

Financial Statements of

**PROVINCIAL MÉTIS HOLDCO
INC.**

Year ended December 31, 2007



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Chartered Accountants
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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, 2007 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, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures were audited by another firm of chartered accountants.

KPMG LLP

Chartered Accountants

Saskatoon, Canada
August 14, 2008

PROVINCIAL MÉTIS HOLDCO INC.

Statement of Financial Position

December 31, 2007, with comparative figures for 2006

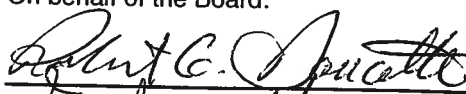
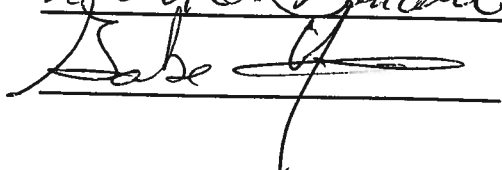
	2007	2006
Assets		
Current assets:		
Cash	\$ 22,626	\$ -
Guaranteed Investment Certificate (note 3)	21,610	20,910
Rent receivable (net of allowance for doubtful accounts of \$48,214)	25,210	52,427
Prepaid expenses	2,341	2,194
	<u>71,787</u>	<u>75,531</u>
Loan to Métis Nation-Saskatchewan Secretariat Inc. (note 4)	55,000	55,000
Capital assets (note 5)	508,346	508,346
	<u>\$ 635,133</u>	<u>\$ 638,877</u>

Liabilities and Net Assets

Current liabilities:		
Bank indebtedness	\$ -	\$ 1,391
Accounts payable and accrued liabilities	8,362	5,282
GST payable	5,319	717
Accrued interest payable	28,011	15,493
Unearned rent	3,900	-
Current portion of long-term debt (note 6)	316,676	286,000
Due to affiliate (note 7)	112,100	112,100
	<u>474,368</u>	<u>420,983</u>
Long-term debt (note 6)	200,982	231,658
Loan from Provincial Métis Housing Corporation (note 8)	45,000	45,000
Net assets:		
Invested in capital assets	334,397	334,397
Unrestricted	(419,614)	(393,161)
	<u>(85,217)</u>	<u>(58,764)</u>
Future operations (note 1)		
	<u>\$ 635,133</u>	<u>\$ 638,877</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, 2007, with comparative figures for 2006

	2007	2006
Revenue:		
Rental income (related organizations)	\$ 160,064	\$ 161,195
Rental income (unrelated organizations)	159	329
Other income	700	593
	<u>160,923</u>	<u>162,117</u>
Expenses:		
Bad debts	48,214	45,252
Interest on long-term debt	32,260	32,926
Property taxes	30,359	31,423
Common area (gas)	16,796	8,889
Common area (electrical)	13,511	14,288
Repairs and maintenance	12,302	4,820
Professional fees	10,841	4,592
Janitorial	7,830	7,356
Common area (water and sewer)	5,358	8,729
Insurance	3,365	3,397
Donations	3,006	1,791
Snow and refuse removal	2,056	2,062
Grounds and parking lot maintenance	1,294	1,844
Bank charges	184	705
Property management fees	-	3,500
	<u>187,376</u>	<u>171,574</u>
Deficiency of revenue over expenses	\$ (26,453)	\$ (9,457)

See accompanying notes to financial statements.

PROVINCIAL MÉTIS HOLDCO INC.

Statement of Changes in Net Assets

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Balance, beginning of year	\$ (58,764)	\$ (49,307)
Deficiency of revenue over expenses	(26,453)	(9,457)
Balance, end of year	\$ (85,217)	\$ (58,764)

See accompanying notes to financial statements.

PROVINCIAL MÉTIS HOLDCO INC.

Statement of Cash Flows

Year ended December 31, 2007, with comparative figures for 2006

	2007	2006
Cash flows from (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (26,453)	\$ (9,457)
Change in non-cash operating working capital:		
Rent receivable	27,217	(4,007)
Prepaid expenses	(147)	-
Accounts payable and accrued liabilities	3,080	(2,874)
GST payable	4,602	(1,389)
Accrued interest payable	12,518	8,070
Unearned rent	3,900	(4,534)
Due to affiliate	-	112,100
	24,717	97,909
Investing:		
Increase in Guaranteed Investment Certificate	(700)	(593)
Financing:		
Advance of long-term debt	-	1,525
Increase (decrease) in cash position	24,017	98,841
Cash position, beginning of year	110,709	11,868
Cash position, end of year	\$ 134,726	\$ 110,709

Cash position is defined as cash less bank indebtedness.

See accompanying notes to financial statements.

PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements

Year ended December 31, 2007

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. Future operations:

These financial statements have been prepared on a going concern basis, which presumes that the Company will continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has incurred operating losses, has a significant working capital deficiency and is unable to pay amounts related to debt and other items as they become due. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and obtain sufficient cash to meet its liabilities and commitments as they become due. The outcome of these matters cannot be determined at this time.

These financial statements do not include any adjustments in the carrying values of assets and liabilities, the reported deficiency of revenue over expenses and the statement of financial position classifications that would not be necessary if the going concern assumptions were not appropriate, should the Company not be able to continue its normal course of business.

2. 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.

PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2007

2. Significant accounting policies (continued):

(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.

Valuation of the balances receivable from Métis Nation - Saskatchewan Secretariat Inc. are based on management's best estimates. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in the statement of revenue and expenses in the periods in which they become known.

(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.

(e) Financial instruments:

Effective January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants' Handbook Section 3855 - Financial Instruments - Recognition and Measurement. Pursuant to the requirements of this Section, 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. The initial adoption of this accounting policy did not have a material impact on the financial statements of the Company.

PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2007

3. Guaranteed Investment Certificate:

The guaranteed investment certificate bears interest at 3.5% and matures November 30, 2008. It is pledged as security for the line of credit of Métis Nation - Saskatchewan Secretariat Inc. at the Royal Bank of Canada.

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

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

5. Capital assets:

	2007	2006
Land and building	\$ 508,155	\$ 508,155
Equipment	192	192
	\$ 508,347	\$ 508,347

PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2007

6. Long-term debt:

	2007	2006
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 \$30,676 in 2008, \$33,533 in 2009, and \$167,658 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% per annum; secured by first mortgage on land and building, and assignment of insurance; due July 2007. As of year end payments are in arrears and has been classified as current.	286,000	286,000
	517,658	517,658
Less principal portion due within one year.	(316,676)	(286,000)
	\$ 200,982	\$ 231,658

7. Due to affiliate:

	2007	2006
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.

8. Loan from Provincial Métis Housing Corporation:

The loan is 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 and therefore the balance outstanding at December 31, 2007 has been classified as non-current.

PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2007

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, accounts payable and accrued liabilities and accrued interest payable approximate their fair values due to the short-term maturities of these items. It is not possible to estimate the fair value of the loans to and from related parties nor 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.