

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

FINANCIAL STATEMENTS

MARCH 31, 2018

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



CHARTERED
PROFESSIONAL
ACCOUNTANTS

KELLY HUIBERS MCNEELY

P R O F E S S I O N A L C O R P O R A T I O N

INDEPENDENT AUDITOR'S REPORT

To the Board of Métis National Council Secretariat Inc.

We have audited the accompanying financial statements of Métis National Council Secretariat Inc., which comprise the statement of financial position as at March 31, 2018 and the statements of operations and net liabilities and cash flows for the year then ended, and 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 generally accepted accounting principles 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.

Auditor's 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 the Auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Auditor considers 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.

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Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Métis National Council Secretariat Inc. as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting principles for not-for-profit organizations.

Kelly Huibers McNeely
Professional Corporation

Stittsville, Ontario
July 18, 2018

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, 2018

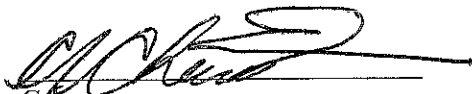
	2018	2017
ASSETS		
CURRENT ASSETS		
Cash (note 5)	\$ 1,554,522	\$ -
Accounts receivable	860,773	1,605,395
HST receivable	121,052	114,522
Due from related party (note 3)	184,105	106,343
Prepaid expenses	<u>25,600</u>	<u>36,740</u>
	2,746,052	1,863,000
CAPITAL ASSETS (note 4)	13,909	19,072
	<u>\$ 2,759,961</u>	<u>\$ 1,882,072</u>

LIABILITIES

CURRENT LIABILITIES

Bank indebtedness (note 5)	\$ -	\$ 169,891
Accounts payable and accrued liabilities (note 3)	2,407,002	1,665,554
Deferred revenue	654,348	271,087
Due to related parties	-	385,838
Current portion repayable to funding agencies	<u>99,785</u>	<u>152,585</u>
Current liabilities before callable debt	3,161,135	2,644,955
Contributions repayable to funding agencies (note 6)	<u>781,651</u>	<u>881,437</u>
	3,942,786	3,526,392
DEFERRED CONTRIBUTIONS	<u>10,516</u>	<u>14,519</u>
	3,953,302	3,540,911
NET LIABILITIES	(1,193,341)	(1,658,839)
	<u>\$ 2,759,961</u>	<u>\$ 1,882,072</u>

Approved by the Board


Governor

Approved by the Board


Governor

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

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

STATEMENT OF OPERATIONS AND NET LIABILITIES

For the year ended March 31, 2018

	2018	2017
REVENUES		
Indigenous and Northern Affairs Canada	\$ 6,196,861	\$ 4,535,816
Employment and Skills Development Canada	963,920	466,164
Health Canada	225,000	108,913
Parks Canada	257,830	-
Environment Canada	102,500	35,000
Mental Health Commission	50,000	-
Canadian Partnership Against Cancer	50,000	50,000
Public Safety Canada	25,000	-
Canadian Mortgage and Housing Corporation	-	15,240
Amortization of deferred contributions	4,003	5,592
Other revenue	<u>83,602</u>	<u>171,575</u>
	<u>7,958,716</u>	<u>5,388,300</u>
EXPENDITURES		
Amortization	5,163	7,176
Communication and printing	44,149	21,743
Insurance	5,196	5,088
Interest and bank charges	23,329	27,211
Office equipment	12,272	13,362
Office expenses and printing	204,513	215,519
Professional fees	2,672,120	2,132,408
Postage and courier	23,212	21,299
Rent	236,778	234,066
Repairs and maintenance	25,039	43,034
Salaries and benefits	966,903	580,793
Telephone and utilities	41,610	40,088
Travel, accommodation, meals and facilities	<u>3,232,934</u>	<u>1,696,271</u>
	<u>7,493,218</u>	<u>5,038,058</u>
NET REVENUE	465,498	350,242
NET LIABILITIES - BEGINNING OF YEAR	(1,658,839)	(2,009,081)
NET LIABILITIES - END OF YEAR	\$ (1,193,341)	\$ (1,658,839)

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, 2018

	2018	2017
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue	\$ 465,498	\$ 350,242
Items not affecting cash:		
Amortization	5,163	7,176
Amortization of deferred contributions	(4,003)	(5,592)
Net change in non-cash working capital items:		
Accounts receivable	744,622	(1,191,768)
HST receivable	(6,530)	(4,924)
Prepaid expenses	11,140	3,094
Accounts payable and accrued liabilities	741,448	430,457
Deferred revenue	383,261	241,012
Due to related parties	(385,838)	-
	<u>1,954,761</u>	<u>(170,303)</u>
INVESTING ACTIVITIES		
Repayment from (advance to) related party, net	(77,762)	34,697
Repayment from related party	-	95,500
	<u>(77,762)</u>	<u>130,197</u>
FINANCING ACTIVITIES		
Repayment of contributions repayable to funding agencies	(152,586)	(86,047)
NET CHANGE IN CASH	1,724,413	(126,153)
BANK INDEBTEDNESS - BEGINNING OF YEAR	(169,891)	(43,738)
CASH (BANK INDEBTEDNESS) - END OF YEAR	\$ 1,554,522	\$ (169,891)

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

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

1. NATURE OF OPERATIONS

Métis National Council Secretariat Inc. (the "Organization") was incorporated under the Canada Business Corporations Act without share capital. It is a not-for-profit organization that is exempt from income taxes pursuant to paragraph 149(1)(f) 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, 2018

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:

Furniture and fixtures	20%
Computer equipment	30%

3. DUE FROM / TO RELATED PARTIES

At year end, the balance due from a related party of \$184,105 is owing from Les Femmes Michif Otipemisiwak (LFMO) for the year ending March 31, 2018. These monies were utilized to assist with operating cash flow during 2017/2018 and were fully repaid subsequent to year end.

At year end, the balances due to related parties for prior years are included in accounts payable and accrued liabilities as payments were made subsequent to year end: Métis Nation British Columbia \$57,536, Métis Nation of Alberta \$33,211, Métis Nation - Saskatchewan \$76,068, Manitoba Metis Federation \$146,180 and Métis Nation of Ontario \$72,843. Current year accounts payable and accrued liabilities also include balances for reimbursement of expenses as follows: Métis Nation British Columbia \$24,316, Manitoba Metis Federation \$251,693 and Métis Nation of Ontario \$23,030.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Computer equipment	\$ 63,830	\$ 54,389	\$ 9,441	\$ 13,488
Furniture and fixtures	86,567	82,099	4,468	5,584
	<u>\$ 150,397</u>	<u>\$ 136,488</u>	<u>\$ 13,909</u>	<u>\$ 19,072</u>

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

5. BANK INDEBTEDNESS

The Organization has a credit facility granted on an annual basis (maximum amount \$50,000) that bears interest at Peace Hills Trust's prime rate plus 4% per annum, calculated and payable monthly. It is secured by a general security agreement and by a redirection of funding from various contribution agreements. 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, \$178,722 (2017 - \$221,624) of this credit facility was utilized.

6. CONTRIBUTIONS REPAYABLE TO FUNDING AGENCIES

	2018	2017
Health Canada, non-interest bearing (provided repayment schedule is adhered to), monthly repayments of \$8,315, due January 2027.	\$ 881,436	\$ 981,222
Indigenous and Northern Affairs Canada (INAC), non-interest bearing, monthly repayments of \$1,600, due December 2020.	-	52,800
	881,436	1,034,022
Less: current portion	99,785	152,585
	\$ 781,651	\$ 881,437

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

2019	-	\$ 99,785
2020	-	99,785
2021	-	99,785
2022	-	99,785
2023 and thereafter	-	482,296

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

7. REPAYABLE CONTRIBUTIONS

A prior balance owed to Indigenous and Northern Affairs Canada of \$106,529 is included in accounts payable. Indigenous and Northern Affairs Canada has agreed to be repaid in fiscal year 2018/2019 through reduced contribution payments to the Organization.

8. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

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

2019	-	\$ 232,309
2020	-	231,309
2021	-	224,400
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, 2018

9. FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash, accounts receivable, amount due from related party, accounts payable and accrued liabilities, amount due to related parties 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. 78% of accounts receivable is due from four government departments (2017 - 60% from one).

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. The Organization does not use derivative financial instruments to alter the effects of this risk.

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.