

Financial Statements of

**PROVINCIAL MÉTIS HOLDCO
INC.**

Year ended December 31, 2009



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AUDITORS' REPORT TO THE MEMBERS

We have audited the statement of financial position of Provincial Métis Holdco Inc. as at December 31, 2009 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.

In previous years, the Company did not record amortization on its building in the financial statements as required by Canadian generally accepted accounting principles. During 2009, the land and building were sold and a gain on sale recorded. The gain on sale would have been increased from the amount recorded had the Company previously recorded amortization on its building. The revised amount of the gain has not been determined

In our opinion, except for the failure to record amortization on building and the impact on the gain on sale of land and building recorded in the financial statements 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, 2009 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, 2010

PROVINCIAL MÉTIS HOLDCO INC.

Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash	\$ 524,779	\$ 472
Guaranteed Investment Certificate (note 2)	22,102	22,102
Rent receivable (net of allowance for doubtful accounts of \$70,387; 2008 \$72,424)	45,607	40,743
Prepaid expenses	29,049	2,449
	<u>621,537</u>	<u>65,766</u>
Capital assets (note 3)	-	508,346
	<u>\$ 621,537</u>	<u>\$ 574,112</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 20,676	\$ 10,786
GST payable	79	495
Due to affiliate (note 5)	-	112,100
	<u>20,755</u>	<u>123,381</u>
Long-term debt (note 4)	-	517,658
Net assets:		
Unrestricted	600,782	(66,927)
Commitments (note 9)		
	<u>\$ 621,537</u>	<u>\$ 574,112</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, 2009, with comparative figures for 2008

	2009	2008
Revenue:		
Rental income (related organizations)	\$ 156,622	\$ 164,726
Other income	130	1,612
	<u>156,752</u>	<u>166,338</u>
Expenses:		
Office rent	42,696	-
Interest on long-term debt (net of interest forgiveness)	37,476	13,143
Repairs and maintenance	25,831	11,756
Janitorial	23,060	10,243
Common area (electrical)	17,077	16,586
Property taxes	14,582	29,479
Professional fees	14,053	6,340
Common area (gas)	10,431	13,059
Common area (water and sewer)	7,864	9,033
Grounds and parking lot maintenance	6,979	2,601
Insurance	2,449	9,139
Snow and refuse removal	2,114	2,226
Storage	2,000	-
Bank charges	223	233
Bad debts (recovery)	(2,036)	24,210
	<u>204,799</u>	<u>148,048</u>
Earnings (deficiency) before the undernoted	(48,047)	18,290
Gain on sale of land and building	715,756	-
Excess of revenue over expenses	<u>\$ 667,709</u>	<u>\$ 18,290</u>

See accompanying notes to financial statements.

PROVINCIAL MÉTIS HOLDCO INC.

Statement of Changes in Net Assets

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Balance, beginning of year	\$ (66,927)	\$ (85,217)
Excess of revenue over expenses	667,709	18,290
Balance, end of year	\$ 600,782	\$ (66,927)

See accompanying notes to financial statements.

PROVINCIAL MÉTIS HOLDCO INC.

Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Cash flows from (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 667,709	\$ 18,290
Items not involving cash:		
Gain on sale of land and building	(715,756)	-
Change in non-cash operating working capital:		
Rent receivable	(4,864)	(15,533)
Prepaid expenses	(26,600)	(108)
Accounts payable and accrued liabilities	9,890	(25,587)
GST payable	(416)	(4,824)
Unearned rent	-	(3,900)
	<u>(70,037)</u>	<u>(31,662)</u>
Financing:		
Principal payments on long-term debt	(517,658)	-
Provincial Metis Housing Corp. loan payment	-	(45,000)
Metis Nations Saskatchewan - Secretariat Inc. loan proceeds	-	55,000
Repayment of due to affiliate	(112,100)	-
	<u>(629,758)</u>	<u>10,000</u>
Investing:		
Increase in Guaranteed Investment Certificate	-	(492)
Proceeds on sale of land and building	1,224,102	-
	<u>1,224,102</u>	<u>(492)</u>
Increase (decrease) in cash position	524,307	(22,154)
Cash, beginning of year	472	22,626
Cash, end of year	<u>\$ 524,779</u>	<u>\$ 472</u>
Cash is comprised of the following:		
Cash in bank account	\$ (1,387)	\$ 472
Cash in trust account:	526,166	-
	<u>\$ 524,779</u>	<u>\$ 472</u>

See accompanying notes to financial statements.

PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements

Year ended December 31, 2009

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 currently leases an office building in Saskatoon, Saskatchewan which it rents to other organizations. During 2009, the Company sold its previously owned land and building and moved to new leased premises. 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.

PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(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:

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 0.2%) and matures November 29, 2010. It is pledged as security for the line of credit of Métis Nation - Saskatchewan Secretariat Inc. at the Royal Bank of Canada.

3. Capital assets:

	2009	2008
Land and building	\$ -	\$ 508,155
Equipment	-	192
	\$ -	\$ 508,347

During the year, the land and building were sold for proceeds of \$1,224,102. The proceeds were used, in part, to repay the long-term debt described in note 4 and the amount due to affiliate described in note 5. The balance of the proceeds has been retained in a trust account.

PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2009

4. Long-term debt:

	2009	2008
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. Terms were amended to interest only payments of \$1,750 per month.	\$ -	\$ 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.	-	286,000
	-	517,658
Less principal portion due within one year.	-	(316,676)
	\$ -	\$ 200,982

5. Due to affiliate:

	2009	2008
Provincial Métis Housing Corporation	\$ -	\$ 112,100

The loan was 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 had the ability to demand repayment of the loan and, as a result, the loan had been classified as a current liability.

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.

PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2009

7. 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.

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.

8. Comparative figures:

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

9. Commitments:

The Company leases office space pursuant to the terms of an operating lease expiring September 30, 2012. The estimated future minimum lease payments including occupancy cost are as follows:

2010		
2011	\$	157,560
2012		118,170
	\$	433,290
