

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

FINANCIAL STATEMENTS

MARCH 31, 2020

Independent Auditor's Report
Statement of Financial Position
Statement of Operations and Net Assets
Statement of Cash Flows
Notes to the Financial Statements



CHARTERED
PROFESSIONAL
ACCOUNTANTS

KELLY HUIBERS McNEELY

PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Directors of Métis National Council Secretariat Inc.

Opinion

We have audited the accompanying financial statements of Métis National Council Secretariat Inc. ("the Organization"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 opinion.

Responsibilities of Management and Those Charged with Governance 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.

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.

106B McGonigal St. W.
Arnrior, Ontario K7S 1M4

9 Emily Street
Carleton Place, Ontario K7C 1R9

16 Gore Street West
Perth, Ontario K7H 2L6

5992 Hazeldean Rd.
Stittsville, Ontario K2S 1B9

Phone: 613-963-1430 (1-866-999-1339)

Fax: 613-686-3960 (Perth local 613-267-3949)

acctg@khmpc.ca

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.

Kelly Huibers McNeely
Professional Corporation

Stittsville, Ontario
September 15, 2020

Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

STATEMENT OF FINANCIAL POSITION

As at March 31, 2020

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash (note 3)	\$ 31,911,345	\$ 1,349,408
Accounts receivable	2,648,161	2,112,036
HST receivable	175,201	391,394
Due from related parties (note 4)	134,500	69,580
Prepaid expenses and deposits	<u>168,219</u>	<u>86,698</u>
	35,037,426	4,009,116
CAPITAL ASSETS (note 5)	7,110	9,335
	<u>\$ 35,044,536</u>	<u>\$ 4,018,451</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (notes 4 and 6)	\$ 2,536,977	\$ 2,035,128
Deferred revenue (note 7)	30,874,018	1,486,781
Current portion of contributions repayable to funding agencies (note 8)	<u>99,785</u>	<u>99,785</u>
Current liabilities before callable debt	33,510,780	3,621,694
Contributions repayable to funding agencies (note 8)	<u>582,081</u>	<u>681,866</u>
	34,092,861	4,303,560
DEFERRED CONTRIBUTIONS	<u>5,576</u>	<u>7,644</u>
	34,098,437	4,311,204
NET ASSETS (LIABILITIES)	946,099	(292,753)
	<u>\$ 35,044,536</u>	<u>\$ 4,018,451</u>

Approved



 President

Approved



 Vice President, Minister of Finance

The accompanying notes are an integral part of these financial statements.

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

STATEMENT OF OPERATIONS AND NET ASSETS

For the year ended March 31, 2020

	2020	2019
REVENUE		
Indigenous and Northern Affairs Canada	\$ 10,618,164	\$ 8,258,371
Environment Canada	452,419	406,683
Employment and Social Development Canada	597,225	268,031
Health Canada	120,000	-
Canadian Partnership Against Cancer	100,000	-
Heritage Canada	552,208	43,132
Innovation, Science and Economic Development Canada	311,953	35,000
Public Safety Canada	-	25,000
Natural Resources Canada	-	20,000
Amortization of deferred contributions	2,068	2,872
Other revenue	<u>512,510</u>	<u>44,295</u>
	<u>13,266,547</u>	<u>9,103,384</u>
EXPENDITURES		
Amortization	2,225	4,574
Bad debt	35,961	11,604
Communication and printing	111,641	59,376
Insurance	5,175	3,985
Interest and bank charges	16,812	22,463
Office equipment	114,426	89,068
Office supplies	94,586	208,529
Professional fees	4,001,510	2,648,904
Program materials and services	375,552	-
Postage and courier	23,422	43,616
Rent	322,622	290,496
Repairs and maintenance	53,947	43,321
Salaries and benefits	1,775,287	1,323,996
Telephone and utilities	69,801	77,640
Travel, accommodation, meals and facilities	4,604,728	3,375,224
Veterans recognition payments	<u>420,000</u>	<u>-</u>
	<u>12,027,695</u>	<u>8,202,796</u>
NET REVENUE	1,238,852	900,588
NET LIABILITIES - BEGINNING OF YEAR	(292,753)	(1,193,341)
NET ASSETS (LIABILITIES) - END OF YEAR	\$ 946,099	\$ (292,753)

The accompanying notes are an integral part of these financial statements.

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

STATEMENT OF CASH FLOWS

For the year ended March 31, 2020

	2020	2019
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue	\$ 1,238,852	\$ 900,588
Items not affecting cash:		
Amortization	2,225	4,574
Amortization of deferred contributions	(2,068)	(2,872)
Net change in non-cash working capital items:		
Accounts receivable	(536,125)	(1,251,263)
HST receivable	216,193	(270,342)
Due from related parties	(64,920)	114,525
Prepaid expenses and deposits	(81,521)	(61,098)
Accounts payable and accrued liabilities	501,849	(371,874)
Deferred revenue	<u>29,387,237</u>	<u>832,433</u>
	30,661,722	(105,329)
FINANCING ACTIVITIES		
Repayment of contributions repayable to funding agencies	<u>(99,785)</u>	<u>(99,785)</u>
NET CHANGE IN CASH	30,561,937	(205,114)
CASH - BEGINNING OF YEAR	1,349,408	1,554,522
CASH - END OF YEAR	<u>\$ 31,911,345</u>	<u>\$ 1,349,408</u>

The accompanying notes are an integral part of these financial statements.

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

1. NATURE OF OPERATIONS

Métis National Council Secretariat Inc. (the "Organization") was incorporated under the Canada Business Corporations Act without share capital. The Organization is a not-for-profit organization that is exempt from income taxes pursuant to paragraph 149(1)(l) of the Income Tax Act. The Organization is a national organization operating programs and performing 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

Accounting Estimates

The preparation of financial statements in conformity 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 revenues and expenditures during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant.

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets and Deferred Contributions

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. These assets and deferred contributions are amortized to expenditures and revenues in accordance with the rates as noted below.

Capital assets which are not funded by Government are recorded at cost and capitalized. The Organization provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Computer equipment	-	30%
Furniture and fixtures	-	20%

3. 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, \$80,846 (2019 - \$132,205) of this credit facility was utilized.

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

4. RELATED PARTY BALANCES

At year end, the balance due from a related party of \$127,147 (2019 - \$21,650) is owing from Les Femmes Michif Otipemisiwak (LFMO). Also, included are balances owing from Métis Nation British Columbia of \$nil (2019 - \$28,033), Métis Nation of Ontario of \$7,163 (2019 - \$19,897), and Northwest Métis Council of \$190 (2019 - \$nil).

At year end, included in accounts payable and accrued liabilities are amounts owing to related parties for reimbursement of expenses as follows: Manitoba Metis Federation of \$785,234 (2019 - \$417,694) and Métis Nation British Columbia of \$35,962 (2019 - \$nil).

The balances due are unsecured, non-interest bearing with no specific terms of repayment.

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Computer equipment	\$ 63,830	\$ 59,222	\$ 4,608	\$ 5,760
Furniture and fixtures	86,567	84,065	2,502	3,575
	\$ 150,397	\$ 143,287	\$ 7,110	\$ 9,335

6. REPAYABLE CONTRIBUTIONS

A prior balance owed to 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.

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

7. DEFERRED REVENUE

	Opening balance	Amounts received	Amounts recognized	Closing balance
Deferred revenue	\$ 1,486,781	\$ 42,118,583	\$ 12,731,346	\$ 30,874,018
	\$ 1,486,781	\$ 42,118,583	\$ 12,731,346	\$ 30,874,018

Although there was an increase in initiatives during the year which resulted in increased revenue and corresponding expenses including professional fees, salary and benefits and travel, accommodation, meals and facilities, some of the initiatives and projects have extended into the next fiscal year due to the timing of the funding and the COVID 19 pandemic restrictions which occurred at the end of the current fiscal year.

The bulk of total deferred revenue represents revenue related to the Métis Veterans Legacy Fund (\$29,645,508) which represents 96% of the total. The remainder represents program revenue from other federal departments totaling \$1,238,852. Allowable program carryforward revenue includes: Employment and Social Development Canada (\$436,360) for Early Learning and Child Care, Skills and Employment and Homelessness; Department of Canadian Heritage (\$325,495) for Indigenous Languages; Indigenous Services Canada (\$200,528) for Post-Secondary Education and Permanent Bilateral Mechanism; Environment and Climate Change Canada (\$200,528) for Guardians, Pathway and Revenue Recycling; and the Department of Innovation, Science and Economic Development (\$23,047) for Intellectual Property related work.

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

8. CONTRIBUTIONS REPAYABLE TO FUNDING AGENCIES

	2020	2019
Health Canada, non-interest bearing (provided repayment schedule is adhered to), monthly repayments of \$8,315, due January 2027.	\$ 681,866	\$ 781,651
Less: current portion	99,785	99,785
	\$ 582,081	\$ 681,866

The Funders have the right to call the debt of any balance owing. Principal repayments are as follows:

2021	-	\$ 99,785
2022	-	99,785
2023	-	99,785
2024	-	99,785
2025	-	99,785
Thereafter	-	182,941

9. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

The Organization has operating leases for premises, office equipment and storage. Minimum commitments, net of HST, are as follows:

2021	-	\$ 309,812
2022	-	130,900

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.

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

10. FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash, accounts receivable, amounts due from/to related parties, accounts payable and accrued liabilities, and contributions repayable to funding agencies. It is Management's opinion that the fair value of these instruments is not materially different than their cost.

Credit Risk Exposure

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.

Interest Rate Risk

The Organization's financing has variable interest rates. Changes in the bank's prime rate can cause fluctuations in interest payments and cash flows.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, contributions repayable to funding agencies, and long-term debt.