

**MÉTIS NATIONAL COUNCIL SECRETARIAT INC.**

**FINANCIAL STATEMENTS**

**MARCH 31, 2019**

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

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, 2019, and the statements of operations and net liabilities, 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, 2019, 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.

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## **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 19, 2019

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, 2019

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (note 3)	\$ 1,349,408	\$ 1,554,522
Accounts receivable	2,112,036	860,773
HST receivable	391,394	121,052
Due from related parties (note 4)	69,580	184,105
Prepaid expenses and deposits	<u>86,698</u>	<u>25,600</u>
	4,009,116	2,746,052
CAPITAL ASSETS (note 5)	9,335	13,909
	<u>\$ 4,018,451</u>	<u>\$ 2,759,961</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (note 4 and 6)	\$ 2,035,128	\$ 2,407,002
Deferred revenue	1,486,781	654,348
Current portion repayable to funding agencies (note 7)	<u>99,785</u>	<u>99,785</u>
Current liabilities before callable debt	3,621,694	3,161,135
Contributions repayable to funding agencies (note 7)	<u>681,866</u>	<u>781,651</u>
	4,303,560	3,942,786
DEFERRED CONTRIBUTIONS	<u>7,644</u>	<u>10,516</u>
	4,311,204	3,953,302
NET LIABILITIES	(292,753)	(1,193,341)
	<u>\$ 4,018,451</u>	<u>\$ 2,759,961</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 LIABILITIES

For the year ended March 31, 2019

	2019	2018
<b>REVENUES</b>		
Indigenous and Northern Affairs Canada	\$ 8,258,371	\$ 6,196,861
Employment and Skills Development Canada	-	963,920
Environment Canada	406,683	102,500
Ministry of Employment and Social Development	268,031	-
Health Canada	-	225,000
Parks Canada	-	257,830
Mental Health Commission	-	50,000
Canadian Partnership Against Cancer	-	50,000
Heritage Canada	43,132	-
Innovation, Science and Economic Development Canada	35,000	-
Public Safety Canada	25,000	25,000
Natural Resources Canada	20,000	-
Amortization of deferred contributions	2,872	4,003
Other revenue	<u>44,295</u>	<u>83,602</u>
	<u>9,103,384</u>	<u>7,958,716</u>
<b>EXPENDITURES</b>		
Amortization	4,574	5,163
Bad debt	11,604	-
Communication and printing	59,376	44,149
Insurance	3,985	5,196
Interest and bank charges	22,463	23,329
Office equipment	89,068	12,272
Office expenses and printing	208,529	204,513
Professional fees	2,648,904	2,672,120
Postage and courier	43,616	23,212
Rent	290,496	236,778
Repairs and maintenance	43,321	25,039
Salaries and benefits	1,323,996	966,903
Telephone and utilities	77,640	41,610
Travel, accommodation, meals and facilities	<u>3,375,224</u>	<u>3,232,934</u>
	<u>8,202,796</u>	<u>7,493,218</u>
NET REVENUE	900,588	465,498
NET LIABILITIES - BEGINNING OF YEAR	(1,193,341)	(1,658,839)
<b>NET LIABILITIES - END OF YEAR</b>	<b>\$ (292,753)</b>	<b>\$ (1,193,341)</b>

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, 2019

	2019	2018
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net revenue	\$ 900,588	\$ 465,498
Items not affecting cash:		
Amortization	4,574	5,163
Amortization of deferred contributions	(2,872)	(4,003)
Net change in non-cash working capital items:		
Accounts receivable	(1,251,263)	744,622
HST receivable	(270,342)	(6,530)
Prepaid expenses and deposits	(61,098)	11,140
Accounts payable and accrued liabilities	(371,874)	741,448
Deferred revenue	832,433	383,261
Due to related parties	-	(255,459)
	(219,854)	2,085,140
INVESTING ACTIVITIES		
Repayment from (advance to) related parties, net	114,525	(208,141)
FINANCING ACTIVITIES		
Repayment of contributions repayable to funding agencies	(99,785)	(152,586)
NET CHANGE IN CASH	(205,114)	1,724,413
CASH (BANK INDEBTEDNESS) - BEGINNING OF YEAR	1,554,522	(169,891)
<b>CASH - END OF YEAR</b>	<b>\$ 1,349,408</b>	<b>\$ 1,554,522</b>

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

# MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

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### 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, 2019

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**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. CASH AND 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, \$132,205 (2018 - \$178,722) of this credit facility was utilized.

**4. DUE FROM RELATED PARTIES**

At year end, the balance due from a related party of \$21,650 is owing from Les Femmes Michif Otipemisiwak (LFMO) for the year ending March 31, 2019. These monies were utilized to assist with operating cash flow during 2019/2018 and will be fully repaid subsequent to year end. Also, included are balances owing from Métis Nation British Columbia \$28,033 (2018 - \$nil) and Métis Nation of Ontario \$19,897 (2018 - \$nil).



MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

4. DUE FROM RELATED PARTIES (continued)

Accounts payable and accrued liabilities includes balances for reimbursement of expenses as follows: Métis Nation British Columbia \$nil (2018 - \$81,852), Métis Nation of Alberta \$nil (2018 - \$33,211), Métis Nation - Saskatchewan \$nil (2018 - \$76,068), and Northwest Métis Council \$8,848 (2018 - \$nil), Manitoba Métis Federation \$417,694 (2018 - \$397,873) and Métis Nation of Ontario \$nil (2018 - \$95,873).

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

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Computer equipment	\$ 63,830	\$ 58,070	\$ 5,760	\$ 9,441
Furniture and fixtures	86,567	82,992	3,575	4,468
	<b>\$ 150,397</b>	<b>\$ 141,062</b>	<b>\$ 9,335</b>	<b>\$ 13,909</b>

6. 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 previously agreed to be repaid via reduced contributions payments to the Organization, however, to date have not collected the amount.

7. CONTRIBUTIONS REPAYABLE TO FUNDING AGENCIES

	2019	2018
Health Canada, non-interest bearing (provided repayment schedule is adhered to), monthly repayments of \$8,315, due January 2027.	\$ 781,651	\$ 881,436
Less: current portion	99,785	99,785
	<b>\$ 681,866</b>	<b>\$ 781,651</b>

MÉTIS NATIONAL COUNCIL SECRETARIAT INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

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7. CONTRIBUTIONS REPAYABLE TO FUNDING AGENCIES (continued)

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

2020	-	\$ 99,785
2021	-	99,785
2022	-	99,785
2023	-	99,785
2024 and thereafter	-	382,511

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:

2020	-	\$ 308,138
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, 2019

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9. FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash, accounts receivable, amounts due from 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.