
**METIS NATIONAL COUNCIL
SECRETARIAT INC.
FINANCIAL STATEMENTS
MARCH 31, 1998**

**METIS NATIONAL COUNCIL SECRETARIAT INC.
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MARCH 31, 1998**

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BERNIE SHORE

CHARTERED ACCOUNTANT

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AUDITOR'S REPORT


To the Board of Directors
METIS NATIONAL COUNCIL SECRETARIAT INC.

I have audited the statement of financial position of Metis National Council Secretariat Inc. as at March 31, 1998 and the statements of revenues, expenditures and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

**WINNIPEG, MANITOBA
June 26, 1998**


**BERNIE P. SHORE, B.Sc.
CHARTERED ACCOUNTANT**

METIS NATIONAL COUNCIL SECRETARIAT INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 1998

ASSETS

	1998 \$	1997 \$
CURRENT ASSETS		
Accounts receivable, net of allowance for doubtful accounts (Note 4)	722,643	454,748
Prepaid expenditures	<u>12,000</u>	<u>2,129</u>
	734,643	456,877
CAPITAL ASSETS (Note 5)	<u>37,741</u>	<u>46,094</u>
	<u>772,384</u>	<u>502,971</u>

LIABILITIES

CURRENT LIABILITIES		
Bank indebtedness (Note 6)	23,790	84,915
Accounts payable and accruals	223,860	440,368
Deferred revenues (Note 7, 2d)	346,459	84,126
Current portion of long-term debt (Note 8)	<u>77,049</u>	<u>53,997</u>
	<u>671,158</u>	<u>663,406</u>
LONG TERM LIABILITIES		
Loan payable (Note 8)	<u>216,611</u>	<u>15,774</u>

NET ASSETS

Net assets invested in capital assets	37,741	46,094
Unrestricted net assets	<u>(153,126)</u>	<u>(222,303)</u>
	<u>(115,385)</u>	<u>(176,209)</u>
	<u>772,384</u>	<u>502,971</u>

APPROVED BY:

_____ **DIRECTOR**
 _____ **DIRECTOR**
 _____ **DIRECTOR**
 _____ **DIRECTOR**

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 1998

	Invested In Capital Assets \$	Unrestricted \$	1998 Total \$	1997 Total \$
Net Assets, beginning of year, as originally stated	46,094	(222,303)	(176,209)	(393,816)
Adjustment of net assets (Note 9)	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,573</u>
Net Assets, as restated	46,094	(222,303)	(176,209)	(381,243)
Excess of revenues over expenditures	(13,476)	74,300	60,824	205,034
Purchase of capital assets	<u>5,123</u>	<u>(5,123)</u>	<u>-</u>	<u>-</u>
Net Assets, end of year	<u>37,741</u>	<u>(153,126)</u>	<u>(115,385)</u>	<u>(176,209)</u>

The accumulated deficit is comprised of the following:

	1998 \$	1997 \$
Core Funding	(364,557)	(421,557)
Child to Child	9,751	9,751
Fur Lobby I	9,386	9,386
Literacy	27,088	27,088
Youth Intervenor	(673)	715
National Bilaterals	899	2,638
Strategic Initiatives	-	-
Aboriginal Justice Initiatives	82,332	82,332
Human Resources Development	83,516	83,516
Biodiversity	6,914	6,914
Summer Student Program	6,802	6,802
National Child Benefits Workshop	1,206	1,206
World Indigenous Decade	5,000	15,000
Health Policy Implementation	11,130	-
RBA Committee	<u>5,821</u>	<u>-</u>
Deficit, end of year	<u>(115,385)</u>	<u>(176,209)</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
COMBINED STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 1998

	1998 \$	1997 \$
REVENUES		
Department of Canadian Heritage	352,175	259,149
Aboriginal Business Canada	78,302	-
Human Resources Development Canada	800,910	595,798
Health and Welfare Canada	59,970	-
Privy Council Office	190,000	190,000
Indian and Northern Affairs Canada	(10,000)	25,000
CIDA	90,000	-
Royal Bank of Canada	15,000	-
Louis Riel Capital	2,500	-
Environment Canada	-	6,000
Government of Northwest Territories	-	6,000
Other income	2,650	353
Revenue deferred in previous year (Note 2d, 7)	84,126	-
Revenue deferred to subsequent year (Note 2d, 7)	(346,459)	(84,126)
Administration	<u>55,144</u>	<u>-</u>
	<u>1,374,318</u>	<u>998,174</u>
EXPENDITURES		
Accounting and bookkeeping	55,254	13,804
Administration	57,118	-
Amortization of capital assets	13,476	8,799
Audit fees	22,486	15,000
Bad debts	1,027	15,478
Consulting fees	141,027	6,191
Curling	-	4,500
Equipment repair	2,094	236
Funding to member organizations	19,300	-
Honoraria	21,530	9,900
Insurance	1,524	-
Interest on long term debt	9,669	7,492
Interest and bank charges	9,941	10,542
Interest and penalties	5,361	-
Legal fees	18,851	16,334
Meeting expenditures	215,856	135,984
Miscellaneous	2,231	1,039
Office expense	34,214	21,533
Postage and courier	3,749	1,748
Public relations and advertising	10,034	5,656
Rent	30,714	522
Repayment of project surplus	(11,130)	-
Resource material	-	2,500
Telephone	30,724	23,328
Travel and accommodation	173,629	124,059
Wages and benefits	296,294	206,496
Transfer to the regions	<u>148,521</u>	<u>161,999</u>
	<u>1,313,494</u>	<u>793,140</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>60,824</u>	<u>205,034</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 1998

	1998 \$	1997 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenues over expenditures	60,824	205,034
Amortization of capital assets	<u>13,476</u>	<u>8,799</u>
	74,300	213,833
Accounts receivable	(267,895)	(291,180)
Prepaid expenditures	(9,871)	4,702
Accounts payable and accrued liabilities	(216,508)	72,546
Deferred revenues	<u>262,333</u>	<u>84,126</u>
	<u>(157,641)</u>	<u>84,027</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(5,123)</u>	<u>(42,320)</u>
FINANCING ACTIVITIES		
Repayment of loan payable to Bank of Montreal	(69,771)	(53,548)
Net proceeds of loan payable to Peace Hills Trust	<u>293,660</u>	<u>-</u>
	<u>223,889</u>	<u>(53,548)</u>
NET INCREASE (DECREASE) IN CASH	61,125	(11,841)
BANK INDEBTEDNESS, beginning of year	<u>(84,915)</u>	<u>(73,074)</u>
BANK INDEBTEDNESS, end of year	<u>(23,790)</u>	<u>(84,915)</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: CORE FUNDING

	1998	1997
	\$	\$
REVENUES		
Department of Canadian Heritage	250,000	253,149
Administration allocations	55,144	-
Department of Canadian Heritage	-	6,000
Human Resource Development Canada	(2,149)	-
Other income	<u>2,650</u>	<u>325</u>
	<u>305,645</u>	<u>259,474</u>
EXPENDITURES		
Accounting and bookkeeping	21,038	6,353
Amortization	13,476	-
Audit fees	3,462	6,904
Bad debts	1,027	15,478
Consulting fees	2,510	(79,936)
Curling championship	-	4,500
Equipment repair	515	19
Funding to member organizations	10,800	-
Honoraria	200	3,200
Insurance	205	-
Interest on long term debt	9,669	10,307
Interest and bank charges	9,941	7,492
Interest and penalties	5,361	-
Legal fees	14,571	16,334
Meeting expense	4,571	11,195
Miscellaneous	2,231	192
Office expense	11,908	2,839
Photocopying and printing	-	4,775
Political news release	-	(663)
Postage and courier	(579)	772
Public relations and advertising	9,323	2,665
Rent	18,004	(12,490)
Telephone	19,669	12,251
Travel and accommodation	7,236	33,261
Wages and benefits	<u>83,507</u>	<u>90,336</u>
	<u>248,645</u>	<u>135,784</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>57,000</u>	<u>123,690</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS-OF-PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: CHILD TO CHILD

	1998 \$	1997 \$
REVENUES		
Health and Welfare Canada	<u>-</u>	<u>-</u>
EXPENDITURES		
Consulting fees	-	20,947
Photocopying and printing	-	1,000
Public relations and advertising	-	500
Rent	-	1,250
Resource material	-	2,500
Travel and accommodation	<u>-</u>	<u>1,300</u>
	<u>-</u>	<u>27,497</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(27,497)</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: FUR LOBBY I

	1998 \$	1997 \$
REVENUES		
Indian and Northern Affairs	-	1,000
Environment Canada	-	6,000
Government of Northwest Territories	-	6,000
	<u>-</u>	<u>13,000</u>
EXPENDITURES		
Honoraria	-	500
Meeting expenditures	-	675
Photocopying and printing	-	16
Travel and accommodation	-	2,423
	<u>-</u>	<u>3,614</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>9,386</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: LITERACY

	1998	1997
	\$	\$
REVENUES		
Human Resources Development Canada	240,230	148,850
Revenues deferred to subsequent year (Note 2d, 7)	<u>(100,325)</u>	<u>-</u>
	<u>139,905</u>	<u>148,850</u>
EXPENDITURES		
Accounting and bookkeeping	12,132	2,311
Administration allocation	9,200	-
Audit fees	5,868	2,511
Consulting fees	5,640	23,143
Equipment repair	117	29
Honoraria	6,480	6,450
Insurance	220	-
Interest and bank charges	-	85
Meeting expense	18,872	913
Office expense	3,000	4,297
Photocopying and printing	-	4,334
Postage and courier	-	410
Public relations and advertising	-	362
Rent	-	5,551
Telephone	-	4,526
Travel and accommodation	35,772	38,842
Wages and benefits	<u>42,604</u>	<u>47,698</u>
	<u>139,905</u>	<u>141,462</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>7,388</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAMS: YOUTH INTERVENOR

	1998 \$	1997 \$
REVENUES		
Human Resources Development Canada	<u>98,612</u>	<u>81,280</u>
EXPENDITURES		
Accounting and bookkeeping	4,264	2,443
Administration allocation	9,000	-
Audit fees	1,736	2,655
Consulting fees	2,000	6,749
Equipment repair	106	29
Insurance	220	-
Interest and bank charges	-	30
Legal fees	-	-
Meeting expense	19,331	13,714
Office expense	1,630	209
Photocopying and printing	1,869	444
Postage and courier	1,469	262
Public relations and advertising	-	180
Rent	1,260	4,008
Telephone	3,575	2,381
Travel and accommodation	14,366	6,276
Wages and benefits	<u>39,174</u>	<u>41,185</u>
	<u>100,000</u>	<u>80,565</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,388)</u>	<u>715</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: NATIONAL BILATERALS

	1998	1997
	\$	\$
REVENUES		
Privy Council Office	190,000	190,000
Human Resource Development Canada	(2,638)	-
Royal Bank of Canada	15,000	-
Louis Riel Capital	<u>2,500</u>	<u>-</u>
	<u>204,862</u>	<u>190,000</u>
EXPENDITURES		
Accounting and bookkeeping	5,290	788
Audit fees	2,153	856
Consulting fees	44,810	29,626
Equipment purchases	-	(121)
Equipment repairs	1,146	102
Funding to member organizations	4,250	-
Honoraria	-	1,000
Insurance	440	-
Interest and bank charges	-	60
Legal fees	3,209	-
Meeting expense	77,612	107,253
Miscellaneous	-	5
Office expense	5,405	405
Photocopying and printing	-	1,719
Postage and courier	1,133	94
Public relations and advertising	561	2,438
Rent	3,116	1,102
Resource material	-	-
Telephone	3,194	2,440
Travel and accommodation	29,309	30,077
Wages and benefits	<u>24,973</u>	<u>9,518</u>
	<u>206,601</u>	<u>187,362</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,739)</u>	<u>2,638</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAMS: STRATEGIC INITIATIVES

	1998 \$	1997 \$
REVENUES		
Human Resources Development Canada	293,317	299,672
Revenues deferred in previous year (Note 2d, 7)	84,126	-
Revenues deferred to subsequent year (Note 2d, 7)	<u>(93,950)</u>	<u>(84,126)</u>
	<u>283,493</u>	<u>215,546</u>
EXPENDITURES		
Accounting and bookkeeping	5,967	1,909
Audit fees	2,429	2,074
Consulting fees	2,951	2,062
Equipment repairs	211	57
Insurance	440	-
Interest and bank charges	-	60
Legal fees	1,071	-
Meeting expense	13,742	1,193
Office expense	6,755	1,247
Photocopying and printing	500	324
Postage and courier	723	210
Public relations and advertising	150	360
Rent	6,000	1,102
Telephone	2,741	1,729
Travel and accommodation	23,049	6,345
Wages and benefits	68,244	10,017
Transfer to the regions	<u>148,520</u>	<u>161,999</u>
	<u>283,493</u>	<u>190,688</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>24,858</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: BIODIVERSITY

	1998	1997
	\$	\$
REVENUES		
Indian and Northern Affairs Canada	<u>-</u>	<u>9,000</u>
EXPENDITURES		
Meeting expense	-	1,041
Travel and accommodation	-	868
Wages and benefits	<u>-</u>	<u>177</u>
	<u>-</u>	<u>2,085</u>
EXCESS OF REVENUES OVER		
EXPENDITURES	<u>-</u>	<u>6,914</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: SUMMER STUDENT PROGRAM

	1998	1997
	\$	\$
REVENUES		
Human Resources Development Canada	<u>-</u>	<u>10,996</u>
EXPENDITURES		
Travel and accommodation	-	515
Wages and benefits	<u>-</u>	<u>3,679</u>
	<u>-</u>	<u>4,194</u>
EXCESS OF REVENUES OVER		
EXPENDITURES	<u>-</u>	<u>6,802</u>

See Auditor's Report and accompanying notes

**METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED-MARCH 31, 1998**

PROGRAM: NATIONAL CHILD BENEFITS WORKSHOP

	1998 \$	1997 \$
REVENUES		
Human Resources Development Canada	<u>-</u>	<u>10,000</u>
EXPENDITURES		
Consulting fees	-	3,000
Travel and accommodation	-	2,794
Wages and benefits	<u>-</u>	<u>3,000</u>
	<u>-</u>	<u>8,794</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>1,206</u>

See Auditor's Report and accompanying notes

**METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998**

PROGRAM: HUMAN RESOURCE DEVELOPMENT

	1998	1997
	\$	\$
REVENUES		
Aboriginal Relations Office	-	27,000
Human Resources Development Canada	-	<u>3,000</u>
	<u>-</u>	<u>30,000</u>
EXPENDITURES		
Consulting fees	-	2,000
Travel and accommodation	-	<u>147</u>
	<u>-</u>	<u>2,147</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>27,853</u>

See Auditor's Report and accompanying notes

**METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998**

PROGRAM: WORLD INDIGENOUS DECADE

	1998 \$	1997 \$
REVENUES		
Indian and Northern Affairs Canada	<u>(10,000) *</u>	<u>15,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,000)</u>	<u>15,000</u>

*Reversal of prior year receivable

See Auditor's Report and accompanying notes

**METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998**

PROGRAM: TRAINING INITIATIVES

	1998	1997
	\$	\$
REVENUES		
Human Resources Development Canada	<u>-</u>	<u>15,000</u>
EXPENDITURES		
Equipment purchase	<u>-</u>	<u>15,000</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>

See Auditor's Report and accompanying notes

**METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998**

PROGRAM: HEALTH POLICY IMPLEMENTATION

	1998 \$	1997 \$
EXPENDITURES		
Repayment of project surplus	<u>(11,130)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(11,130)</u>	<u>-</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: SOCIAL POLICY

	1998 \$	1997 \$
REVENUES		
Human Resources Development Canada	<u>20,000</u>	<u>-</u>
EXPENDITURES		
Administration allocation	3,609	-
Consulting fees	12,391	-
Travel and accommodation	<u>4,000</u>	<u>-</u>
	<u>20,000</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: HIV/AIDS

	1998 \$	1997 \$
REVENUES		
Health and Welfare Canada	<u>59,970</u>	<u>-</u>
EXPENDITURES		
Accounting and bookkeeping	2,206	-
Audit	694	-
Honoraria	14,850	-
Meeting expense	25,121	-
Office expense	1,607	-
Postage and courier	869	-
Rent	400	-
Travel and accomodation	3,000	-
Telephone	1,250	-
Wages and benefits	<u>9,973</u>	<u>-</u>
	<u>59,970</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: RBA COMMITTEE

	1998 \$	1997 \$
REVENUES		
Human Resources Development Canada	<u>66,538</u>	<u>-</u>
EXPENDITURES		
Accounting and administration	2,000	-
Audit fees	3,000	-
Administration allocation	8,679	-
Meeting expense	23,692	-
Travel and accommodations	7,500	-
Wages and benefits	<u>15,846</u>	<u>-</u>
	<u>60,717</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>5,821</u>	<u>-</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: NATIONAL ABORIGINAL DAY

	1998 \$	1997 \$
REVENUES		
Department of Canadian Heritage	<u>5,000</u>	<u>-</u>
EXPENDITURES		
Administration allocation	750	-
Funding to member organizations	<u>4,250</u>	<u>-</u>
	<u>5,000</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: YOUTH ASSEMBLY

	1998 \$	1997 \$
REVENUES		
Aboriginal Business Canada	6,900	-
Human Resource Development Canada	<u>87,000</u>	<u>-</u>
	<u>93,900</u>	<u>-</u>
EXPENDITURES		
Accounting and bookkeeping	356	-
Audit fees	144	-
Administration allocation	12,000	-
Consulting fees	2,552	-
Meeting expense	32,915	-
Office expense	800	-
Photocopying and printing	741	-
Postage and courier	135	-
Rent	1,935	-
Telephone	293	-
Travel and accommodation	30,057	-
Wages and benefits	<u>11,972</u>	<u>-</u>
	<u>93,900</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: MNC WEB SITE

	1998 \$	1997 \$
REVENUES		
Aboriginal Business Canada	<u>49,499</u>	<u>-</u>
EXPENDITURES		
Administration allocation	6,650	-
Consulting fees	<u>42,849</u>	<u>-</u>
	<u>49,499</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: MNYAC WEB SITE

	1998 \$	1997 \$
REVENUES		
Aboriginal Business Canada	<u>21,903</u>	<u>-</u>
EXPENDITURES		
Administration allocation	3,480	-
Consulting fees	<u>18,423</u>	<u>-</u>
	<u>21,903</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: URBAN YOUTH CENTRES

	1998 \$	1997 \$
REVENUES		
Department of Canadian Heritage	97,175	-
Revenue deferred to subsequent years (Note 2d, 7)	<u>(97,175)</u>	<u>-</u>
	<u>-</u>	<u>-</u>
EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
ANALYSIS OF PROGRAMS
FOR THE YEAR ENDED MARCH 31, 1998

PROGRAM: YOUTH INTERNSHIP

	1998 \$	1997 \$
REVENUES		
CIDA	90,000	-
Revenue deferred to subsequent years (Note 2d, 7)	<u>(55,009)</u>	<u>-</u>
	<u>34,991</u>	<u>-</u>
 EXPENDITURES		
Accounting and bookkeeping	2,000	-
Administration allocation	3,750	-
Audit fees	3,000	-
Consulting fees	6,900	-
Travel and accommodation	<u>19,341</u>	<u>-</u>
	<u>34,991</u>	<u>-</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 <u>-</u>	 <u>-</u>

See Auditor's Report and accompanying notes

METIS NATIONAL COUNCIL SECRETARIAT INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1998

1. PURPOSE OF THE ORGANIZATION

The Metis National Council Secretariat Inc. is a national organization operating programs and performing research aimed at recognizing the political, legal and constitutional rights of the Metis people of Canada.

The corporation was incorporated under Part II of the Canada Corporations Act as a corporation without share capital. It is a not-for-profit organization under the meaning of the Income Tax Act, and as such, it is not subject to income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with the accounting policies as listed below. A precise determination of many assets and liabilities is dependent upon future events and therefore, the preparation of periodic financial statements involves the use of estimates and approximations which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality in accordance with the accounting principles as listed below:

A. Capital Assets

Purchased capital assets are recorded at cost. Amortization is provided on the declining-balance basis over the estimated useful lives of the assets at the following annual rates:

Computer equipment	30%
Furniture and fixtures	20%

B. Revenue Recognition

The corporation follows the deferral method of accounting for revenues. Unrestricted revenues are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

C. Program Surplus/Deficit

~~For ongoing programs, a surplus or deficit is carried forward to fund future contributions. For completed programs, where permitted by the relevant contribution agreement, a surplus or deficit will be transferred to the Core Program.~~

D. Deferred Revenues

Deferred revenues represent unspent contributions for programs which are not complete at the year end. The unspent revenues are carried forward to be matched with the expenditures to be incurred in the subsequent year.

3. ALLOCATION OF EXPENDITURES BETWEEN PROGRAMS

Expenditures incurred that relate to specific programs are allocated to those programs when recorded. For programs using the national office infrastructures, an expense allocation is made at year-end to transfer administration costs to those programs in which such transfers are permitted under the relevant contribution agreements.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	1998 \$	1997 \$
Indian and Northern Affairs Canada	-	16,000
Human Resources and Development Canada	325,408	379,930
Employment Immigration Canada	-	1,000
Department of Canadian Heritage	142,175	5,000
Privy Council Office	94,725	27,279
CIDA	79,350	-
Aboriginal Business Canada	30,950	-
Travel advances	500	-
G.S.T. recoverable	44,514	19,490
Other receivables	<u>12,793</u>	<u>12,794</u>
	730,415	461,493
Less: allowance for doubtful accounts	<u>7,772</u>	<u>6,745</u>
	<u>722,643</u>	<u>454,748</u>

5. CAPITAL ASSETS

	COST	ACCUMULATED AMORTIZATION	1998 NET BOOK VALUE	1997 NET BOOK VALUE
	\$	\$	\$	\$
Computer equipment	46,166	17,391	28,775	34,887
Furniture & fixtures	<u>13,850</u>	<u>4,884</u>	<u>8,966</u>	<u>11,207</u>
	<u>60,016</u>	<u>22,275</u>	<u>37,741</u>	<u>46,094</u>

6. BANK INDEBTEDNESS

Bank indebtedness is secured by a general security agreement dated February, 1998 and bears interest at a rate equal to the Bank of Montreal's prime rate plus 2% per annum.

7. DEFERRED REVENUES

Deferred revenue balances are as follows:

	1998	1997
	\$	\$
Human Resources Development Canada	194,275	84,126
Department of Canadian Heritage	97,175	-
Canadian International Funding Agency	<u>55,009</u>	<u>-</u>
	<u>346,459</u>	<u>84,126</u>

8. LONG TERM DEBT

Long-term debt consists of a collateral demand loan from Peace Hills Trust. The original amount of the loan was \$300,000. The loan bears interest at a rate of Peace Hills Trust Prime Rate plus 2% per annum, and is payable in monthly instalments of \$7,149. The loan is secured by a promissory note and by a redirection of Canadian Heritage funding.

Principal repayments for the next five years are as follows:

	\$
1999	77,049
2000	72,470
2001	77,902
2002	<u>66,239</u>
	<u>293,660</u>

9. CHANGE IN ACCOUNTING POLICY

In 1998 the Metis National Council adopted the new CICA Handbook policy with respect to the capitalization of assets. This change in accounting policy has been applied retroactively with the following effects:

The 1997 statement of operations has been changed. Amortization in the amount of \$8,799 has been included, and \$42,320 in equipment purchases has been deleted from the statement operations and reflected in the statement of financial position as capital assets.

In the 1998 statement, the effect of the change has been to record \$13,476 of amortization expense in the statement of operations, and reflect \$5,123 in capital asset purchases on the statement of financial position.

10. DEFICIT RECOVERY

The Metis National Council received funding to assist it in reducing the deficit accumulated in past years, and allow for the repayment of debts.

11. COMMITMENTS

The Council is obligated to make payments under its lease for premises and equipment through March 2003. Minimum lease payments for the next five years are as follows:

	\$
1999	30,240
2000	30,240
2001	30,240
2002	30,240
2003	30,240

12. CONTINGENT LIABILITIES

The Metis National Council was party to a lawsuit filed by a former landlord for unpaid rent arrears. The claim was in the amount of \$21,586, and the council had offered \$10,000 to settle the dispute. During the year, the lawsuit was settled, and the amount of \$18,000 paid to the former landlord. A \$10,000 accrual had been made in past years, and the balance of \$8,000 has been expensed in the current year.

METIS NATIONAL COUNCIL SECRETARIAT INC.
MANAGEMENT REPORT
MARCH 31, 1998

BERNIE SHORE**CHARTERED ACCOUNTANT**

**PH#6 - 160 Hargrave Street
 Winnipeg, Manitoba R3C 3H3
 PHONE: (204) 943-4833
 FAX: (204) 942-2956**

To the Board of Directors
METIS NATIONAL COUNCIL SECRETARIAT INC.

RE: YEAR END AUDIT

I have completed my examination of the financial statements of the Metis National Council Secretariat Inc. (MNC) for the year ended March 31, 1998, and I am pleased to report that an unqualified (clear) audit report has been issued.

1. BACKGROUND TO THE AUDIT

The objective of the audit process is to express an opinion as to whether the financial statements present fairly the financial position and results of operations of the organization.

The users of the audited financial statements include the Members of the MNC, Board of Directors, Government Funding Agencies, Bankers, Creditors, etc. Since third party users are dependent upon the audit, it is essential that the audited financial statements are free of material errors.

2. BALANCE SHEET - WORKING CAPITAL POSITION

The working capital position is a measure of the company's liquidity. It demonstrates the company's ability to retire current debt (current liabilities) using current assets. The working capital position for the MNC is as follows:

	1998	1997
	\$	\$
Current assets	734,643	456,877
Current liabilities	<u>671,158</u>	<u>663,406</u>
Working capital position	<u>63,485</u>	<u>(206,529)</u>
Working Capital Ratio (current assets/current liabilities)	<u>1.10</u>	<u>.69</u>

In general, a working capital ratio of 1:1 is considered acceptable. The working capital ratio as calculated above shows a significant improvement over the ratio achieved in the prior year.

3. DEFICIT RECOVERY

The deficit recovery plan management implemented in 1996 has been successful to date, and it should not be deviated from. It appears likely that should management keep on track, the accumulated deficit should be entirely eliminated in the coming fiscal year. Once this has been done, steps should be taken to identify areas where increased spending would provide the greatest benefit. Care should be taken however, to ensure the financial position of the organization does not once again deteriorate to the state witnessed in recent years.

4. CASH

The cash position of the MNC has improved somewhat from an overdraft of \$84,915 in 1997 to an overdraft of \$23,790 in 1998. Long term debt in the form of a Demand Loan Payable to the Bank of Montreal has been repaid with funds from a loan obtained from Peace Hills Trust in the amount of \$300,000.

5. ACCOUNTS RECEIVABLE

Outstanding accounts receivable at year end have increased from \$454,748 to \$722,643. (See Note 4 to the financial statements for a detailed listing of accounts receivable balances.) Approximately \$300,000 of the amount outstanding was received by the Council in April and May of 1998.

6. ACCOUNTS PAYABLE AND ACCRUALS

During the year, an effort was made by management to reduce the amounts outstanding in accounts payable using funds obtained from Peace Hills Trust. As a result, accounts payable have been reduced from \$440,368 in 1997 to \$223,860 at March 31, 1998.

7. REVENUES

Revenues increased significantly from \$998,174 in 1997 to \$1,374,318 in 1998. This increase reflects the increased activity at the MNC and the increase in the number of programs administered during the year.

8. EXPENDITURES

Overall, expenditures increased from the prior year in the amount of \$520,354 in proportion to the increase experienced in revenues. Once again costs incurred for wages and benefits, consulting, travel and meeting expenditures are quite high. These costs should be closely monitored ensuring only reasonable expenditures are incurred until such time as the deficit is eliminated.

9. AUDIT OBSERVATIONS

During the course of our audit, we noted a number of weaknesses or deficiencies in the internal controls system in place at the Metis National Council. The following is a description of these deficiencies and our recommendations for improvement:

A. SIMPLY ACCOUNTING

The accounting software currently in place is not adequate when accounting for a number of projects using a departmentalized general ledger.

The Council has investigated other potential software packages taking into account the unique nature of their accounting requirements, and purchased AccPac Plus. The new software will be installed after the 1997/98 financial statements have been finalized, and members of the accounting staff are currently training on the new software.

B. REMITTANCE ADVICES

As suggested in last year's management report, the Council is now retaining the remittances that accompany funds received from various funding agencies. However, no system has been put in place to organize these slips for easy retrieval.

These advices often contain important information pertaining to the nature of the payments, and they should be maintained in the individual project files as received, along with the funding agreements (stapled to the left hand side of the file).

C. INSURANCE

Insurance coverage for the year ended March 31, 1997 was not purchased, but management took steps to ensure insurance was in place for the 1998 fiscal year. Serious consideration should be given to purchasing Director's liability insurance to protect the Directors from loss.

D. PRENUMBERED CHEQUES

As was noted in last year's management report, the Council has continued to use cheques that are not prenumbered making it impossible to verify the numerical continuity of cheques. During the course of the audit, numerous instances were found where more than one cheque was written using the same cheque number.

The remaining supply of cheques should be discarded and replaced with prenumbered 3-part cheques. Once the cheque has been produced, one copy should go to the supplier, one copy should be filed with the supporting documentation by vendor, and the final copy should be filed by cheque number to ensure numerical continuity is maintained. This system will be implemented in conjunction with the implementation of AccPac.

E. DISBURSEMENTS

Supporting documentation shows no evidence of the review and/or approval of senior management. This could lead to the payment of unauthorized expenditures. There is however, a compensating control in that all cheques require the signatures of both the Council President and the Executive Assistant.

Documentation supporting disbursements should be reviewed by the Executive Assistant and his approval evidenced by his initials on the documents. His review should include an assessment of the reasonableness of the General Ledger account, and the project to which the disbursement is being charged. When no supporting documentation is available (ie. rent payments, travel advances) cheque requisitions should be prepared showing the payee, the amount of the cheque, the G/L account distribution and a brief description of the reason for the payment. These requisitions should be reviewed and approved prior to cheques being released.

F. AUDIT TRAIL

Currently, reports are not being produced on a regular basis that would establish an audit trail to be followed when reviewing transactions. This should be rectified by the implementation of AccPac.

The following reports should be produced on a monthly basis for review by the Board of Directors:

-internal financial statements for the month showing the current month's activity, year-to-date results, and a budget to actual comparison;

-trail balance;

-detailed general ledger for the month;

-listing of all journal entries posted during the month;

-cheque register detailing all cheques written during the month;

-subledger listing for both the accounts payable and the accounts receivable.

G. PROGRAM BUDGETING AND CONTROL

The accounting software which was used did not allow for the comparison of budget to actual figures when producing project reports. As a result, actual project spending is not monitored on an ongoing basis resulting in project surpluses and deficits. The implementation of AccPac Plus will allow budgets to be utilized, and project spending should be strictly monitored with actual to budget reports prepared and reviewed monthly by the Board of Directors.

H. TRAVEL ADVANCES

A significant improvement was noted in this area during the year-end audit. Travel advances were followed up by the accounting department, and documentation obtained. In addition, cash outlays to individuals for honoraria and per diems were well documented.

I. CAPITAL ASSETS

A capital asset register has been established to record all capital assets in excess of \$500 acquired by the Council. In accordance with the new reporting requirement of the Canadian Institute of Chartered Accountants, all capital asset purchases should now be capitalized and amortized over their useful lives (verses the policy to date of expensing purchases when made).

J. ACCOUNTS RECEIVABLE

During the year there were instances when the receipt of funding was delayed as a result of the MNC's failure to submit various reports to the relevant funding agencies as required.

All reports should be submitted on a timely basis to ensure the earliest possible receipt of funding.

K. GOODS AND SERVICES TAX

The Metis National Council is eligible for a 50% rebate of the G.S.T. it pays on disbursements since it is a non-share, non-profit organization with government funding accounting for greater than 40% of the total funding. Although a G.S.T. claim was submitted to Revenue Canada in August 1997, no refund has yet been received due to administrative problems relating to the individual authorized by the MNC to deal with Revenue Canada.

The Council should update Revenue Canada with respect to their authorized contact individual and deal with their outstanding claim as soon as possible. In addition, a claim for the most recent fiscal year should be prepared and submitted as soon as the prior claim has been satisfactorily resolved.

L. COMPUTER BACKUP

At present, computer backups are being kept in an employee's home. I would recommend that a bank safety deposit box be obtained for retention of backup tapes.

As well, a fireproof cabinet should be obtained for vital corporate documents.

M. BANK RECONCILIATIONS

It does not appear as though the bank reconciliations were done on a timely basis, nor does it appear as though an independent review of the reconciliations had been made by a person other than the person performing the reconciliation. Given the small staff, and the lack of segregation of duties, this is a vital function.

N. PENALTIES

Once again, penalties were assessed for late remittances in respect of employees' deductions. In addition, it appears as though deductions in excess of the statutory amounts were made from the pay of some employees, and Revenue Canada has indicated that they will require an audit of the payroll.

An outside payroll service should be employed to ensure remittances are made on time, and also to ensure deductions are properly made from employees' payroll.

O. CONTRACT EMPLOYEES

Certain of the individuals working for the Council are doing so in the capacity of outside contractors rather than employees. If Revenue Canada finds that these persons are in fact employees, the Council could be reassessed for CPP and E.I. costs. In light of the ongoing problems with payroll deductions and the Revenue Canada audit of the payroll, this could well happen in the near future.

Caution should be exercised when agreeing to hire individuals on a contract basis, and every attempt made to ensure those individuals do not meet the Revenue Canada definition of employees.

P. WORKERS COMPENSATION

It was noted during the course of the audit that the Council did not remit premiums for Workman's Compensation.

All organizations in the Province of Ontario must remit premiums to Workman's Compensation, and the MNC should comply with this requirement.

SUMMARY

In general, many improvements were noted during the course of the audit. Expenditures were better documented, and the documentation more easily located and retrieved. However, at the date of the audit, the financial records were not up-to-date. The bank accounts had not been reconciled for the past several months, and financial reports were not being produced for management or for the board of directors. In my opinion, given the growth in funding the MNC has experienced in the past few years, and given the level of the work required to first prepare proposals and budgets and then administer and account for the numerous programs, the accounting department has been under-staffed. As of the date of this report, an accounting assistant has been hired and is currently training in the use of AccPac Plus. This addition to the accounting department should ensure that in future the above problems do not occur.

If you have any questions concerning the foregoing, please feel free to contact me at any time.

Yours truly,

A handwritten signature in cursive script, appearing to read "B. Shore".

**BERNIE P. SHORE, B.Sc.
CHARTERED ACCOUNTANT**