

LABRADOR METIS NATION

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2008

LABRADOR METIS NATION

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AUDITORS' REPORT

To the Board of Directors of

Labrador Metis Nation

We have audited the statement of financial position of the **Labrador Metis Nation** as at March 31, 2008 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Nation's management. 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 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 our opinion, except as explained in Note 2, these financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2008 and the results of its operations and the changes in cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Happy Valley-Goose Bay, NL

August 15, 2008


Chartered Accountants

LABRADOR METIS NATION

Statement of Financial Position

March 31, 2008

2008

2007

Assets

Current assets:

Cash	\$ 394,810	414,826
Receivables - funding agencies	625,808	234,074
- trade	8,799	40,105
- HST	38,114	37,507
Prepaid expenses	-	65,203

Total current assets **1,067,531** 791,715

Due from MDC Fisheries Limited **175,000** 225,000

Property and equipment:

Land	34,032	34,032
Building	262,891	249,570
Furniture	216,414	192,393
Pavement	5,175	5,175
Fence	5,200	-

523,712 481,170

\$ 1,766,243 1,497,885

Liabilities and Net Assets

Current liabilities:

Due to the bank on current account	\$ -	76,757
Payables and accruals (Note 4)	596,648	418,502
Deferred revenue (Note 3)	264,194	385,415
Current portion of long-term debt (Note 6)	36,728	45,117

Total current liabilities **897,570** 925,791

Long-term debt (Note 6) **386,740** 265,108

Net assets, per accompanying statement:

Investment in capital assets	462,824	397,615
Surplus (deficit)	19,109	(90,629)

Total net assets **481,933** 306,986

See accompanying notes **\$ 1,766,243** 1,497,885

Approved: *W. Montague* Director

[Signature] Director

LABRADOR METIS NATION

Statement of Changes in Net Assets

Year ended March 31, 2008

2008

2007

Surplus (deficit)

Balance, beginning	\$ (90,629)	(46,999)
Excess (deficiency) of revenue over expenditures:		
General	97,412	11,850
Rental	12,737	6,808
Foundation	-	(11,854)
Shrimp	(411)	(50,434)
Other Projects (Schedule 1)	-	-
AHRDA (Schedule 2)	-	-
	<u>109,738</u>	<u>(43,630)</u>
Balance, ending	\$ <u>19,109</u>	<u>(90,629)</u>

Investments in Capital Assets

Balance, beginning	\$ 397,615	334,283
Debt principal retired	22,667	41,102
Equipment purchased from projects and general revenue	<u>42,542</u>	<u>22,230</u>
Balance, ending	\$ <u>462,824</u>	<u>397,615</u>

See accompanying notes

LABRADOR METIS NATION

Statement of Operations - General

Year ended March 31, 2008

2008

2007

Revenue:

Core - Canadian Heritage	\$ 118,793	115,165
Program administration and recoveries	111,928	162,175
Contributions from Shrimp project	200,000	118,000
Other - grants/contributions	22,355	-
- wage subsidies	-	182,858
	<u>453,076</u>	<u>578,198</u>

Expenditures:

Wages and benefits	175,635	275,680
Travel and accommodation	36,255	47,316
Communications	9,807	33,900
Office supplies, furniture and equipment	19,528	41,741
Rent	10,732	10,311
Professional fees	20,691	48,407
Advertising	10,470	5,338
Interest and bank charges	3,721	3,650
Other	55,361	3,017
Contributions to projects/other (Note 7)	13,464	96,988
	<u>355,664</u>	<u>566,348</u>

Excess of revenue over expenditures

\$ 97,412 11,850

See accompanying notes

LABRADOR METIS NATION

Statement of Operations - Rental

Year ended March 31, 2008

2008

2007

Revenue:		
Rental	\$ <u>60,100</u>	<u>68,186</u>
Expenditures:		
Utilities	2,779	1,703
Debt retired from revenue	15,400	35,651
Mortgage interest	13,692	5,679
Janitorial supplies	1,380	720
Snow and garbage removal	2,911	2,451
Municipal taxes	700	700
Repairs and maintenance	3,047	7,840
Insurance	4,164	3,716
Office, bad debt and other	<u>3,290</u>	<u>2,918</u>
	<u>47,363</u>	<u>61,378</u>
Excess of revenue over expenditures	\$ <u>12,737</u>	<u>6,808</u>

See accompanying notes

LABRADOR METIS NATION

Statement of Operations - Foundation

Year ended March 31, 2008

2008

2007

Revenue:

Donations	\$ 17,785	36,540
Fund raising	-	796
	<u>17,785</u>	<u>37,336</u>

Expenditures:

Contribution to general	-	30,000
Donations	-	2,000
Legal fees	-	-
Medical assistance	17,700	16,552
Advertising	-	-
Office and other	85	638
	<u>17,785</u>	<u>49,190</u>

Excess (deficiency) of revenue over expenditures \$ - (11,854)

LABRADOR METIS NATION

Statement of Operations - Shrimp

Year ended March 31, 2008	2008	2007
Revenue:		
Commissions	\$ <u>224,030</u>	<u>167,004</u>
Expenditures:		
Contribution to general	200,000	118,000
Contribution to economic development	-	75,000
Licenses and fees	<u>24,441</u>	<u>24,438</u>
	<u>224,441</u>	<u>217,438</u>
Excess (deficiency) of revenue over expenditures	\$ <u>(411)</u>	<u>(50,434)</u>

See accompanying notes

LABRADOR METIS NATION

Statement of Cash Flow

Year ended March 31, 2008

2008

2007

Cash flow:

Operations:

Excess (deficiency) of revenue over expenditures	\$ 109,738	(43,630)
Principal reduction of debt	22,667	41,102
Equipment purchased from revenue	<u>42,542</u>	<u>22,230</u>
	174,947	19,702

Changes in:

Receivables	(361,035)	224,378
Prepaid expenses	65,203	(47,997)
Payables and accruals	178,146	28,933
Deferred revenue	<u>(121,221)</u>	<u>147,540</u>
	(63,960)	372,556

Investing:

Decrease in long-term receivable	50,000	-
Purchase of equipment	<u>(42,542)</u>	<u>(22,230)</u>
	7,458	(22,230)

Financing:

Long-term debt	223,000	85,642
Principal repayments	<u>(109,757)</u>	<u>(41,102)</u>
	113,243	44,540

Net increase in cash and cash equivalent

56,741 394,866

Cash, beginning

338,069 (56,797)

Cash, ending

\$ 394,810 338,069

Consisting of:

Cash	394,810	414,826
Due to bank	<u>-</u>	<u>(76,757)</u>
	\$ 394,810	338,069

See accompanying notes

LABRADOR METIS NATION

Notes to the Financial Statements

March 31, 2008

1. Nature of operations:

The Labrador Metis Nation is a non-profit organization devoted to maintaining the Metis way of life and settling land claims with various levels of government. It provides employment benefits to its members.

The Nation has entered into a four year Aboriginal Human Resource Development Agreement with Human Resources Development Canada. This agreement expires March 2009. Under this agreement funding is provided for program assistance from two sources - Consolidated Revenue Fund and Employment Insurance Fund. Unlike the Consolidated Revenue Fund in which surpluses may be deferred, any surpluses in the Employment Insurance Fund must be repaid to the funding agency.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, except as outlined below:

Outlined below are the policies which are considered significant by management:

- (a) Property and equipment purchased by the Nation are charged against income in the year of purchase, except for the land and building which was accounted for using the capital asset method. No amortization is being provided on the property and equipment. The Nation's equity in its property and equipment is represented by the "Investments in Property and Equipment" account.
- (b) The Nation charges various programs an administration fee based upon budget allocation, space and time requirements and supply usage. The fees charged each program is intended to cover financial management, co-ordination, telephone, equipment, supplies, rent and general administration and consultation.

LABRADOR METIS NATION

Notes to the Financial Statements

March 31, 2008

3. Deferred revenue:	<u>2008</u>	<u>2007</u>
Projects:		
Forestry Project	\$ 10,573	37,361
Habitat Stewardship	5,044	5,000
Aboriginal Diabetes Program	885	858
Harvest Survey	10,404	10,404
Species at Risk - CAP	5,000	-
Suicide Prevention	3,827	-
Violence Prevention Project	15,100	6,411
Early Learning and Child Care	6,200	4,000
Aboriginal Fishing Strategy	9,009	7,301
Health Benefits Project	1,042	1,042
Northern Research Development	17,708	17,708
Economic Development	5,208	-
Medical Assistance	3,918	-
Metis Defence Fund	14,837	-
Powley Project	35,136	2,685
	<u>143,891</u>	<u>92,770</u>
 AHRDA - Consolidated Revenue Fund	 120,303	 252,819
CAP-LMDA - Consolidated Revenue Fund	<u>-</u>	<u>39,826</u>
	 <u>\$ 264,194</u>	 <u>385,415</u>

The deferred revenue from AHRDA and CAP must be spent by September 30, 2008 or be refunded to HRSDC.

4. Payables and accruals	<u>2008</u>	<u>2007</u>
Trade	\$ 518,571	394,671
Over payments from AHRDA EI Fund	65,668	12,409
Over payments from CAP - LMDA EI Fund	<u>12,409</u>	<u>11,422</u>
	 <u>\$ 596,648</u>	 <u>418,502</u>

5. **Measurement uncertainty:**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

LABRADOR METIS NATION

Notes to the Financial Statements

March 31, 2008

6. Long-term debt:	<u>2008</u>	<u>2007</u>
Service Canada - Overpayments from CRF and EI funds from 2005; terms of repayment to be determined	\$ 224,184	224,184
Eagle River Credit Union loan Prime + 1%, refinanced during the year, repayable in bi-weekly installments of \$1,683; maturing 2014.	196,256	75,746
GMAC conditional sales contract on motor vehicle, repayable at \$606 monthly, including interest; maturing, 2008.	<u>3,028</u>	<u>10,295</u>
	423,468	310,225
Current portion	<u>36,728</u>	<u>45,117</u>
	<u>\$ 386,740</u>	<u>265,108</u>

The amount of principal payment estimated to be required in each of the next five years is as follows:

2009	\$ 36,728
2010	35,600
2011	37,700
2012	39,800
2013	49,500

7. Contributions to projects/other:	<u>2008</u>	<u>2007</u>
AHRDA	\$ 9,337	38,738
Land Claims Research	(3,541)	(825)
Voisey's Bay Training Foundation	-	4,866
Powley	-	21,540
Employment Assistance Services	-	34,251
Forestry	-	2,068
Mealy Mountain	-	497
DFO - Metis Fisheries Guardian	-	504
2007 AGA	-	88
Lower Churchill Project	3,297	-
Membership ID	4,371	-
	<u>-</u>	<u>(4,739)</u>
	<u>\$ 13,464</u>	<u>96,988</u>

Statement of Operations by Project

Year ended March 31, 2008

	Aboriginal Diabetes Initiative	Aboriginal Fishing Strategy	Early Learning & Childcare	Employment Assistance Services	Economic Development	Forestry	Habitat Stewardship	AHRDA - Summer Career Placement	Lower Churchill Project	Powley
Revenue:										
Federal grants	\$ 100,000	175,000	2,200	260,767	25,000	-	42,000	11,308	18,000	238,672
Provincial grants	-	-	-	-	-	31,820	-	-	-	-
Contribution from LMN	-	-	-	-	-	-	-	-	4,371	-
Other	890	-	-	-	-	-	44	-	-	-
Deferred revenue - beginning	858	7,301	4,000	-	-	37,360	5,000	-	-	2,665
Deferred revenue - ending	(885)	(8,008)	(8,200)	-	(5,208)	(10,873)	(5,044)	-	-	(35,135)
	<u>100,864</u>	<u>173,292</u>	<u>-</u>	<u>260,767</u>	<u>19,792</u>	<u>58,707</u>	<u>42,000</u>	<u>11,308</u>	<u>22,371</u>	<u>206,622</u>
Expenditures:										
Wages and benefits	76,137	84,602	-	179,123	-	16,495	28,424	11,180	-	37,212
Travel	1,855	22,186	-	19,811	-	1,936	2,859	-	4,174	22,455
Wellness	2,018	-	-	-	-	-	30	-	-	203
Meeting	1,289	228	-	-	-	-	90	-	166	9,058
Telecommunications	1,715	2,663	-	11,627	-	-	633	-	-	1,600
Advertising	924	2,163	-	843	-	-	-	-	-	2,819
Rent	9,000	8,600	-	19,285	-	4,000	-	-	-	2,000
Insurance	-	5,082	-	5,117	-	-	-	-	-	-
Interest and bank charges	21	400	-	220	-	-	52	-	-	-
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-
Professional fees	-	-	-	4,742	19,782	18,181	-	-	18,011	68,836
Office expenses	944	10,981	-	7,940	-	6,685	4,382	128	-	2,939
Vehicle expenses	-	30,282	-	-	-	-	201	-	-	-
Equipment rental and maintenance	290	1,885	-	5,365	-	-	-	-	-	2,000
Training	7,960	960	-	6,694	-	-	-	-	-	-
Contracts	-	6,850	-	-	-	-	-	-	-	30,842
Administration	-	17,600	-	-	-	10,600	5,419	-	-	-
Client costs	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	6,658
	<u>100,864</u>	<u>173,292</u>	<u>-</u>	<u>260,767</u>	<u>19,792</u>	<u>58,707</u>	<u>42,000</u>	<u>11,308</u>	<u>22,371</u>	<u>208,522</u>

\$

	Powley Species at Risk 2007/2008	Suckler CAP	Trans Labrador Highway	Violence Prevention	Wildfire - CAP - AHRDA	Total 2008	Total 2007
Revenue:							
Federal grants	\$ 85,000	5,000	-	-	5,000	51,068	1,018,313
Provincial grants	-	-	24,000	85,000	28,000	-	148,020
Contribution from LMN	-	-	-	-	-	-	4,371
Other	-	-	-	-	-	-	1,034
Deferred revenue - beginning	-	-	-	8,411	51,248	-	114,884
Deferred revenue - ending	-	(5,000)	(3,828)	(15,100)	-	-	(95,982)
	<u>85,000</u>	<u>-</u>	<u>20,172</u>	<u>85,000</u>	<u>20,311</u>	<u>5,000</u>	<u>1,193,620</u>
Expenditures:							
Wages and benefits	10,853	-	4,719	17,640	291	18,171	484,047
Travel	3,185	-	8,929	-	3,072	712	91,074
Wellness	-	-	1,581	-	1,521	-	5,333
Meeting	-	-	1,499	-	464	-	12,805
Telecommunications	-	-	163	-	-	-	18,191
Advertising	-	-	1,488	-	-	-	8,215
Rent	-	-	-	-	-	-	42,765
Insurance	-	-	-	-	-	-	10,209
Interest and bank charges	-	-	-	-	-	23	718
Repairs and maintenance	-	-	-	-	-	-	-
Professional fees	59,024	-	-	34,893	8,694	4,210	257,683
Office expenses	3,350	-	185	12,287	969	-	50,670
Vehicle expenses	-	-	-	-	-	-	30,463
Equipment rental and maintenance	-	-	-	-	-	-	9,640
Training	-	-	-	-	-	-	15,634
Contracts	-	-	-	-	-	-	36,702
Administration	8,568	-	1,680	-	5,000	5,289	63,670
Client costs	-	-	-	-	-	78,119	78,119
Other	-	-	-	-	-	780	7,348
	<u>85,000</u>	<u>-</u>	<u>20,172</u>	<u>85,000</u>	<u>20,311</u>	<u>5,000</u>	<u>1,193,620</u>

\$

See accompanying notes

LABRADOR METIS NATION

**Revenue and Expenditures -
Aboriginal Human Resource Development Agreement**

Schedule 2

Year ended March 31, 2008

2008

2007

Revenue:

Consolidated Revenue Fund	\$ 1,536,606	930,599
Employment Insurance Fund	408,827	307,712
Labrador Metis Nation - General	<u>9,337</u>	<u>46,704</u>

	<u>1,954,770</u>	<u>1,285,015</u>
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Expenditures:

Program administration:

Wages and benefits	214,029	208,516
Capacity building	28,143	8,007
Travel and accommodations	33,383	15,148
Office	21,524	11,855
Communications	15,911	13,375
Advertising	1,514	885
Interest and bank charges	533	2,271
Rent	30,000	30,000
Other	<u>12,662</u>	<u>9,411</u>

	<u>357,699</u>	<u>299,468</u>
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Program assistance (Schedule 2A):

CRF	1,245,335	744,839
EIF	<u>351,736</u>	<u>240,708</u>

	<u>1,597,071</u>	<u>985,547</u>
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Total expenditures	<u>1,954,770</u>	<u>1,285,015</u>
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Excess of revenue over expenditures	\$ <u>-</u>	<u>-</u>
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See accompanying notes

LABRADOR METIS NATION

Aboriginal Human Resource Development Agreement

Schedule 2A

Program Assistance - Expenditures

Year ended March 31, 2008

2008

2007

CRF

Labour Market Program:

Participant allowances	\$ 631,326	358,472
Tuition and training	338,598	185,568
Books and supplies	-	1,754
Contracts	6,410	41,811
Self employment	-	556
Client travel	53,958	37,378
Other	7,509	-
	<u>1,037,801</u>	<u>625,539</u>

Youth Training:

Contracts	198,467	94,878
Participant allowances	6,047	5,400
Tuition and training	3,020	19,022
	<u>207,534</u>	<u>119,300</u>

Total CRF

\$ 1,245,335 744,839

EIF:

Participant allowances	\$ 100,676	90,884
Tuition and training	97,063	87,831
Books and supplies	-	5,843
Contracts	99,586	43,485
Self employment	22,500	1,178
Client travel	31,911	11,487
	<u>\$ 351,736</u>	<u>240,708</u>

See accompanying notes

LABRADOR METIS NATION

Aboriginal Human Resource Development Agreement

Schedule 2B

Revenue and Expenditures by Funding Source

Year ended March 31, 2008

	<u>OTHER</u>	<u>CRF</u>	<u>EIF</u>	<u>TOTAL</u>
Revenue:				
Consolidated Revenue Fund	\$ -	1,536,606	-	1,536,606
Employment Insurance Fund	-	-	408,827	408,827
Labrador Metis Nation	<u>9,337</u>	<u>-</u>	<u>-</u>	<u>9,337</u>
	<u>9,337</u>	<u>1,536,606</u>	<u>408,827</u>	<u>1,954,770</u>
Expenditures - Program Administration:				
General Administration	9,337	263,128	57,091	329,556
Capacity Building	<u>-</u>	<u>28,143</u>	<u>-</u>	<u>28,143</u>
	<u>9,337</u>	<u>291,271</u>	<u>57,091</u>	<u>357,699</u>
Expenditures - Program Assistance:				
Part I: Labour Market Programs				
Employment Benefit-Like Programs	-	-	277,549	277,549
Support Measure-Like Programs	-	-	68,015	68,015
Other Labour Market Programs	-	1,037,801	-	1,037,801
Part II: Youth Programs	-	207,534	-	207,534
Part III: Programs for People with Disabilities	<u>-</u>	<u>-</u>	<u>6,172</u>	<u>6,172</u>
	<u>-</u>	<u>1,245,335</u>	<u>351,736</u>	<u>1,597,071</u>
Total expenditures	<u>9,337</u>	<u>1,536,606</u>	<u>408,827</u>	<u>1,954,770</u>
Excess of revenue over expenditures	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See accompanying notes

LABRADOR METIS NATION**Aboriginal Human Resource Development Agreement**

Schedule 2C

Program Assistance Expenditures by Funding Source

Year ended March 31, 2008

	<u>CRF</u>	<u>EIF</u>	<u>TOTAL</u>
Part I: Labour Market Programs			
Employment Benefit-Like Programs			
Support Measure-Like Programs			
Other Labour Market Programs			
Participant allowances	\$ 631,326	100,676	732,002
Tuition and training	338,598	97,063	435,661
Books and supplies	-	-	-
Contracts	6,410	99,586	105,996
Self employment	-	22,500	22,500
Client travel	53,958	31,911	85,869
Other	7,509	-	7,509
Part II: Youth Programs			
Contracts	198,467	-	198,467
Participant allowances	6,047	-	6,047
Tuition and training	3,020	-	3,020
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	\$ <u>1,245,335</u>	<u>351,736</u>	<u>1,597,071</u>