

Winnipeg Metis Association
Consolidated Financial Statements
March 31, 2018

Management's Responsibility

To the Members of Winnipeg Metis Association:

The accompanying consolidated financial statements of Winnipeg Metis Association are the responsibility of management and have been approved by the Board of Directors.

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Winnipeg Metis Association Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP is appointed, on behalf of the Members, by the Board to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

September 9, 2018



Independent Auditors' Report

To the Members of Winnipeg Metis Association:

We have audited the accompanying consolidated financial statements of Winnipeg Metis Association, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Winnipeg Metis Association as at March 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

We were engaged in the prior year to report on the comparative information, however the audit opinion was a disclaimer of opinion, therefore the comparative information is unaudited.

Winnipeg, Manitoba

September 9, 2018

MNP LLP


Chartered Professional Accountants

Winnipeg Metis Association
Consolidated Statement of Financial Position

As at March 31, 2018

	2018	2017 <i>(Unaudited)</i> <i>(Restated)</i>
Assets		
Current		
Cash	2,125	2,262
Accounts receivable	87,780	24,703
Prepaid expenses	-	50,437
Due from related party (Note 3)	134,473	72,696
	224,378	150,098
Capital assets (Note 4)	2,510,510	2,214,712
	2,734,888	2,364,810
Liabilities		
Current		
Accounts payable and accruals (Note 5)	102,051	92,158
Current portion of long-term debt (Note 6)	247,400	190,300
	349,451	282,458
Long-term debt (Note 6)	1,710,923	1,749,638
	2,060,374	2,032,096
Net Assets		
Unrestricted	122,327	57,940
Invested in capital assets	552,187	274,774
	674,514	332,714
	2,734,888	2,364,810

Approved on behalf of the Board


 Director


 Director

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

Winnipeg Metis Association
Consolidated Statement of Operations
For the year ended March 31, 2018

	2018	2017 <i>(Unaudited)</i> <i>(Restated)</i>
Revenue		
Rental income <i>(Note 9)</i>	718,720	654,640
Grant revenue <i>(Note 9)</i>	100,000	214,920
Other revenue	5,046	251
	823,766	869,811
Expenses		
Amortization	50,939	44,062
Bank charges and interest	622	829
Equipment rental	-	9,035
Insurance	19,707	10,305
Interest on long-term debt	96,165	86,446
Materials	-	52,157
Meetings	6,395	5,495
Office supplies and other	19,121	4,320
Professional fees	57,578	34,480
Property taxes	83,899	108,395
Rental <i>(Note 9)</i>	69,120	69,120
Repairs and maintenance	65,011	58,500
Salaries and benefits	-	55,685
Telephone	7,936	9,513
Travel	-	621
Utilities	5,473	3,897
	481,966	552,860
Excess of revenue over expenses	341,800	316,951

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

Winnipeg Metis Association
Consolidated Statement of Changes in Net Assets
For the year ended March 31, 2018

	<i>Unrestricted</i>	<i>Invested in capital assets</i>	2018	<i>2017</i> <i>(Unaudited)</i> <i>(Restated)</i>
Net assets, beginning of year, as previously stated	7,503	274,774	282,277	15,763
Correction of an error (Note 10)	50,437	-	50,437	-
Net assets, beginning of year, as restated	57,940	274,774	332,714	15,763
Excess of revenue over expenses	392,739	(50,939)	341,800	316,951
Repayments of long-term debt	(416,925)	416,925	-	-
Advances of long-term debt	435,310	(435,310)	-	-
Purchase of capital assets	(346,737)	346,737	-	-
Net assets, end of year	122,327	552,187	674,514	332,714

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

Winnipeg Metis Association
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017 <i>(Unaudited)</i> <i>(Restated)</i>
Cash provided by the following activities		
Operating		
Excess of revenue over expenses	341,800	316,951
Amortization	50,939	44,062
	392,739	361,013
Changes in working capital accounts		
Accounts receivable	(63,078)	69,948
Prepaid expenses	50,437	(50,437)
Accounts payable and accruals	9,894	(73,596)
	389,992	306,928
Financing		
Advances of long-term debt	435,310	-
Repayment of long-term debt	(416,925)	(187,332)
Changes in advances to related party (net)	(61,777)	3,231
	(43,392)	(184,101)
Investing		
Purchase of capital assets	(346,737)	(122,410)
Increase (decrease) in cash resources	(137)	417
Cash resources, beginning of year	2,262	1,845
Cash resources, end of year	2,125	2,262

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

1. Incorporation and nature of the organization

Winnipeg Metis Association (the "Organization") is a not-for-profit organization under the laws of the Province of Manitoba, and thus exempt from income taxes. In order to maintain its status as a registered not-for-profit organization under the Income Tax Act, the Organization must meet certain requirements within the Act. Winnipeg Metis Association Inc. owns WMA Land Holdings Inc.

The Organization's objectives are to organize the Metis people of their community; promote the objectives of the Manitoba Metis Federation Inc. ("MMF"); to act as a Regional Metis governance on behalf of Metis in their respective locals and communities; to inform the members within the Region of all matters that affect the MMF; to conduct Regional meetings of the MMF with local participation; and to initiate programs to address the needs of their Metis memberships in the Region.

These consolidated financial statements contain the assets, liabilities, revenue and expenses of Winnipeg Metis Association Inc. and WMA Land Holdings Inc. All inter-entity balances have been eliminated on consolidation.

2. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

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 expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred.

Rental revenue is recognized as revenue over the term of the lease.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions* (refer to Note 3).

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the declining balance method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Buildings	4 %
Automotive	30 %
Computer equipment	30 %
Office equipment	20 %

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Measurement uncertainty (use of estimates)

The preparation of consolidated 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 and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable and due from related party are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. No allowance has been recognized in the year. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

3. Due from related party

	2018	2017 <i>(Unaudited)</i>
Manitoba Metis Federation Inc. ("MMF")	134,473	72,696

The MMF is related as in order to achieve decentralization and local control, the MMF contracted with separately incorporated bodies representing the Regions throughout the Province of Manitoba.

The amounts owing from the related party are non-interest bearing, unsecured and due on demand.

Winnipeg Metis Association
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

4. Capital assets

	Cost	Accumulated amortization	2018 Net book value
Land	1,178,414	-	1,178,414
Buildings	1,893,657	572,960	1,320,697
Automotive	45,679	44,161	1,518
Computer equipment	53,824	52,622	1,202
Office equipment	76,674	67,995	8,679
	3,248,248	737,738	2,510,510

	Cost	Accumulated amortization	2017 (Unaudited) Net book value
Land	1,178,414	-	1,178,414
Buildings	1,546,920	520,286	1,026,634
Automotive	45,679	41,642	4,037
Computer equipment	53,824	52,107	1,717
Office equipment	76,674	72,764	3,910
	2,901,511	686,799	2,214,712

5. Accounts payable and accruals

	2018	2017 (Unaudited)
Government remittances payable	37,618	37,617
Accrued liabilities	64,433	54,541
	102,051	92,158

Winnipeg Metis Association
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

6. Long-term debt

	2018	2017 <i>(Unaudited)</i>
Mortgage payable, bearing interest at 4% (2017 - 3.97%), payable in monthly instalments of \$15,369, due January 2025. Secured by a first charge on the land and premises of 2000 Portage Avenue, Winnipeg, MB and assignment of rents, leases and insurance loss payable for 2000 Portage Avenue.	1,160,736	1,296,167
Mortgage payable, bearing interest at prime plus 1.25% (4.95%), payable in monthly instalments of \$2,866, due October 2028. Secured by a first fixed charge on land and premises of 406, 408, 410 and 412 McGregor Street Winnipeg, MB and assignment of insurance.	193,893	219,718
Term loan bearing interest at 8.25% (2017 - 8.25%), payable in monthly instalments of \$2,576, due October 2025, secured by a promissory note, general security agreement, second charge on the land and building at 406, 408, 410 and 412 McGregor Street Winnipeg, MB, a corporate borrowing resolution for \$210,000, and assignment of insurance loss payable.	173,162	189,052
Term loan repaid during the year.	-	235,001
Term loan bearing interest at 7.50%, payable in monthly instalments of \$7,716, due January 2028, secured by a promissory note, general security agreement, second charge on the land and building at 2000 Portage Avenue, Winnipeg, MB, a corporate borrowing resolution for \$650,000, and assignment of insurance loss payable.	430,532	-
	1,958,323	1,939,938
Less: current portion	247,400	190,300
	1,710,923	1,749,638

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2019	247,400
2020	260,600
2021	274,500
2022	289,200
2023	304,900

7. Economic dependence

The Organization receives a large portion of its revenue from the Manitoba Metis Federation Inc. Accordingly, the Organization is economically dependent on the MMF funding for future operations and programs.

8. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the values of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate cash flow risk with respect to its long term debt which is based on the bank's prime rate. In seeking to minimize the risk from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities.

9. Related party transactions

During the year, the Organization received \$100,000 (2017 - \$214,920) of grant funding and \$69,120 for rental income from the Manitoba Metis Federation Inc. During the year, the Organization paid rent of \$69,120 (2017 - \$69,120) to Manitoba Metis Federation Inc.

These parties are related as described in Note 3. These transactions were in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. Correction of an error

During the year the Organization determined that prior year property tax expense was overstated by \$50,437 in the year ended March 31, 2017. For March 31, 2017, the impact of this correction has resulted in a decrease to property tax expense, and an increase in prepaid expenses, excess of revenue over expenses and net assets by \$50,437. The Organization has decided to restate its March 31, 2017 comparative figures to correct this error.