

# **Métis National Council Secretariat Inc.**



## **Financial Statements** For the year ended March 31, 2021

**Métis National Council Secretariat Inc.**

**Financial Statements**

For the year ended March 31, 2021

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## **Independent Auditor's Report**

### **To the Members of Métis National Council Secretariat Inc.**

#### Qualified Opinion

We have audited the financial statements of Métis National Council Secretariat Inc. (the "Organization" or "MNC") which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

#### Basis for Qualified Opinion

One of MNC's program known as the Métis Veterans Legacy Program is administered in part by the Manitoba Métis Federation ("MMF"). We were unable to obtain sufficient appropriate audit evidence about all the transactions incurred by MMF on behalf of MNC in relation to this program for the year ended March 31, 2021. Therefore, we were not able to determine whether any adjustments may be necessary to the Organization's revenue, program expenses, the related deferred revenue and advances to the Manitoba Métis Federation as well as the excess of revenue over expenses and cash flows from operations for the years ended March 31, 2021, assets as at March 31, 2021, and the net assets as at March 31, 2021.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Other Matters

The financial statements of Métis National Council Secretariat Inc. for the year ended March 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on August 16, 2021.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly Ottawa LLP*

**Métis National Council Secretariat Inc.**  
**Statement of Financial Position**

<b>March 31</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
<b>Current</b>		
Cash (Note 1)	\$ 13,118,789	\$ 31,911,345
Accounts receivable	1,349,372	2,640,809
HST receivable	145,943	175,201
Due from related parties (Note 3)	128,118	141,853
Prepaid expenses	55,720	168,219
Advances to Manitoba Métis Federation (Note 4)	1,799,255	-
	16,597,197	35,037,427
<b>Investments</b> (Note 2)	20,552,836	-
<b>Capital assets</b> (Note 5)	5,437	7,110
	\$ 37,155,470	\$ 35,044,537

**Liabilities and Net Assets**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 2,434,504	\$ 1,672,992
Due to related parties (Note 3)	232,410	863,986
Deferred revenue (Note 7)	3,384,610	1,228,510
Current portion of contributions repayable to funding agencies (Note 8)	99,785	99,785
	6,151,309	3,865,273
<b>Deferred revenue - non-current</b> (Note 7)	28,453,505	29,645,508
<b>Contributions repayable to funding agencies</b> (Note 8)	482,295	582,081
<b>Deferred contributions</b>	4,084	5,576
	35,091,193	34,098,438
<b>Net assets</b>	2,064,277	946,099
	\$ 37,155,470	\$ 35,044,537

Approved on behalf of the Board:

  
\_\_\_\_\_  
Governor

  
\_\_\_\_\_  
Governor

## Métis National Council Secretariat Inc. Statement of Operations

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>		
Indigenous Services Canada	\$ 7,181,949	\$ 10,263,672
Environment Canada	342,519	452,419
Employment and Social Development Canada	562,775	597,225
Public Health Agency of Canada	101,800	120,000
Parks Canada	95,450	-
Canadian Partnership Against Cancer	69,400	100,000
Heritage Canada	1,082,205	552,208
Innovation, Science and Economic Development Canada	23,047	311,953
Veterans Affairs Canada and related investment income	1,350,745	354,492
Amortization of deferred contributions	1,492	2,068
Other revenue (loss)	(12,786)	81,397
	<b>10,798,596</b>	<b>12,835,434</b>
<b>Expenses</b>		
Amortization (Note 5)	1,673	2,225
Bad debt	38,435	35,961
Communication and printing	348,726	111,641
Insurance	5,456	5,175
Interest and bank charges	10,791	16,812
Office equipment	39,557	114,426
Office supplies	57,439	94,586
Professional fees	6,495,246	4,001,510
Program materials and services	535,976	375,552
Postage and courier	9,748	23,422
Rent	324,972	322,622
Repairs and maintenance	44,224	53,947
Salaries and benefits	1,982,100	1,775,287
Telephone and utilities	56,745	69,801
Travel, accommodation, meals and facilities	177,529	4,604,728
Veterans recognition payments	80,000	420,000
	<b>10,208,617</b>	<b>12,027,695</b>
<b>Excess of revenue over expenses for the year before other income</b>	<b>589,979</b>	<b>807,739</b>
<b>Other income</b>		
Investment income attributed to Veterans Affairs Canada	528,199	431,113
<b>Excess of revenue over expenses for the year</b>	<b>1,118,178</b>	<b>1,238,852</b>
<b>Net assets (deficit), beginning of year</b>	<b>946,099</b>	<b>(292,753)</b>
<b>Net assets, end of year</b>	<b>\$ 2,064,277</b>	<b>\$ 946,099</b>

## Métis National Council Secretariat Inc. Statement of Cash Flows

<b>For the year ended March 31</b>	<b>2021</b>	<b>2020</b>
<b>Cash flows from (used in) operating activities</b>		
Excess of revenue over expenses for the year	\$ 1,118,178	\$ 1,238,852
Adjustment for		
Amortization of capital assets (Note 5)	1,673	2,225
Amortization of deferred contributions	(1,492)	(2,068)
	<u>1,118,359</u>	1,239,009
Changes in non-cash working capital balances		
Accounts receivable	1,291,437	(536,125)
HST receivable	29,258	216,193
Due from related parties	13,735	(64,920)
Prepaid expenses	112,499	(81,521)
Due to related parties	(631,576)	-
Accounts payable and accrued liabilities	761,512	501,849
Deferred revenue	964,097	29,387,237
Advances to Manitoba Métis Federation	(1,799,255)	-
	<u>1,860,066</u>	30,661,722
<b>Cash flows from (used in) investing activities</b>		
Increase in investments	<u>(20,552,836)</u>	-
<b>Cash flows from (used in) financing activities</b>		
Repayment of contributions repayable to funding agencies	<u>(99,786)</u>	(99,785)
<b>Increase (decrease) in cash during the year</b>	<b>(18,792,556)</b>	<b>30,561,937</b>
<b>Cash, beginning of year</b>	<u><b>31,911,345</b></u>	<u><b>1,349,408</b></u>
<b>Cash, end of year</b>	<u><b>\$ 13,118,789</b></u>	<u><b>\$ 31,911,345</b></u>

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## **Métis National Council Secretariat Inc.**

### **Summary of Significant Accounting Policies**

**March 31, 2021**

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<b>Nature of Organization</b>	<p>Métis National Council Secretariat Inc. (the "Organization" or "MNC") was incorporated under the Canada Corporations Act. MNC continued under the Canada Not-for-profit Corporations Act (the "Act") effective October 20, 2014.</p> <p>In accordance with the Organization's Articles of Continuance ("Articles") under the Act, the purpose of the Organization is to operate programs and perform research aimed at recognizing the political, legal and constitutional right of the Métis people of Canada. The Organization receives funding for operations and programs from the federal government.</p> <p>The Organization is also a not-for-profit organization within the meaning of the Income Tax Act of Canada and is exempt from income taxes on its not-for-profit activities.</p>
<b>Basis of Presentation</b>	<p>These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.</p>
<b>Use of Estimates</b>	<p>The preparation of financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates and assumptions as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in operations in the fiscal period in which they become known.</p> <p>Significant estimates include assumptions used in estimating: the initial fair value of financial instruments; the amounts and collectibility of accounts receivable; the useful life, amortization and long-term potential of capital assets; provisions for accrued liabilities; and the amount and timing of revenue earned and deferred.</p>
<b>Financial Instruments</b>	<p>The Organization's financial instruments are financial assets or financial liabilities where, in general, the Organization has the right to receive cash or another financial asset from another party or the Organization has the obligation to pay another party cash or other financial assets.</p> <p><u><i>Measurement of financial instruments</i></u></p> <p>The Organization initially measures its financial assets and financial liabilities at fair value.</p> <p>The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity and other instruments, if any, that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.</p>



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## Métis National Council Secretariat Inc. Summary of Significant Accounting Policies

March 31, 2021

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### **Financial Instruments (continued)**

#### Measurement of financial instruments (continued)

Financial assets and financial liabilities measured at amortized cost include cash, investments, accounts receivable, and accounts payable and accrued liabilities. There are no financial assets or financial liabilities measured at fair value.

#### Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations as an expense. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

#### Transaction costs

The Organization recognizes its transaction costs in operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

### **Capital Assets**

Capital assets funded by Government agreements are recorded on the statement of financial position as a capital asset and deferred contributions related to capital assets. Capital assets which are not funded by Government are recorded at cost and capitalized. These assets and deferred contributions are amortized to expenditures and revenues in accordance with the rates as noted below.

Computer equipment is amortized using the declining balance method at a rate of 30%. Furniture and fixtures are amortized using the declining balance method at a rate of 20%.

### **Revenue Recognition**

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future fiscal year expenses or a future fiscal year's operations are deferred and are recognized as revenue in the fiscal year in which the related expenses are incurred or the future fiscal year to which the contribution relates. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue as it is earned in accordance with the previously set out financial instruments significant accounting policy. Investment income is included in "Veterans Affairs Canada and related investment income" revenue in the Statement of Operations.

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## **Métis National Council Secretariat Inc. Summary of Significant Accounting Policies**

**March 31, 2021**

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**Revenue Recognition  
(continued)**

Certain grants and contributions specify that unexpended amounts remaining at completion of the programs must be returned and are recorded as payables, other grants and contributions allow for deferral of revenues and amounts receivable or received are deferred until they are expended, and other grants and contributions allow for the Organization to keep any unexpended funding balances provided that program requirements identified in the program terms and conditions have been met.

**Investments**

Investments consist of a variety of cash and cash equivalents, highly liquid investments with original maturities of three months or less, fixed income investments, shares in publicly traded companies and mutual funds and are recorded at fair market value. Any unrealized gains or losses are recorded in the statement of operations. All investment income is attributed to the Métis Veterans Legacy Fund in relation to a service provider agreement and thus any excess income over project expenses is deferred to a future period.

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## Métis National Council Secretariat Inc. Notes to Financial Statements

**March 31, 2021**

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### 1. Cash and Bank Indebtedness

The Organization has a revolving line of credit facility in the amount of \$250,000 that bears interest at the Royal Bank of Canada's prime rate plus 1.00% per annum, calculated and payable monthly. It is secured by a general security agreement constituting a first position on all property of the Organization. No funds have been drawn on this credit facility at year end.

The Organization has a credit facility agreement with Louis Riel Capital Corporation for short-term bridge financing, issued October 27, 2015 for \$250,000. Monthly interest only payments are payable with an interest rate of 8.75%. Interest is accrued daily and compounded monthly secured by a promissory note for \$250,000 from the Organization and a registered general security agreement on all assets in second position on all present and future business assets. At year end, \$25,115 (2020 - \$80,846) of this credit facility was utilized.

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### 2. Investments

Investments are held in relation to the Métis Veterans Legacy Fund. The investments consist of the following (reported in CAD):

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents		
Canada	\$ 3,342,479	\$ -
United States of America	10,301	-
Fixed income		
Canada	5,874,003	-
United States of America	208,026	-
Equities		
Canada	8,339,185	-
United States of America	1,902,476	-
International	876,366	-
Total investments	<u>\$ 20,552,836</u>	<u>\$ -</u>

Fixed income securities bear interest at fixed rates ranging from 1.0% to 3.0% and mature between September 2021 and December 2030.

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## Métis National Council Secretariat Inc. Notes to Financial Statements

**March 31, 2021**

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### 3. Related Party Balances

At year end, the balance due from a related party of \$128,118 (2020 - \$134,500) is owing from Les Femmes Michif Otipemisiwak (LFMO); the balance has been collected subsequent to year-end. Also, included are balances owing from Métis Nation of Ontario of \$nil (2020 - \$7,163) and Northwest Métis Council of \$nil (2020 - \$190).

At year end, amounts owing to related parties for reimbursement of expenses are as follows: Manitoba Metis Federation of \$232,410 (2020 - \$828,024) and Métis Nation British Columbia of \$nil (2020 - \$35,962). The balances due are unsecured, non-interest bearing with no specific terms of repayment.

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### 4. Advances to Manitoba Métis Federation

The Métis Veterans Legacy Program is administered in part by the Manitoba Métis Federation. The advances represent the funds transferred to Manitoba Métis Federation net of known expenses paid with these funds.

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### 5. Capital Assets

	2021			2020		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 63,830	\$ 60,144	\$ 3,686	\$ 63,830	\$ 59,222	\$ 4,608
Furniture and fixtures	86,567	84,816	1,751	86,567	84,065	2,502
	\$ 150,397	\$ 144,960	\$ 5,437	\$ 150,397	\$ 143,287	\$ 7,110

Amortization of capital assets for the year is \$1,673 (2020 - \$2,225) and is included in the Statement of Operations.

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### 6. Repayable Contributions

A prior balance owed to Indigenous Services Canada (previously known as Indigenous and Northern Affairs Canada) of \$106,529 is included in accounts payable and accrued liabilities. Indigenous and Northern Affairs Canada has previously agreed to be repaid via reduced contributions payments to the Organization, however, to date have not collected the amount. A balance of \$599,900 has also been added to the payable balance for the current year.

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## Métis National Council Secretariat Inc. Notes to Financial Statements

**March 31, 2021**

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### 7. Deferred Revenue

Deferred revenue represents unspent resources externally restricted for specific programs. Changes in the deferred revenue balance are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 31,305,131	\$ 1,486,781
Contributions	12,302,186	42,570,319
Expenses incurred and revenue recognized	<u>(10,809,890)</u>	<u>(12,751,969)</u>
Balance, end of year	<u>\$ 32,797,427</u>	<u>\$ 31,305,131</u>

Deferred revenue consists of the following:

	<u>2021</u>	<u>2020</u>
Canadian Partnership Against Cancer	\$ 30,600	\$ -
Environment and Climate Change Canada	107,013	199,532
Employment and Social Development Canada	645,500	162,276
Heritage Canada	438,797	325,494
Indigenous Services Canada	1,984,500	518,161
Innovation, Science and Economic Development Canada	-	23,047
Public Health Agency of Canada	178,200	-
Métis Veterans Legacy Fund - long-term	<u>28,453,505</u>	<u>29,645,508</u>
	<u>\$ 31,838,115</u>	<u>\$ 30,874,018</u>

Advances to Manitoba Métis Federation includes \$1,799,255 (2020 - \$nil) made to Manitoba Métis Federation in relation to the Métis Veterans Legacy Fund.

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### 8. Contributions Repayable to Funding Agencies

	<u>2021</u>	<u>2020</u>
Health Canada, non-interest bearing, monthly repayments of \$8,315, due January 2027	\$ 582,080	\$ 681,866
Less: current portion	<u>(99,785)</u>	<u>(99,785)</u>
Balance, end of year	<u>\$ 482,295</u>	<u>\$ 582,081</u>

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## Métis National Council Secretariat Inc. Notes to Financial Statements

**March 31, 2021**

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**8. Contributions Repayable to Funding Agencies (continued)**

Principal repayments under the agreement are as follows:

2022	\$	99,785
2023		99,785
2024		99,785
2025		99,785
2026		99,785
Thereafter		<u>83,155</u>
Total	\$	<u>582,080</u>

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**9. Commitments**

The Organization has operating leases for premises, office equipment and storage including a lease related to the premises that was entered into subsequent to year-end for a period ending on October 31, 2028. Minimum commitments, net of HST, are as follows:

2022	\$	313,973
2023		261,987
2024		233,376
2025		233,376
2026		233,376
Thereafter		<u>602,888</u>
Total	\$	<u>1,878,976</u>

Subsequent to year-end, the Organization entered into a new lease agreement for premises for the period of March 2023 to March 2033. Minimum lease commitment, net of HST, is \$152,415 per year and excludes any utilities or operating costs. The Organization also entered into a sub lease agreement where it will lease a portion of its space to another organization for the same period. The sub lease amount is estimated at \$126,470 per year and includes the rent as well as the utilities and operating costs.

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**10. Contingent Liabilities**

Certain program revenues of the Organization are subject to conditions regarding the expenditures of the funds. The Organization's accounting records are subject to audit by funding agencies to identify instances, if any, in which the amounts charged to projects have not complied with the agreed terms and conditions, and which, therefore, would be refundable to the funding agency. Any potential adjustments to the financial statements as a result of these audits will be recorded in the future period in which they become known. Any payments made will be recorded to reduce other revenues.

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## Métis National Council Secretariat Inc.

### Notes to Financial Statements

**March 31, 2021**

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#### 11. Financial Instruments Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposures and concentrations as at March 31, 2021.

##### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Organization's investments in publicly-traded securities exposes the Organization to price risks as equity investments are subject to price and foreign exchange changes in an open market. The Organization does not use derivative financial instruments to alter the effects of these risks.

##### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization is exposed to this risk with respect to its investments denominated in foreign currencies.

##### Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization's financing has variable interest rates. The Organization is also exposed to this risk with respect to its interest-bearing fixed rate investments.

##### Credit risk

The Organization is exposed to credit risk in connection with its accounts receivable, the majority of which relate to project funding that is due from various government agencies. Substantially all of accounts receivable is due from government departments.

##### Changes in risk

There have been no significant changes in the Organization's financial instruments risk exposures during the year ended March 31, 2021.

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#### 12. Impact of COVID-19

The duration and full financial impact of the COVID-19 pandemic is unknown at this time, as are any additional measures to be taken by governments, the Organization or others to attempt to reduce the spread of COVID-19. Any estimate of the length and severity of this pandemic is subject to significant uncertainty and accordingly it is unknown whether COVID-19 may materially and adversely impact the Organization's operations, financial results and condition in future periods.

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**Métis National Council Secretariat Inc.**  
**Notes to Financial Statements**

**March 31, 2021**

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**13. Corresponding Amounts and Financial Disclosures**

In certain instances, the 2020 fiscal year corresponding amounts and financial disclosures have been reclassified to conform with the financial statement presentation and financial disclosures adopted for the 2021 fiscal year. The changes do not affect prior year earnings.

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