

Mackenzie Valley Land and Water Board

Financial Statements

March 31, 2020

Mackenzie Valley Land and Water Board

Financial Statements

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Independent Auditors' Report

To the Board of Directors of Mackenzie Valley Land and Water Board

Opinion

We have audited the financial statements of Mackenzie Valley Land and Water Board ("the Board") which comprise the statement of financial position as at March 31, 2020 and the statements of operations, changes in net assets (liabilities), and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Public Sector Accounting Standards for Not-for-Profit Organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Public Sector Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Board to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Yellowknife, Northwest Territories
July 20, 2020**


Chartered Professional Accountants

Mackenzie Valley Land and Water Board

Statement of Financial Position

As at March 31, 2020 2019

Assets

Current

Cash	\$ 338,474	\$ 129,221
Accounts receivable (Note 3)	123,681	203,450
Prepaid expenses	3,598	13,824

465,753 346,495

Capital assets (Note 4)

109,912 36,322

\$ 575,665 \$ 382,817

Liabilities

Current

Accounts payable and accrued liabilities (Note 6)	475,866	273,530
Deposits	61,786	
Deferred contributions (Note 7)	321,862	466,726

859,514 740,256

Net Assets (Deficit)

Investment in capital assets 109,912 36,322

Unrestricted net assets (liabilities) (393,761) (393,761)

(283,849) (357,439)

\$ 575,665 \$ 382,817

Contractual Rights (Note 9)

Commitments (Note 12)

Approved on behalf of the Board



Mavis Cli-Michaud

Director



Elizabeth Wright

Director

Mackenzie Valley Land and Water Board

Statement of Operations

For the year ended March 31,	2020 Budget (Unaudited)	2020 Actual	2019 Actual
Revenue			
Government of Canada - Department of Crown-Indigenous Relations and Northern Affairs Canada			
Core	\$ 3,094,925	\$ 3,094,925	\$ 3,033,362
Public Hearings (Schedule 1)	624,800	684,733	135,900
Mackenzie Valley Resource Management Act and GNWT Legislative Amendments (Schedule 2)	-	-	24,300
Northern Legislative Initiatives (Schedule 3)	26,000	26,000	17,000
Government of Canada - Parks Canada	-	1,000	16,000
Government of the Northwest Territories			
CBI Guided Discussions (Schedule 4)	252,901	252,901	-
MVRMA Practitioner's Workshop (Schedule 5)	49,940	79,940	-
Administration fees	-	-	1,440
Transferred from deferred contributions	-	466,726	606,439
Transfer to deferred contributions	-	(321,862)	(466,726)
	4,048,566	4,284,363	3,367,715
Core expenses			
Advertising	6,000	8,293	6,091
Amortization	-	41,482	14,613
Computer support	75,000	63,018	58,080
Honoraria	185,000	104,796	210,936
Hospitality	3,000	32,935	21,133
Insurance	8,000	6,659	9,284
Meeting room rentals	6,000	16,147	8,124
Office rent	245,000	240,539	241,506
Office services and supplies	138,000	136,594	177,314
Professional fees - legal	60,000	56,453	82,362
Professional fees - accounting	9,000	19,838	18,770
Training	63,000	13,496	14,725
Travel - board	10,000	73,948	34,643
Travel - panel	55,000	49,781	62,448
Travel - staff	20,000	20,908	13,503
Wages and benefits	2,211,925	2,315,279	2,104,547
	3,094,925	3,200,166	3,078,079
Program expenses			
Public Hearings (Schedule 1)	624,800	695,466	247,329
Legislative Amendments (Schedule 2)	-	-	25,151
Northern Legislative Initiatives (Schedule 3)	26,000	26,000	17,084
CBI Guided Discussions (Schedule 4)	252,901	209,200	-
MVRMA Practitioner's Workshop (Schedule 5)	-	79,940	-
	3,972,626	4,210,772	3,367,643
Excess revenue over expenses before transfer	75,940	73,591	72
Net transfer to (from) capital assets	(75,940)	(73,591)	(72)
Excess revenues	\$ -	\$ -	\$ -

Mackenzie Valley Land and Water Board

Statement of Changes in Net Assets (Liabilities)

For the year ended March 31,	Investment in capital assets	Unrestricted net liabilities	2020	2019
Balance, beginning of year	\$ 36,321	\$ (393,761)	\$ (357,440)	\$ (357,512)
Excess of revenue before transfer	-	73,591	73,591	72
Investment in capital assets	115,073	(115,073)	-	-
Amortization of capital assets	(41,482)	41,482	-	-
Balance, end of year	\$ 109,912	\$ (393,761)	\$ (283,849)	\$ (357,440)

Mackenzie Valley Land and Water Board

Statement of Cash Flows

For the year ended March 31,	2020	2019
Cash provided by (used in)		
Operating activities		
Excess revenue before transfer	\$ 73,591	\$ 72
Item not affecting cash		
Amortization	41,482	14,613
Change in non-cash operating working capital		
Accounts receivable	79,769	(79,891)
Prepaid expenses	10,226	(12,362)
Accounts payable and accrued liabilities	202,336	(19,245)
Deferred contributions	(144,864)	(139,713)
Deposits	61,786	-
	324,326	(236,526)
Capital activity		
Purchase of capital assets	(115,073)	(14,686)
Change in bank balance	209,253	(251,212)
Cash, beginning of year	129,221	380,433
Cash, end of year	\$ 338,474	\$ 129,221

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2020

1. Organization and Jurisdiction

The Mackenzie Valley Land and Water Board (the "Board") is established under the *Mackenzie Valley Resource Management Act*. It monitors and approves the land and water use in areas where there are no settled claims in the Mackenzie Valley region of the Northwest Territories.

The Board is exempt from income tax under section 149(1)(l) of the *Income Tax Act*.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Public Sector Accounting Standards for Not-for-Profit Organizations (PSA-NPO) as issued by the Public Sector Accounting Board (PSAB).

(a) Financial instruments

The Board classifies its financial instruments at cost or amortized cost. The Board's accounting policy for this financial instrument category is as follows:

This category includes cash, accounts receivable, accounts payable and accrued liabilities, and deposits. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

(b) Capital assets

Capital assets are recorded in the investment in capital assets fund at cost. Amortization is recorded in the investment in capital assets fund using the declining balance method and the straight-line method at the annual rates set out in Note 4.

(c) Revenue recognition

The Board 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 its collection is reasonably assured. Contributions which are not expensed in the current year are set up as deferred funding or refundable contributions that must be repaid to the contributor, depending on the terms and conditions of the agreement. Deferred funding will be recognized when the good are acquired or the services are provided.

(d) Cash

Cash consists of cash on hand and bank deposits. The Board does not have any cash equivalents.

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2020

2. Significant Accounting Policies (continued)

(e) Segment disclosure

The Schedules of Revenues and Expenses has been prepared in accordance with PS Handbook Section PS 2700 – Segment Disclosures. The segments selected are to enable users to better understand the government reporting entity and the major revenue and expense activities of the Board. For each reported segment, revenues and expenses represent amounts directly attributable to each segment. Segments include:

Public Hearings: Includes the revenue and expenses pertaining to Public Hearings.

GNWT - Legislative amendments: Includes the revenue and expenses pertaining to GNWT Legislative amendments.

Government of Canada- Northern Legislative Initiatives: Includes the revenue and expenses pertaining to Government of Canada Northern Legislative Initiatives.

CBI Guided Discussions: Includes the revenue and expenses pertaining to CBI Guided Discussions.

Mackenzie Valley Resource Management Act Practitioner's workshop: included the revenue and expenses pertaining to Mackenzie Value Resource Management Act and Administrative Monetary Penalties - workshops.

(f) Use of estimates

The preparation of financial statements in conformity with Public Sector 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 financial statements and the updated amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(g) Allocation of expenses

The Board allocates expenses according to the contribution agreement to which the expense relates. The expenses are any direct cost related to the fulfillment of the contribution agreement. The costs are then allocated to the contribution agreement based on the actual amount of the expense.

Wages and benefits are allocated to contribution agreements based on the time spent working on the fulfillment of the agreement. The percentage of individual staff wages and benefits that are allocated to each project range from 0-100%.

Office administrative costs are allocated to contribution agreements that allow such costs to be allocated. Office administrative costs are allocated based on the percentage of staff time required to fulfill that contribution agreement.

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2020

3. Significant Accounting Policies (continued)

(h) Employee future benefits

The Board has a defined contribution plan providing pension and post-employment benefits for its employees. The cost of the defined contribution plan is recognized based on the required contribution by the Board during each period. The Pension Plan is a contributory multi-employer defined benefit plan covering employees eligible to participate.

A provision has been made for the Board's liability for employee future benefits arising from services rendered by employees to the statement of financial position date. A provision has also been made for the Board's obligation relating to unused vacation and lieu time. This amount is not separately funded.

3. Accounts Receivable

	2020	2019
Government of Canada - Department of Crown-Indigenous Relations and Northern Affairs Canada - contribution receivable	\$ 64,927	\$ 18,648
Government of Canada - Department of Crown-Indigenous Relations and Northern Affairs Canada - payroll receivable	44,087	134,843
Government of the Northwest Territories - Department of Environment and Natural Resources	-	11,041
Goods and services tax	32,733	19,002
Trade	18,066	19,916
	\$ 123,681	\$ 203,450

4. Capital Assets

			2020	2019
	Rate	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	20%	\$ 221,459	\$ 197,757	\$ 23,702
Computer equipment	30%	85,156	63,569	21,587
Computer software	100%	211,612	211,612	-
Leasehold improvements	SL/2yr	484,048	419,425	64,623
		\$ 1,002,275	\$ 892,363	\$ 109,912
				\$ 36,322

5. Bank Indebtedness

The Board has an operating line of credit with the Canadian Imperial Bank of Commerce (CIBC) with a limit of \$150,000, bearing interest at CIBC's prime plus 2.50%. As at year end, the Board had not utilized the line of credit (2019 - nil).

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2020

6. Accounts Payable and Accrued Liabilities

	2020	2019
Accounts payable and accrued liabilities	\$ 211,827	\$ 58,650
Wages and benefits payable	96,139	97,061
Vacation and time-in-lieu payable	108,749	78,744
Government remittances payable	59,151	39,075
	\$ 475,866	\$ 273,530

7. Deferred Contributions

	2020	2019
Government of Canada - Department of Crown-Indigenous Relations And Northern Affairs Canada	\$ 321,862	\$ 466,726

Deferred revenue consists of amounts received for which project completion dates extending beyond the fiscal year end, or conditions attached to the use of the funds have not yet been met, or an operating advance received from a funding agency for the upcoming fiscal year. These amounts will be recognized in revenue as expenses are incurred or conditions of funding are satisfied.

8. Interfund Transfer

The amount of \$115,073 (2019 - \$14,685) consists of the transfers from the unrestricted net assets (deficit) fund to the investment in capital assets fund for the acquisition of capital assets.

9. Contractual Rights

The Board has signed a multi-year contribution agreement with the Government of Canada - Department of Indigenous and Northern Affairs Canada for \$3,000,000 annually from April 1, 2017 to March 31, 2022.

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2020

10. Impact of COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

As a result of COVID-19 the Board's offices closed March 19, 2020 however staff have been working remotely and there has been no impact on the work being performed. The Board is not significantly impacted as its revenue sources are provided by government and there is no expected financial impact.

11. Pension Plan

Participating employers in the defined benefit Plan, including the Board are required to make contributions to the plan of 8% (2019 - 8%) of pensionable earnings, and to remit employee contributions of 8% (2019 - 8%). These contributions cover current service costs and a provision for adverse deviation.

The Plan is governed by the *Northern Employee Benefits Services Pension Plan Act* (in force October 1, 2015) (the Act) and a Plan text document maintained by the administrator of the Plan. Both the Act and the Plan text document provide that participating employers are liable for their share of any funding shortfalls in the Plan as determined on a going concern basis, and on Plan windup. The Act and the Plan text document provide any going concern shortfalls, should they arise, are to be paid down over no more than 15 years and that contribution rates may be increased if necessary to do so.

Pursuant to the Act, the Plan is exempt from compliance with the Pension Benefits Standards Act, 1985 (PBSA) and is not required to be funded on a solvency basis.

As at January 1, 2020, the NEBS Pension Plan had a going concern surplus of \$31,200,000 (2019 - \$25,300,000) and a funded ratio of 113% (2019 - 112%). The Plan serves 3,364 (2019 - 3,033) employee members and 107 (2019 - 107) participating employers.

During the year contributions made by the Board to the NEBS pension plan totaled \$134,395 (2019 - \$132,605).

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2020

12. Commitments

The Board has entered into contracts for office equipment and lease of office premises with the following future minimum payments:

	Equipment	Office	Total
2021	\$ 20,987	\$ 239,313	\$ 260,300
2022	20,987	59,828	80,815
2023	20,987	-	20,987
2024	20,987	-	20,987
2025 and subsequent years	5,247	-	5,247
	\$ 89,195	\$ 299,141	\$ 388,336

13. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

14. Budget

The budget figures presented are unaudited, and are those approved by the Board on April 3, 2019.

15. Economic Dependence

The Board is dependent upon funding in the form of contributions from the Department of Crown-Indigenous Relations and Northern Affairs Canada. Management is of the opinion that if the funding was reduced or altered, operations would be significantly affected.

16. Related Party Transactions

During the year, honoraria and travel expenses were paid to members of the Board of Directors. These expenses were in the normal course of the Board's operations and were measured at the exchange amount.

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2020

17. Financial Instruments

The Board is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risk from the Board's financial instruments by type of risk is provided below:

Credit risk

Credit risk is the risk of financial loss to the Board if a debtor fails to make payments of interest and principal when due. The Board is exposed to this risk relating to its accounts receivable.

Accounts receivable are primarily from government agencies.

The Board has funds in excess of federally insured limits in one Canadian federally regulated chartered bank.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures, and methods used to measure the risk.

The Board's maximum exposure to credit risk is represented by the financial assets for a total of \$460,845 (2019 - \$332,671).

Liquidity risk

Liquidity risk is the risk that the Board cannot repay its obligations when they become due to its creditors. The Board does have a liquidity risk in the accounts payable and accrued liabilities and deposits of \$537,652 (2019 - \$273,530). The Board reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains a line of credit to repay trade creditors.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures, and methods used to measure the risk.

Mackenzie Valley Land and Water Board

Schedule 1 - Public Hearings

For the year ended March 31,

	2020 Budget (Unaudited)	2020 Actual	2019 Actual
Revenue			
Government of Canada - Department of Crown-Indigenous Relations and Northern Affairs Canada	\$ 624,800	\$ 684,733	\$ 135,900
Transferred from deferred revenues	-	10,733	124,410
	624,800	695,466	260,310
Expenses			
Advertising	10,600	5,011	-
Board travel	49,000	64,740	17,056
Honoraria	75,000	93,150	28,833
Hospitality	-	30,031	-
Legal	133,500	134,439	22,806
Meeting costs	141,200	74,827	37,942
Office services and supplies	15,000	42,858	12,949
Salaries	-	56,204	69,722
Technical services	200,500	115,748	58,021
Translation	-	73,732	-
Travel - staff	-	4,726	-
	624,800	695,466	247,329
Excess revenue (expenses)	-	-	12,981
Transfer to deferred contributions	-	-	(12,981)
Excess revenue	\$ -	\$ -	\$ -

Mackenzie Valley Land and Water Board

Schedule 2 - GNWT Legislative Amendments

For the year ended March 31,

	2020 Budget (Unaudited)	2020 Actual	2019 Actual
Revenue			
Government of Northwest Territories - Department of Environment and Natural Resources	\$ -	\$ -	\$ 24,300
Transferred from deferred revenues	-	-	-
	-	-	24,300
Expenses			
Board travel	-	-	-
Board training	-	-	-
Honoraria	-	-	-
Legal	-	-	25,151
Office services and supplies	-	-	-
Salaries	-	-	-
	-	-	25,151
Excess expenses	\$ -	\$ -	\$ (851)

Mackenzie Valley Land and Water Board

Schedule 3 - Northern Legislative Initiatives

For the year ended March 31,

	2020 Budget (Unaudited)	2020 Actual	2019 Actual
Revenue			
Government of Northwest Territories - Department of Crown-Indigenous Relations and Northern Affairs Canada	\$ 26,000	\$ 26,000	\$ 17,000
Expenses			
Legal	26,000	23,845	17,084
Technical advisory	-	2,155	-
	26,000	26,000	17,084
Excess expenses	\$ -	\$ -	\$ (84)

Mackenzie Valley Land and Water Board

Schedule 4 - CBI Guided Discussions

For the year ended March 31,

	2020 Budget (Unaudited)	2020 Actual	2019 Actual
Revenue			
Government of Canada - Department of Crown-Indigenous Relations and Northern Affairs Canada	\$ 252,901	\$ 252,901	\$ -
Expenses			
Office services and supplies	23,609	24,381	-
Salaries	204,980	184,819	-
Travel	-	-	-
Technical consultation fees	24,312	-	-
	252,901	209,200	-
Excess revenues	-	43,701	-
Transfer to deferred contributions	-	(43,701)	-
Excess revenues	-	\$ -	\$ -

Mackenzie Valley Land and Water Board

Schedule 5 - MVRMA Practitioner's Workshop

For the year ended March 31,

	2020 Budget (Unaudited)	2020 Actual	2019 Actual
Revenue			
Government of Canada - Department of Crown-Indigenous Relations and Northern Affairs Canada	\$ 49,940	\$ 79,940	\$ -
Expenses			
Office services and supplies	-	12,057	-
Outreach and engagement workshops	-	820	-
Honoraria	-	4,050	-
Hospitality	-	2,614	-
Salaries	-	15,364	-
Board training	-	45,035	-
	-	79,940	-
Excess expenses	\$ -	\$ -	\$ -
