

Mackenzie Valley Land and Water Board

Financial Statements

March 31, 2021

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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, 2021 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, 2021 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.

Crowe Mackay LLP

Yellowknife, Northwest Territories
June 26, 2021

Chartered Professional Accountants

Mackenzie Valley Land and Water Board

Statement of Financial Position

As at March 31, 2021 2020

Assets

Current

Cash	\$ 149,487	\$ 338,474
Accounts receivable (Note 3)	66,584	123,681
Prepaid expenses	13,888	3,598

229,959 **465,753**

Capital assets (Note 4) **58,024** **109,912**

\$ 287,983 **\$ 575,665**

Liabilities

Current

Accounts payable and accrued liabilities (Note 6)	351,376	475,866
Deposits	-	61,786
Deferred contributions (Note 7)	263,584	321,862

614,960 **859,514**

Net Assets (Deficit)

Investment in capital assets **58,024** **109,912**

Unrestricted net assets (liabilities) **(385,001)** **(393,761)**

(326,977) **(283,849)**

\$ 287,983 **\$ 575,665**

Contractual Rights (Note 9)
Commitments (Note 12)

Approved on behalf of the Board

 Director

 Director

Mackenzie Valley Land and Water Board

Statement of Operations

For the year ended March 31,	2021 Budget (Unaudited)	2021 Actual	2020 Actual
Revenue			
Government of Canada - Department of Crown-Indigenous Relations and Northern Affairs Canada			
Core	\$ 3,209,918	\$ 3,150,891	\$ 3,094,925
Public Hearings (Schedule 1)	180,000	501,417	684,733
Mackenzie Valley Resource Management Act and GNWT Treatment Plant Residual (Schedule 2)	-	17,630	-
Northern Legislative Initiatives (Schedule 3)	-	-	26,000
Government of Canada - Parks Canada	-	1,000	1,000
Government of the Northwest Territories			
CBI Guided Discussions (Schedule 4)	-	207,744	252,901
MVRMA Practitioner's Workshop (Schedule 5)	-	97,500	79,940
GST recovery	-	19,002	-
Transferred from deferred contributions	-	321,862	466,726
Transfer to deferred contributions	-	(273,334)	(321,862)
	3,389,918	4,043,712	4,284,363
Core expenses			
Advertising	10,000	13,010	8,293
Amortization	-	62,131	41,482
Computer support	77,000	60,747	63,018
Honoraria	180,000	100,325	104,796
Hospitality	3,000	6,073	32,935
Insurance	8,000	9,461	6,659
Meeting room rentals	5,500	-	16,147
Office rent	240,000	239,305	240,539
Office services and supplies	161,000	146,557	136,594
Professional fees - legal	50,000	95,615	56,453
Professional fees - accounting	14,000	20,594	19,838
Training	24,500	6,790	13,496
Travel - board	32,000	86,381	73,948
Travel - panel	18,000	33,000	49,781
Travel - staff	-	-	20,908
Wages and benefits	2,386,918	2,396,716	2,315,279
	3,209,918	3,276,705	3,200,166
Program expenses			
Public Hearings (Schedule 1)	180,000	466,953	695,466
GNWT Treatment Plant Residual (Schedule 2)	-	17,630	-
Northern Legislative Initiatives (Schedule 3)	-	-	26,000
CBI Guided Discussions (Schedule 4)	-	239,984	209,200
MVRMA Practitioner's Workshop (Schedule 5)	-	85,568	79,940
	3,389,918	4,086,840	4,210,772
Excess revenue (expenses) over expenses before transfer	-	(43,128)	73,591
Net transfer to (from) capital assets	-	51,888	(73,591)
Excess revenues	\$ -	\$ 8,760	\$ -

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	2021	2020
Balance, beginning of year	\$ 109,912	\$ (393,761)	\$ (283,849)	\$ (357,440)
Excess of revenue (expenses) before transfer	-	(43,128)	(43,128)	73,591
Investment in capital assets	10,243	(10,243)	-	-
Amortization of capital assets	(62,131)	62,131	-	-
Balance, end of year	\$ 58,024	\$ (385,001)	\$ (326,977)	\$ (283,849)

Mackenzie Valley Land and Water Board

Statement of Cash Flows

For the year ended March 31,	2021	2020
Cash provided by (used in)		
Operating activities		
Excess revenue before transfer	\$ (43,128)	\$ 73,591
Item not affecting cash		
Amortization	62,131	41,482
Change in non-cash operating working capital		
Accounts receivable	57,097	79,769
Prepaid expenses	(10,290)	10,226
Accounts payable and accrued liabilities	(124,490)	202,336
Deferred contributions	(58,278)	(144,864)
Deposits	(61,786)	61,786
	(178,744)	324,326
Capital activity		
Purchase of capital assets	(10,243)	(115,073)
Change in bank balance	(188,987)	209,253
Cash, beginning of year	338,474	129,221
Cash, end of year	\$ 149,487	\$ 338,474

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2021

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, 2021

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 - Treatment Plant Residual: Includes the revenue and expenses pertaining to GNWT Treatment Plant Residual.

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, 2021

2. 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

	2021	2020
Government of Canada - Department of Crown-Indigenous Relations and Northern Affairs Canada - contribution receivable	\$ 7,294	\$ 64,927
Government of Canada - Department of Crown-Indigenous Relations and Northern Affairs Canada - payroll receivable	28,606	44,087
Goods and services tax	26,884	32,733
Trade	3,800	18,066
	\$ 66,584	\$ 159,813

4. Capital Assets

			2021	2020
	Rate	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	20%	\$ 222,924	\$ 202,521	\$ 20,403
Computer equipment	30%	93,934	77,854	16,080
Computer software	100%	211,612	211,612	-
Leasehold improvements	SL/2yr	484,048	462,507	21,541
		\$ 1,012,518	\$ 954,494	\$ 58,024
				\$ 109,912

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 (2020 - nil).

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2021

6. Accounts Payable and Accrued Liabilities

	2021	2020
Accounts payable and accrued liabilities	\$ 130,296	\$ 211,827
Wages and benefits payable	74,118	96,139
Vacation and time-in-lieu payable	146,962	108,749
Government remittances payable	-	59,151
	\$ 351,376	\$ 475,866

7. Deferred Contributions

	2021	2020
Government of Canada - Department of Crown-Indigenous Relations And Northern Affairs Canada	\$ 263,584	\$ 321,862

Deferred contributions 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 \$10,243 (2020 - \$115,073) 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.

10. Impact of COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Board's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Board's operations.

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

Mackenzie Valley Land and Water Board

Notes to Financial Statements

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11. Pension Plan

Participating employers in the defined benefit Plan, including the Board are required to make contributions to the plan of 8% (2020 - 8%) of pensionable earnings, and to remit employee contributions of 8% (2020 - 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, 2021, the NEBS Pension Plan had a going concern surplus of \$45,100,000 (2020 - \$31,200,000) and a funded ratio of 118% (2020 - 113%). The Plan serves 3,534 (2019 - 3,364) employee members and 117 (2019 - 107) participating employers.

As of January 1, 2021, the excess (deficiency) of actuarial value of net assets over actuarial present value of defined benefits is estimated to be (\$164,720,000) on a solvency basis.

The solvency ratio is 66% (2020 - 66%)

During the year contributions made by the Board to the NEBS pension plan totaled \$150,721 (2020 - \$134,395).

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2021

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
2022	\$ 20,987	\$ 239,313	\$ 260,300
2023	20,987	59,828	80,815
2024	20,987	-	20,987
2025	5,247	-	5,247
	\$ 68,208	\$ 299,141	\$ 367,349

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.

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, 2021

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 \$216,075 (2020 - \$460,845).

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 \$351,376 (2020 - \$537,652). 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,

	2021 Budget (Unaudited)	2021 Actual	2020 Actual
Revenue			
Government of Canada - Department of Crown-Indigenous Relations and Northern Affairs Canada	\$ 180,000	\$ 501,417	\$ 684,733
Transferred from deferred contributions	-	-	10,733
	180,000	501,417	695,466
Expenses			
Advertising	3,000	9,204	5,011
Board travel	-	28,120	64,740
Honoraria	26,000	70,025	93,150
Hospitality	-	37,829	30,031
Legal	25,000	93,135	134,439
Meeting costs	-	-	74,827
Office services and supplies	64,000	53,609	42,858
Salaries	-	129,363	56,204
Technical services	43,000	45,668	115,748
Translation	-	-	73,732
Travel - staff	19,000	-	4,726
	180,000	466,953	695,466
Excess revenue (expenses)	-	34,464	-
Transfer to deferred contributions	-	(34,464)	-
Excess revenue	\$ -	\$ -	\$ -

Mackenzie Valley Land and Water Board

Schedule 2 - GNWT Treatment Plant Residual

For the year ended March 31,

	2021 Budget (Unaudited)	2021 Actual	2020 Actual
Revenue			
Government of Northwest Territories - Department of Environment and Natural Resources	\$ -	\$ 17,630	\$ -
Expenses			
Office services and supplies	-	2,300	-
Professional fees - legal	-	15,330	-
	-	17,630	-
Excess revenue	\$ -	\$ -	\$ -

Mackenzie Valley Land and Water Board

Schedule 3 - Northern Legislative Initiatives

For the year ended March 31,

	2021 Budget (Unaudited)	2021 Actual	2020 Actual
Revenue			
Government of Northwest Territories - Department of Crown-Indigenous Relations and Northern Affairs Canada	\$ -	\$ -	\$ 26,000
Expenses			
Legal	-	-	23,845
Technical advisory	-	-	2,155
	-	-	26,000
Excess expenses	\$ -	\$ -	\$ -

Mackenzie Valley Land and Water Board

Schedule 4 - CBI Guided Discussions

For the year ended March 31,

	2021 Budget (Unaudited)	2021 Actual	2020 Actual
Revenue			
Government of Canada - Department of Crown-Indigenous Relations and Northern Affairs Canada	\$ -	\$ 207,744	\$ 252,901
Administrative fees	-	-	-
Transferred from deferred contributions	-	43,701	-
	-	251,445	252,901
Expenses			
Office services and supplies	-	18,886	24,381
Salaries	-	221,098	184,819
	-	239,984	209,200
Excess revenues	-	11,461	43,701
Transfer to deferred contributions	-	(11,461)	(43,701)
Excess revenues	-	\$ -	\$ -

Mackenzie Valley Land and Water Board

Schedule 5 - MVRMA Practitioner's Workshop

For the year ended March 31,

	2021 Budget (Unaudited)	2021 Actual	2020 Actual
Revenue			
Government of Canada - Department of Crown-Indigenous Relations and Northern Affairs Canada	\$ -	\$ 97,500	\$ 79,940
Expenses			
Office services and supplies	-	5,979	12,057
Outreach and engagement workshops	-	-	820
Honoraria	-	1,375	4,050
Hospitality	-	2,800	2,614
Meeting costs	-	12,827	-
Salaries	-	73	15,364
Board training	-	62,189	45,035
Technical consultation fees	-	325	-
	-	85,568	79,940
Excess revenues	\$ -	\$ 11,932	\$ -
Contributions not yet receivable	-	(9,750)	-
Excess revenues	-	2,182	-
Transfer to deferred contributions	-	(2,182)	-
Excess revenues	\$ -	\$ -	\$ -
