

**CLARENCE CAMPEAU  
DEVELOPMENT FUND  
(OPERATING AS THE MÉTIS  
DEVELOPMENT FUND)**

***FINANCIAL STATEMENTS***

***December 31, 2013***

## INDEPENDENT AUDITOR'S REPORT

### TO THE DIRECTORS OF CLARENCE CAMPEAU DEVELOPMENT FUND

We have audited the accompanying financial statements of Clarence Campeau Development Fund (Operating as the Métis Development Fund) (the "Fund"), which comprise the statement of financial position as at December 31, 2013, and the statements of revenue, expenses and 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 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2013, and the results of its operations, net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Chartered Accountants

March 19, 2014  
Saskatoon, Saskatchewan

**CLARENCE CAMPEAU DEVELOPMENT FUND**  
**(Operating as the Métis Development Fund)**  
**STATEMENT OF REVENUE, EXPENSES AND NET ASSETS**  
**year ended December 31, 2013**

	MERP Budget (Unaudited)	MERP	General Fund Budget (Unaudited)	General Fund	Total 2013	Total 2012
<b>REVENUES</b>						
Government funding (Note 1)	\$ -	\$ 1,403	\$ 3,288,000	\$ 3,044,907	\$ 3,046,310	\$ 3,379,655
Economic Development Sector (Note 1)	-	-	37,500	37,500	37,500	140,533
New Program Launch	-	-	3,735	7,344	7,344	27,706
Major Resources and Energy Fund	-	-	5,900	5,900	5,900	18,900
Reimbursements from National Aboriginal Capital Corporation Association	-	98	10,200	28,818	28,916	19,608
Interest and investment income	100,302	154,544	275,552	359,928	514,472	435,519
Administration fees	-	-	20,000	23,269	23,269	22,465
Recovery of bad debt	-	-	8,400	7,395	7,395	3,768
Miscellaneous income	-	-	1,000	9,349	9,349	1,999
Inspire 2013	-	-	-	5,400	5,400	-
	<u>100,302</u>	<u>156,045</u>	<u>3,650,287</u>	<u>3,529,810</u>	<u>3,685,855</u>	<u>4,050,153</u>
<b>OPERATING EXPENSES</b>						
Advertising and promotion	10,000	2,734	41,000	45,667	48,401	40,467
Amortization of capital assets	-	859	-	45,750	46,609	58,299
Bank charges	1,080	879	3,000	2,690	3,569	3,448
Building expenses	-	-	39,253	43,017	43,017	43,168
Consulting fees	-	-	45,000	29,356	29,356	19,649
Directors' expenses	-	-	56,101	27,304	27,304	28,163
Donations	-	-	28,500	129,400	129,400	28,251
Economic Development Sector (Schedule 2)	-	-	217,618	179,445	179,445	177,326
Employee travel	15,750	8,422	43,900	26,879	35,301	41,969
Miscellaneous expense	5,000	-	-	-	-	-
Professional fees	30,000	8,886	56,450	67,042	75,928	188,393
Regina office expenses (Schedule 1)	-	-	222,372	203,243	203,243	185,392
Salaries and benefits	157,383	158,449	597,896	587,209	745,658	803,435
Saskatoon office expenses	21,800	13,040	35,400	36,621	49,661	68,588
Telephone	4,055	3,083	14,500	12,900	15,983	18,286
Training	-	98	7,500	3,003	3,101	10,074
	<u>245,068</u>	<u>196,450</u>	<u>1,408,490</u>	<u>1,439,526</u>	<u>1,635,976</u>	<u>1,714,908</u>
	<u>(144,766)</u>	<u>(40,405)</u>	<u>2,241,797</u>	<u>2,090,284</u>	<u>2,049,879</u>	<u>2,335,245</u>
<b>OTHER EXPENSES</b>						
Non-repayable grants to community projects	200,000	-	355,721	355,721	355,721	433,547
New program expenses	60,000	24,841	3,735	7,344	32,185	27,706
Defaulted loans receivable (Note 4)	-	-	-	27,542	27,542	86,613
Additional provision for loans receivable losses (Note 4)	258,480	44,521	-	43,598	88,119	422,854
CCDF Event Expense	-	-	-	9,799	9,799	-
	<u>518,480</u>	<u>69,362</u>	<u>359,456</u>	<u>444,004</u>	<u>513,366</u>	<u>970,720</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	(663,246)	(109,767)	1,882,341	1,646,280	1,536,513	1,364,525
<b>NET ASSETS, BEGINNING OF YEAR</b>	-	4,983,064	-	20,778,685	25,761,749	24,397,224
<b>INTERFUND TRANSFER (Note 1)</b>	-	2,000,000	-	(2,000,000)	-	-
<b>NET ASSETS, END OF YEAR</b>	<u>\$ (663,246)</u>	<u>\$ 6,873,297</u>	<u>\$ 1,882,341</u>	<u>\$ 20,424,965</u>	<u>\$ 27,298,262</u>	<u>\$ 25,761,749</u>

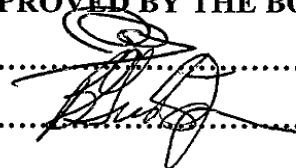
See accompanying notes

**CLARENCE CAMPEAU DEVELOPMENT FUND**  
**(Operating as the Métis Development Fund)**  
**STATEMENT OF FINANCIAL POSITION**  
**as at December 31, 2013**

	MERP	General Fund	2013	2012
<b>CURRENT ASSETS</b>				
Cash	\$ 572,971	\$ 1,080,526	\$ 1,653,497	\$ 1,497,140
Short-term investments (Note 3)	3,744,000	5,122,376	8,866,376	9,204,953
Accounts receivable (Note 1)	1,021	111,659	112,680	113,105
Prepaid expenses	-	10,522	10,522	6,588
Interest receivable	26,381	38,096	64,477	53,007
Current portion of loans receivable (Notes 4 and 7)	1,743,818	2,169,221	3,913,039	2,667,760
	<u>6,088,191</u>	<u>8,532,400</u>	<u>14,620,591</u>	<u>13,542,553</u>
<b>LONG-TERM INVESTMENTS</b> (Note 3)	-	2,975,083	2,975,083	2,206,479
<b>LOANS RECEIVABLE</b> (Notes 4 and 7)	1,422,833	9,121,790	10,544,623	10,996,825
<b>CAPITAL ASSETS</b> (Note 5)	3,092	854,297	857,389	876,628
	<u>\$ 7,514,116</u>	<u>\$ 21,483,570</u>	<u>\$ 28,997,686</u>	<u>\$ 27,622,485</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 3,167	\$ 546,573	\$ 549,740	\$ 59,977
Loans payable	637,652	512,032	1,149,684	1,800,759
	<u>640,819</u>	<u>1,058,605</u>	<u>1,699,424</u>	<u>1,860,736</u>
<b>NET ASSETS</b>	<u>6,873,297</u>	<u>20,424,965</u>	<u>27,298,262</u>	<u>25,761,749</u>
	<u>\$ 7,514,116</u>	<u>\$ 21,483,570</u>	<u>\$ 28,997,686</u>	<u>\$ 27,622,485</u>

*See accompanying notes*

**APPROVED BY THE BOARD:**

.....Director  
  
.....Director

**CLARENCE CAMPEAU DEVELOPMENT FUND**  
**(Operating as the Métis Development Fund)**  
**STATEMENT OF CASH FLOWS**  
**year ended December 31, 2013**

	<b>MERP</b>	<b>General Fund</b>	<b>Total 2013</b>	<b>Total 2012</b>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>				
Excess (deficiency) of revenue over expenses	\$ (109,767)	\$ 1,646,280	\$ 1,536,513	\$ 1,364,525
Items not affecting cash				
Amortization of capital assets	859	45,750	46,609	58,299
Defaulted loans receivable	-	27,542	27,542	86,613
Additional provision for loans receivable losses	44,521	43,598	88,119	422,854
Net change in non-cash working capital items relating to operations (Note 9)	(8,027)	482,811	474,784	152,252
	<u>(72,414)</u>	<u>2,245,981</u>	<u>2,173,567</u>	<u>2,084,543</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>				
Loan receipts	695,069	2,432,006	3,127,075	3,978,526
Loan payments advanced	(1,140,282)	(2,895,530)	(4,035,812)	(7,293,675)
Loans payable	(435,401)	(215,674)	(651,075)	408,218
Purchase of capital assets	-	(27,370)	(27,370)	(27,857)
Proceeds on disposal of capital assets	-	-	-	1,131
Net change in short-term investments	(633,000)	971,577	338,577	(871,289)
Net change in long-term investments	-	(768,604)	(768,604)	1,208,520
	<u>(1,513,614)</u>	<u>(503,595)</u>	<u>(2,017,209)</u>	<u>(2,596,426)</u>
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	<b>(1,586,028)</b>	<b>1,742,385</b>	<b>156,357</b>	<b>(511,883)</b>
<b>CASH POSITION, BEGINNING OF YEAR</b>	<b>158,999</b>	<b>1,338,141</b>	<b>1,497,140</b>	<b>2,009,023</b>
<b>INTERFUND TRANSFER</b>	<b>2,000,000</b>	<b>(2,000,000)</b>	<b>-</b>	<b>-</b>
<b>CASH POSITION, END OF YEAR</b>	<b>\$ <u>572,971</u></b>	<b>\$ <u>1,080,526</u></b>	<b>\$ <u>1,653,497</u></b>	<b>\$ <u>1,497,140</u></b>

*See accompanying notes*

**CLARENCE CAMPEAU DEVELOPMENT FUND**  
**(OPERATING AS THE MÉTIS DEVELOPMENT FUND)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2013**

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**1. NATURE OF THE FUND**

The Clarence Campeau Development Fund (Operating as the Métis Development Fund) (the “Fund”) was established by The Métis Society of Saskatchewan Inc. (“Métis Nation”) pursuant to an agreement with the Government of Saskatchewan (Economic & Co-operative Development) dated June 11, 1997. Effective November 9, 2001, the Minister of Aboriginal Affairs designated the Fund as the Métis Development Fund pursuant to the *Saskatchewan Gaming Corporation Act*. A new agreement between the province and the Métis Nation-Saskatchewan Secretariat Inc. was executed in December 2002 and the Fund is governed in accordance with that agreement.

The objective of the Fund is to stimulate economic development activities of Métis people and communities by providing equity for Métis businesses, supporting community economic development initiatives and developing management skills of new and existing Métis business owners and entrepreneurs. To achieve this, the Fund makes repayable loans to qualifying projects and both repayable loans and non-repayable grants to community projects.

The term of the repayable loans by the Fund is up to seven years. Equity instruments and convertible debentures can be held by the Fund for a maximum period of ten years. Loans are targeted to commercially viable, market-based projects, primarily in value-added sectors of the economy such as forestry, mining, tourism and information technology with specific loan criteria approved by the Board of Directors (the “Board”). The Board may enter into agreements with other contributing entities and appropriate business support agencies. Each single project is subject to a maximum of the lesser of 35% of the value of the capital assets identified in the project costs or \$200,000. Funding is available for large scale or joint venture projects for up to the lesser of \$1,000,000 or 50% of the value of the total project costs.

Under the Community Development Business Program, the Fund can provide a one-time non-repayable grant up to the lesser of \$100,000 or 35% of the value of the capital assets identified in the project costs. Should the business be sold or disposed of within three years of receiving a non-repayable grant, it will become repayable immediately. Under the Development of Management and Marketing Skills Program, the Fund can provide grants up to 75% of approved training costs to a maximum of \$10,000 over the life of the grant. Under the Business Plan Assistance Program, the Fund can consider a non-repayable contribution up to 75% of the cost, to a maximum of \$10,000. Under the Support for Aftercare Program, the Fund can provide a non-repayable contribution up to 100% of the costs, to a maximum of \$10,000 over the life of the equity contribution.

**CLARENCE CAMPEAU DEVELOPMENT FUND**  
**(OPERATING AS THE MÉTIS DEVELOPMENT FUND)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**1. NATURE OF THE FUND (continued)**

The Fund derives its revenue pursuant to the *Saskatchewan Gaming Corporation Act*. In 2013, the Fund received \$3,044,907 from the Ministry of Government Relations (2012 - \$3,379,655).

In 2010, Aboriginal Affairs and Northern Development Canada contributed \$5,000,000 to the Fund. The Fund also added \$3,000,000 (2012 - \$1,000,000) from their own capital, to establish the new Métis Energy and Resource Program (“MERP”). MERP is intended to be a self-sustaining program managed by the Fund. The program has two components: an Equity Contribution Program, providing support to independent Métis entrepreneurs, and a Community Infrastructure Program to create and build Métis-owned businesses. Both programs are restricted to providing repayable loans and non-repayable grants to businesses or community projects in the Energy and Resource Sector.

The Equity Contribution Program is a repayable loan targeting for-profit, commercially viable businesses that generate a minimum of 60% of its revenue from the Energy and Resource sector. The Fund can provide a repayable loan of up to the lesser of \$500,000 or 50% of the value of fixed assets plus 35% of working capital and inventory costs identified in the program. Minimum funding under this program is \$250,000 and maximum funding is \$1,000,000. Financial assistance will be in the form of common shares, preferred shares, mortgages or other forms of debt.

Under the Community Infrastructure Development Program, the Fund can provide a non-repayable grant of up to \$200,000 and a repayable loan of up to \$800,000 (minimum of \$201,000) or 50% of the project costs including inventory and working capital. Financial assistance under the repayable loan will be in the form of common shares, preferred shares, or units in a Limited Partnership or Joint Venture. The Fund will attempt to identify two communities, regions and/or locals to participate as a partner community in the business. Businesses funded under the program must be involved in servicing the Energy and Resource sectors and must generate a minimum of 60% of its revenue from the Energy and Resource sector. For projects funded under this program, the Fund can be the majority owner in the start up and initial years with the community purchasing shares over the life of the agreement until it owns 100% of the business.

**CLARENCE CAMPEAU DEVELOPMENT FUND**  
**(OPERATING AS THE MÉTIS DEVELOPMENT FUND)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2013**

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**1. NATURE OF THE FUND (continued)**

In addition to the above, \$150,000 of funding was provided by Aboriginal Affairs and Northern Development Canada ("AANDC") to support the ongoing operations of the Métis Economic Development Sector for the period April 1, 2012 to March 31, 2013. At December 31, 2013, \$1,435 is included in accounts receivable. Expenses incurred relating to the sector are recorded in expenses on the Statement of Revenue, Expenses and Net Assets. Eligible expenses funded by the AANDC agreement include salaries and benefits, rent and travel. The Métis Economic Development Sector is the lead service provider in assisting Saskatchewan's Métis community members to achieve financial self-sufficiency. It is the primary contact point for industry, government and Métis individuals seeking assistance in the development of economic opportunities. Other funding received from AANDC included \$7,344 relating to the Métis Youth Equity and Métis Women's Equity Programs.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

***Use of Estimates***

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses at year end. The most significant estimate is the provision for defaulted loans receivable. Actual results could differ from those estimates.

***Cash and Investments***

Cash and investments consist of cash on hand, balances with banks, and short-term investments in money market instruments, Guaranteed Investment Certificate's ("GIC's") and bonds. Long-term investments consist of mortgages against land and buildings and bonds.

***Financial Instruments***

The Fund initially measures its financial assets and financial liabilities at fair value. The Fund subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the Statement of Revenue, Expenses and Net Assets.



**CLARENCE CAMPEAU DEVELOPMENT FUND  
(OPERATING AS THE MÉTIS DEVELOPMENT FUND)  
NOTES TO THE FINANCIAL STATEMENTS  
year ended December 31, 2013**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial assets measured at amortized cost include cash, short-term and long-term investments, accounts receivable, interest receivable and loans receivable. Financial liabilities measured at amortized cost include accounts payable and loans payable.

***Capital Assets and Amortization***

Capital assets are recorded at cost. Normal repair and maintenance costs are expensed as incurred. Leasehold improvements are amortized over the term of the lease (three years) on a straight line basis. Amortization on all other capital assets is recorded on a diminishing balance basis as follows:

Building	4%
Office furniture	20%
Computer equipment	30%
Computer software	100%

***Impairment of Long-Lived Assets***

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate their carrying amount may not be recoverable. An impairment loss is recognized when their carrying amount exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of impairment loss is determined as the excess of the carrying value of the assets over their fair market value. No events have occurred nor have any circumstances changed which would indicate impairment in the value of long-lived assets.

***Fund Accounting***

The MERP fund accounts for the Fund's activities relating to business or community projects in the Energy and Resource Sector. Externally restricted contributions to be used for programs and operations for the Energy and Resource Sector are reported in this fund.

The general fund accounts for programs outside of the Energy and Resource sector as well as general operations. Externally restricted contributions to be used for programs and operations are reported in this fund.

**CLARENCE CAMPEAU DEVELOPMENT FUND  
(OPERATING AS THE MÉTIS DEVELOPMENT FUND)  
NOTES TO THE FINANCIAL STATEMENTS  
year ended December 31, 2013**

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**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Revenue Recognition***

The Fund follows the restricted fund method whereby externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. All externally restricted contributions are recorded when received as contributions in the MERP fund. All contributions in the general fund are recorded using the deferral method whereby revenues are recognized in the year for which the funds are used for the purposes intended. Contributions revenue in the general fund includes revenue pursuant to the agreement with the Government of Saskatchewan and funding related to the Economic Development Sector.

Other revenue is recognized as revenue if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment and interest income is recognized as revenue when earned.

***Income Taxes***

As a non-profit organization the Fund is exempt from paying federal and provincial income and capital tax.

***Loans Receivable***

Loans under \$200,000 are recorded when the Chief Executive Officer has approved the payment and all conditions are met by the applicant. Loans over \$200,000 and less than \$500,000 are recorded when the Investment and Audit Committee of the Board has approved the proposal. Loans over \$500,000 are recorded when the Board has approved the proposal.

**CLARENCE CAMPEAU DEVELOPMENT FUND**  
**(OPERATING AS THE MÉTIS DEVELOPMENT FUND)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2013**

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**3. INVESTMENTS**

Short-term investments consist of the following:

	<u>2013</u>	<u>2012</u>
GIC's	\$ 8,777,327	\$ 9,102,616
Current portion of mortgages	<u>89,049</u>	<u>102,337</u>
	<u>\$ 8,866,376</u>	<u>\$ 9,204,953</u>

Short-term investments include:

Bank of Nova Scotia 2.05% GIC maturing November 27, 2014  
Bank of Nova Scotia 1.25% GIC maturing April 4, 2014  
Bank of Nova Scotia 1.25% GIC maturing April 5, 2014  
Bank of Nova Scotia 1.20% GIC maturing August 1, 2014  
Bank of Nova Scotia 1.20% GIC maturing December 24, 2014  
Bank of Nova Scotia 1.20% GIC maturing October 11, 2014  
Bank of Nova Scotia 1.15% GIC maturing July 10, 2014  
Bank of Nova Scotia 1.20% GIC maturing October 21, 2014

***Long-term Investments***

On May 6, 2011, a \$500,000 Mortgage Investment for Dumont Technical Institute Inc. was issued. Dumont Technical Institute Inc. previously held a mortgage with Clarence Campeau Development Fund in 2003 that was paid out in December 2010. This is a ten-year mortgage against land and a building due May 1, 2021; the balance at December 31, 2013 is \$392,627 (2012 - \$435,843). The interest rate is 4.50% per annum, renewed annually on May 1 at an interest rate of 2% over the Scotia McLeod 5 year banker acceptance rate at that date. The fair market value of the land and building held as security are in excess of the amount owing on the mortgage.

The balance of long-term investments consists of a \$200,000 mortgage against land and building owned by Vermette Trucking Ltd., due June 1, 2019; the balance at December 31, 2013 is \$125,505 (2012 - \$143,959). The interest rate is 6.50% per annum, calculated monthly. The fair market value of the land and building held as security are in excess of the amount owing on the mortgage.

Also included in long-term investments is a 1.90% Bank of Nova Scotia Annual Interest GIC with a par value of \$2,546,000 (2012 - \$nil) maturing on October 5, 2015.

The total current portion of the above mortgage included in short-term investments is \$89,049 (2012 - \$102,337).

**CLARENCE CAMPEAU DEVELOPMENT FUND**  
**(OPERATING AS THE MÉTIS DEVELOPMENT FUND)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**4. LOANS RECEIVABLE**

Loans receivable are amounts distributed to qualified projects to provide funding. Loans take the form of either interest free loans or equity investments. Interest-free loans are repayable to the Fund over a maximum term of seven years. The maximum term for equity instruments is ten years and usually involves the payment of regular dividends which are included in interest and investment income in the Statement of Revenue, Expenses and Net Assets. The dividend rate is determined based on the current bankers' acceptance rate plus 2%. These equity instruments are convertible to debt at the option of the Fund after a period equal to half the term of the instrument.

All loans in arrears are handled on a case-by-case basis and are written-off after all reasonable restructuring/collection activities have taken place and the possibility of further recovery is considered to be remote.

A loan is classified as non-performing when management has determined that there is a reasonable doubt as to the ultimate collectability of principal. The provision for defaulted loans receivable consists of specific items established on a case-by-case basis and a general provision of 10% of the outstanding loans receivable.

The Fund evaluates each client's creditworthiness on a case-by-case basis. The Fund contracts project assessment and project follow up and evaluation services from other qualified institutions or businesses, where necessary. All applicants are required to enter into a contractual agreement with the Fund. Further, the Fund is required to ensure Métis ancestry when granting an equity contribution.

Loans receivable are principally the financial instruments which potentially subject the Fund to concentrations of credit risk. Management is not aware of any concentrations of loans to classes of borrowers or industries that would be similarly affected by economic conditions. Although the Fund's loan portfolio is diversified, a substantial portion of its borrowers' ability to honour the terms of their loans is dependent on business and economic conditions in Saskatchewan.

**CLARENCE CAMPEAU DEVELOPMENT FUND**  
**(OPERATING AS THE MÉTIS DEVELOPMENT FUND)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2013**

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**4. LOANS RECEIVABLE (continued)**

Loans receivable consist of the following:

	<u>2013</u>	<u>2012</u>
Loans receivable	\$ 16,064,069	\$ 15,182,871
Less provision for loans receivable		
Specific items	(27,542)	(86,613)
General provision	(1,578,865)	(1,431,673)
	<u>14,457,662</u>	<u>13,664,585</u>
Less current portion	(3,913,039)	(2,667,760)
Long-term loans receivable	<u>\$ 10,544,623</u>	<u>\$ 10,996,825</u>

The loans receivable consists of \$13,253,684 of interest free loans receivable and \$2,810,385 of equity investments at December 31, 2013 (2012 - \$12,568,571 of interest free loans receivable and \$2,614,300 of equity investments).

**5. CAPITAL ASSETS**

	<u>2013</u>			<u>2012</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 94,600	\$ -	\$ 94,600	\$ 94,600
Building	874,962	167,958	707,004	711,735
Office furniture	175,612	131,052	44,560	55,700
Computer equipment	74,994	64,450	10,544	13,576
Leasehold Improvements	5,122	4,441	681	1,017
	<u>\$ 1,225,290</u>	<u>\$ 367,901</u>	<u>\$ 857,389</u>	<u>\$ 876,628</u>

**6. COMMITMENT**

The Fund has entered into a lease for its Regina office space. The lease expires on October 31, 2015. Future lease payments of \$1,467 are due monthly, for a total of \$32,274 over the next 22 months. In addition, the Fund must pay its proportionate share of occupancy costs relating to the building and land.

**CLARENCE CAMPEAU DEVELOPMENT FUND  
(OPERATING AS THE MÉTIS DEVELOPMENT FUND)  
NOTES TO THE FINANCIAL STATEMENTS  
year ended December 31, 2013**

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**7. RELATED PARTY TRANSACTIONS**

Transactions with related parties are measured at the exchange amount which is the consideration established and agreed to by the related parties. These transactions occurred in the normal course of operations.

During the year, the Fund paid \$25,000 (2012 - \$25,000) to Back to Batoche Métis Festival and \$100,000 (2012 - \$nil) to Gabriel Dumont Institute for the Veterans monument at the Batoche site. Back to Batoche Métis Festival is the celebration of Métis culture and history hosted annually by the Métis Nation of Saskatchewan. In addition, a \$98,726 (2012 - \$100,000) grant was provided for infrastructure development in accordance with the Batoche and Area Tourism Master Plan. This payment is included in non-repayable grants to community projects on the Statement of Revenue, Expenses and Net Assets.

Also during the year, \$9,660 (2012 - \$7,785) was paid to the Saskatchewan Métis Economic Development Company for the development of business plans for Fund clients. These payments are included in non-repayable grants to community projects on the Statement of Revenue, Expenses and Net Assets.

The Board allows its members to apply for loans for qualifying projects. At year end, companies controlled by board members had \$889,584 (2012 - \$393,692) in repayable loans, payable to the Fund. The funding was received prior to the board members becoming elected to the Board on terms similar to those granted to arm's length borrowers. These repayable loans are included in loans receivable on the Statement of Financial Position.

**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Fund, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, interest rate risk and liquidity risk.

***Credit Risk***

The Fund's principal financial assets are cash, short-term and long-term investments, accounts receivable and loans receivable which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the Fund's maximum credit exposure at the Statement of Financial Position date.

The Fund's credit risk is primarily attributable to its loans receivable. The Fund reviews the provision for loans receivable on an annual basis. Processes and procedures are in place to ensure the credit worthiness of the customers to whom loans are advanced, which helps to mitigate overall credit risk.

**CLARENCE CAMPEAU DEVELOPMENT FUND**  
**(OPERATING AS THE MÉTIS DEVELOPMENT FUND)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**year ended December 31, 2013**

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**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

***Credit Risk*** (continued)

The credit risk on cash and short-term investments is limited because the counterparties are chartered banks with high credit-ratings assigned by national credit-rating agencies and other institutions with low risk of default.

In addition, in the normal course of business the Fund has entered into a guarantee that is not reported on the Statement of Financial Position. The primary purpose of this guarantee is to make funds available for the financing needs of customers. These are subject to normal credit standards, financial controls, risk management and monitoring procedures.

The guarantee represents an irrevocable commitment that the Fund will make payments in the event that a customer cannot meet its obligations to third parties, and they carry the same risk, recourse and collateral security requirements as loans extended to customers.

Credit risk arising from the guarantee totals \$200,000 (2012 - \$200,000). This amount does not necessarily represent future cash requirements since many commitments will expire or terminate without being funded.

***Interest Rate Risk***

The interest bearing short-term investments have a limited exposure to interest rate risk due to their short term maturity. The Fund is exposed to interest rate risk on its fixed interest rate long-term investments. Fixed-rate instruments subject the Fund to risk of changes in fair value. The loans receivable include interest free loans and therefore have limited exposure.

***Liquidity Risk***

The Fund's objective is to have sufficient liquidity to meet its liabilities when due. The Fund monitors its cash balances and cash flows generated from operations to meet its requirements. As at December 31, 2013, the Fund's most significant financial liabilities are accounts payable and loans payable.

**CLARENCE CAMPEAU DEVELOPMENT FUND**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

*Fair Values*

The fair values of cash, accounts receivable, interest receivable and accounts payable approximate their carrying values due to their short-term maturity.

The fair value of loans receivable is not readily determinable as there is no market for the loans receivable and it is management's intention to hold these receivables to maturity.

Carrying values of investments are disclosed in Note 3. The fair value of short-term and long-term investments approximate their carrying value.

**9. NET CHANGE IN NON-CASH WORKING CAPITAL**

Details of net changes in each element of non-cash working capital relating to operations are as follows:

	<u>2013</u>	<u>2012</u>
<b>Decrease (increase) in current assets</b>		
Accounts receivable	\$ 425	\$ 132,109
Prepaid expenses	(3,934)	3,910
Interest receivable	(11,470)	(21,641)
	<u>(14,979)</u>	<u>114,378</u>
<b>Increase in current liabilities</b>		
Accounts payable	489,763	37,874
	<u>489,763</u>	<u>37,874</u>
	<u>\$ 474,784</u>	<u>\$ 152,252</u>



## Schedule 1

**CLARENCE CAMPEAU DEVELOPMENT FUND**  
**(Operating as the Métis Development Fund)**  
**SCHEDULE OF REGINA OFFICE EXPENSES**  
**year ended December 31, 2013**

	2013	2012
<b>REGINA OFFICE EXPENSES</b>		
Advertising and promotion	\$ 9,532	\$ 5,810
Bank charges	65	65
Building expenses	29,523	28,335
Employee travel	11,727	10,034
Office expenses	3,522	3,933
Professional fees	2,818	1,828
Salaries and benefits	135,900	126,308
Telephone	6,985	6,129
Training	3,171	2,950
	<u>\$ 203,243</u>	<u>\$ 185,392</u>

## Schedule 2

**CLARENCE CAMPEAU DEVELOPMENT FUND**  
**(Operating as the Métis Development Fund)**  
**SCHEDULE OF ECONOMIC DEVELOPMENT SECTOR EXPENSES**  
**year ended December 31, 2013**

	2013	2012
<b>ECONOMIC DEVELOPMENT SECTOR EXPENSES (RECOVERY)</b>		
Advertising and promotion	\$ 10,266	\$ 9,153
Bank charges	65	65
Building expenses	3,150	12,600
Employee travel	8,954	8,869
Office expenses	477	1,309
Procurement expenses (recovery)	-	(5,343)
Professional fees	-	2,198
Salaries and benefits	152,095	144,954
Telephone	3,034	3,086
Training	1,404	435
	<u>\$ 179,445</u>	<u>\$ 177,326</u>