Secretariat Inc.	150,000	-	150,000
	<u>595,451</u>	<u>586,617</u>	<u>586,621</u>
Leasehold improvements (note 3)	50,843	84,739	107,336
	<u>\$ 646,294</u>	<u>\$ 671,356</u>	<u>\$ 693,957</u>


## Liabilities and Net Assets

Current liabilities:			
Accounts payable and accrued liabilities	\$ 9,835	\$ 14,934	\$ 13,301
Due to Métis Nation - Saskatchewan Secretariat Inc.	-	124	-
Due to SaskMétis Economic Development Corporation (note 4)	8,441	53,991	95,227
	<u>18,276</u>	<u>69,049</u>	<u>108,528</u>
Net assets:			
Unrestricted	628,018	602,307	585,429
Commitments (note 5)			
	<u>\$ 646,294</u>	<u>\$ 671,356</u>	<u>\$ 693,957</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

# PROVINCIAL MÉTIS HOLDCO INC.

## Statement of Operations

Years ended December 31, 2012 and 2011

	2012	2011
Rental income (related organizations)	\$ 252,904	\$ 255,001
Expenses:		
Office rent	144,606	145,681
Amortization of leasehold improvements	33,896	22,597
Common area (electrical)	16,164	18,411
Professional fees	11,888	15,007
Janitorial	9,660	13,421
Common area (gas)	3,313	3,531
Interest on long-term debt	3,151	7,483
Grounds and parking lot maintenance	1,876	2,148
Repairs and maintenance	1,358	7,418
Common area (water and sewer)	1,079	1,514
Bank charges	202	912
	227,193	238,123
Excess of revenue over expenses	\$ 25,711	\$ 16,878

See accompanying notes to financial statements.

# PROVINCIAL MÉTIS HOLDCO INC.

## Statement of Changes in Net Assets

Years ended December 31, 2012 and 2011

	2012	2011
Balance, beginning of year	\$ 602,307	\$ 585,429
Excess of revenue over expenses	25,711	16,878
Balance, end of year	\$ 628,018	\$ 602,307

See accompanying notes to financial statements.

# PROVINCIAL MÉTIS HOLDCO INC.

## Statement of Cash Flows

Years ended December 31, 2012 and 2011

	2012	2011
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 25,711	\$ 16,878
Item not involving cash:		
Amortization of leasehold improvements	33,896	22,597
Change in non-cash operating working capital:		
Accounts receivable	(7,640)	1,180
Prepaid expenses	-	11,919
Accounts payable and accrued liabilities	(5,099)	1,634
	46,868	54,208
Financing:		
Decrease (increase) in due from (to) Métis Nation - Saskatchewan Secretariat Inc.	(150,124)	150,124
Principal payments on debt	(45,550)	(41,237)
	(195,674)	108,887
Increase (decrease) in cash position	(148,806)	163,095
Cash position, beginning of year	526,642	363,547
Cash position, end of year	\$ 377,836	\$ 526,642
Cash position is comprised of the following:		
Cash in bank account	\$ 12,885	\$ 16,066
Cash in trust account (note 6)	364,951	510,576
	\$ 377,836	\$ 526,642
Supplemental cash flow disclosure:		
Interest paid	\$ 3,151	\$ 7,483

See accompanying notes to financial statements.

# PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements

Years ended December 31, 2012 and 2011

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## General:

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 currently leases an office building in Saskatoon, Saskatchewan which it rents to other organizations. 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.

On January 1, 2011, the Company adopted Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook (Not-For-Profit Standards). These are the first financial statements prepared in accordance with Not-For-Profit Standards.

In accordance with the transitional provisions in Not-For-Profit Standards, the Company has adopted the changes retrospectively. The transition date is January 1, 2011 and all comparative information provided has been presented by applying Not-For-Profit Standards. There were no adjustments arising on transition and no exemptions were elected.

## 1. Significant accounting policies:

### (a) Use of estimates:

- The preparation of financial statements 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.

# PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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## 1. Significant accounting policies (continued):

### (b) 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. Amortization is provided for using the following method and rates:

Asset	Method	Rate
Leasehold improvements	Straight-line	48 months (lease term)

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### (c) 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.

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and subsequently recorded at fair value or amortized cost as follows:

Cash and investments - fair value

Accounts receivable and accounts payable - amortized cost

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.



# PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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## 1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

## 2. Guaranteed investment certificate:

The guaranteed investment certificate bears interest at a variable rate (currently 1.1%) and matures November 29, 2013. It is pledged as security for the line of credit of Métis Nation - Saskatchewan Secretariat Inc. at the Royal Bank of Canada.

# PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

### 3. Leasehold improvements:

December 31, 2012	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 129,933	\$ 79,090	\$ 50,843

December 31, 2011	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 129,933	\$ 45,194	\$ 84,739

January 1, 2011	Cost	Accumulated amortization	Net book value
Leasehold improvements	\$ 129,933	\$ 22,597	\$ 107,336

During the current year, the Company revised its estimate for calculating amortization on leasehold improvements. This revision resulted in reducing the amortization period from 69 months to 48 months to correspond with the remaining negotiated lease term. The result was an increase in amortization in the current year of \$11,299 as compared to the previous estimate.

# PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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#### 4. Due to SaskMétis Economic Development Corporation:

	December 31, 2012	December 31, 2011	January 1, 2011
Sask Métis Economic Development Corporation demand loan payable in monthly instalments of \$4,075 including interest at 10%, secured by demand promissory note, cash in trust accounts, general security agreement on all property and assignment of insurance, due 2013	\$ 8,441	\$ 53,991	\$ 95,227

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Estimated principal repayments on the demand loan based on scheduled repayments are as follows:

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2013	\$ 8,441
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#### 5. Commitments:

The Company leases office space pursuant to the terms of an operating lease expiring September 30, 2013. The estimated future minimum lease payments including occupancy costs are as follows:

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2013	\$ 104,042
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# PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

## 6. 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. A summary of these rents are as follows:

	2012	2011
Métis Nation - Saskatchewan Secretariat Inc.	\$ 180,833	\$ 156,766
Sask Métis Economic Development Corporation	32,089	42,786
Provincial Métis Housing Corporation	22,932	22,522
Métis Addictions Council of Saskatchewan Inc.	12,500	30,000
Other	4,550	2,927
	<b>\$ 252,904</b>	<b>\$ 255,001</b>

During the year a demand promissory note in the amount of \$150,000 was issued to Métis Nation - Saskatchewan Secretariat Inc. This promissory note is to be repaid in annual payments of \$50,000 up to July 31, 2015.

A reconciliation of the cash in trust account is as follows:

	2012
Balance, January 1, 2011	\$ 357,969
Interest earned	2,607
Repayment of advances by Métis Nation - Saskatchewan Secretariat Inc. (i)	150,000
Balance, December 31, 2011	510,576
Interest earned	4,375
Advances to Métis Nation - Saskatchewan Secretariat Inc. (ii)	(150,000)
Balance, December 31, 2012	<b>\$ 364,951</b>

(i) The advance was originally made in 2010 for purposes of assisting with the annual Back to Batoche festival. This advance was repaid in 2011.

(ii) The advance was made in 2012 for the purposes of assisting with provincial elections for the Métis Nation - Saskatchewan Secretariat. This advance is secured by a demand promissory note to be repaid to the Company in annual payments of \$50,000 over the next three years. The advance was conditional on the Office of the Federal Interlocutor confirming a \$200,000 contribution to the election.

# PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Years ended December 31, 2012 and 2011

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## 7. Financial instruments:

The Company has exposure to the following risks from its use of financial instruments:

a) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements and ensuring it has sufficient funds to fulfill its obligations.

b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss. The Company is exposed to credit risk with respect to cash, investments and accounts receivable. The Company assesses credit risk on a continuous basis on accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. Credit risk on cash and investments are considered minimal as the counterparties are chartered banks with high credit ratings assigned by national credit-rating agencies.

c) Interest rate risk:

The Company is exposed to interest rate risk on its guaranteed investment certificate. This risk is considered minimal due to the short-term period to maturity of the investment.