

Financial Statements of

**PROVINCIAL MÉTIS HOLDCO  
INC.**

Year ended December 31, 2013



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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 statement of financial position as at December 31, 2013, the statements of operations, changes in net assets and cash flows for the year 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, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants

April 17, 2014  
Saskatoon, Canada

# PROVINCIAL MÉTIS HOLDCO INC.

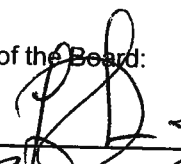
## Statement of Financial Position

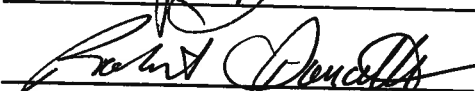
December 31, 2013, with comparative information for 2012

	2013	2012
<b>Assets</b>		
Current assets:		
Cash	\$ 312,074	\$ 377,836
Guaranteed investment certificate (note 2)	22,135	22,135
Accounts receivable	1,648	16,431
Prepaid expenses	25,056	29,049
Due from Métis Nation - Saskatchewan Secretariat Inc. (note 3)	282,052	150,000
	<u>642,965</u>	<u>595,451</u>
Leasehold improvements (note 4)	17,062	50,843
	<u>\$ 660,027</u>	<u>\$ 646,294</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 10,521	\$ 9,835
Due to SaskMétis Economic Development Corporation (note 5)	-	8,441
	<u>10,521</u>	<u>18,276</u>
Net assets:		
Unrestricted	649,506	628,018
Commitments (note 6)		
	<u>\$ 660,027</u>	<u>\$ 646,294</u>

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# PROVINCIAL MÉTIS HOLDCO INC.

## Statement of Operations

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Revenue:		
Rental revenue (note 3)	\$ 267,631	\$ 248,354
Interest and other income	3,504	4,550
	<u>271,135</u>	<u>252,904</u>
Expenses:		
Office rent	156,926	144,606
Amortization of leasehold improvements	52,395	33,896
Common area (electrical)	16,299	16,164
Professional fees	11,806	11,888
Repairs and maintenance	5,379	1,358
Common area (gas)	2,533	3,313
Grounds and parking lot maintenance	2,442	1,876
Common area (water and sewer)	1,467	1,079
Bank charges	268	202
Interest on long-term debt	75	3,151
Office and general	57	-
Janitorial	-	9,660
	<u>249,647</u>	<u>227,193</u>
Excess of revenue over expenses	\$ 21,488	\$ 25,711

See accompanying notes to financial statements.

# PROVINCIAL MÉTIS HOLDCO INC.

## Statement of Changes in Net Assets

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Balance, beginning of year	\$ 628,018	\$ 602,307
Excess of revenue over expenses	21,488	25,711
Balance, end of year	\$ 649,506	\$ 628,018

See accompanying notes to financial statements.

# PROVINCIAL MÉTIS HOLDCO INC.

## Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash flows from (used in):		
Operations:		
Excess of revenue over expenses	\$ 21,488	\$ 25,711
Item not involving cash:		
Amortization of leasehold improvements	52,395	33,896
Change in non-cash operating working capital:		
Accounts receivable	14,783	(7,640)
Prepaid expenses	3,993	-
Accounts payable and accrued liabilities	686	(5,099)
	<u>93,345</u>	<u>46,868</u>
Financing:		
Advances to Métis Nation - Saskatchewan Secretariat Inc.	(132,052)	(150,124)
Principal payments on due to SaskMétis Economic Development Corporation	(8,441)	(45,550)
	<u>(140,493)</u>	<u>(195,674)</u>
Investing:		
Purchase of leasehold improvements	(18,614)	-
Decrease in cash position	(65,762)	(148,806)
Cash position, beginning of year	377,836	526,642
Cash position, end of year	<u>\$ 312,074</u>	<u>\$ 377,836</u>
Cash position is comprised of the following:		
Cash in bank account	\$ 193,862	\$ 12,885
Cash in trust account (note 3)	118,212	364,951
	<u>\$ 312,074</u>	<u>\$ 377,836</u>
Supplemental cash flow disclosure:		
Interest paid	\$ 75	\$ 3,151

See accompanying notes to financial statements.

# PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements

Year ended December 31, 2013

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## General:

Provincial Métis Holdco Inc. (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.

## 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. Significant items subject to estimation and assumptions include the timing and collectibility of amounts due from Métis Nation - Saskatchewan Secretariat Inc., a related party. Actual results could differ from these estimates.

### (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	36 months (lease term)

# PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

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## 1. Significant accounting policies (continued):

### (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 guaranteed investment certificate are classified as financial assets and measured at fair value. Fair value fluctuations in these assets which may include interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in revenue.

Accounts receivable are classified as loans and receivables and measured at amortized cost.

Accounts payable and accrued liabilities are classified as other liabilities and measured at 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.

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.



# PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

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## 2. Guaranteed investment certificate:

The guaranteed investment certificate bears interest at a variable rate (currently 1.05%) and matures November 29, 2014. It is pledged as security for the line of credit of Métis Nation - Saskatchewan Secretariat Inc. at the Royal Bank of Canada.

## 3. 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:

	2013	2012
Métis Nation - Saskatchewan Secretariat Inc.	\$ 247,469	\$ 180,833
Provincial Métis Housing Corporation	18,119	22,932
Round Prairie Ventures Inc.	2,042	-
Sask Métis Economic Development Corporation	-	32,089
Métis Addictions Council of Saskatchewan Inc.	-	12,500
	<u>\$ 267,630</u>	<u>\$ 248,354</u>

During 2012 a demand promissory note in the amount of \$150,000 was issued to Métis Nation - Saskatchewan Secretariat Inc. ("MNS"). This promissory note is to be repaid in annual payments of \$50,000 to July 31, 2015.

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

# PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

### 3. Related party transactions (continued):

	2013	2012
Balance, beginning of year	\$ 364,951	\$ 510,576
Transfer to Provincial Métis Holdco Inc. cash account	(250,000)	-
Advances to Métis Nation - Saskatchewan Secretariat Inc.	-	(150,000)
Interest earned	3,261	4,375
Balance, end of year	\$ 118,212	\$ 364,951

A reconciliation of the due from Métis Nation - Saskatchewan Secretariat Inc. is as follows:

	2013	2012
Balance, beginning of year (i)	\$ 150,000	\$ (124)
Advances to Métis Nation - Saskatchewan Secretariat Inc. (ii)	160,385	150,124
Repayments from Métis Nation - Saskatchewan Secretariat Inc. (iii)	(28,333)	-
Balance, end of year	\$ 282,052	\$ 150,000

# PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

### 3. Related party transactions (continued):

- (i) The balance consists of an advance in the amount of \$150,000 that 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 entity in annual payments of \$50,000. The expected date of full repayment is July 31, 2015.
- (ii) Advances to Métis Nation - Saskatchewan Secretariat during the year consisted of: (a) legal expenses of \$45,187 paid on behalf of MN-S; (b) Métis Nation Legislative Assembly (MNLA) expenses of \$28,333 paid on behalf of MN-S and; (c) Powley C programme expenses of \$86,865 paid on behalf of MN-S.
- (iii) Current year repayment consists of repayment of the \$28,333 advance relating to MNLA expenses.

Subsequent to December 31, 2013, the Company paid additional expenses of the Métis Nation - Saskatchewan Secretariat Inc. of approximately \$83,000. The Company has been paying certain expenses of the MN-S due to an ongoing dispute between members of MN-S with respect to governance matters. The Company expects to be repaid by MN-S for amounts advanced to and expenses paid on behalf of MN-S. However there is uncertainty with respect to the ultimate timing and collectibility of these amounts. The Company also rents space to MN-S and the ongoing dispute at MN-S may have an impact of the ability of MN-S to continue to pay rent to the Company.

### 4. Leasehold improvements:

		Cost	Accumulated amortization	2013	2012
Leasehold improvements	\$	18,613	\$ (1,551)	\$ 17,062	\$ 50,843
	\$	18,613	\$ (1,551)	\$ 17,062	\$ 50,843

During the current year, the Company relocated to new office premises. The remaining net book value of leasehold improvements relating to the previous office premises in the amount of \$50,843 has been fully amortized to expense in the current year. Leasehold improvement additions relating to the new office premises has been capitalized in the current year and will be amortized over the negotiated lease term.

# PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

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## 5. Due to SaskMétis Economic Development Corporation:

	2013	2012
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

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## 6. Commitments:

The Company leases office space pursuant to the terms of an operating lease expiring September 30, 2016. The estimated future minimum lease payments including occupancy costs are as follows:

2014	\$ 108,185
2015	108,185
2016	81,139
	<hr/> \$ 297,509 <hr/>

## 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.

# PROVINCIAL MÉTIS HOLDCO INC.

Notes to Financial Statements (continued)

Year ended December 31, 2013

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## 7. Financial instruments (continued):

### 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 accounts receivable and amounts due from Métis Nation - Saskatchewan Secretariat Inc. 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. Credit risk on amounts due from Métis Nation - Saskatchewan Secretariat Inc. arises from an ongoing dispute between members of MN-S with respect to governance matters and depends on the ability of the members to resolve their differences.

### 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.