

Mackenzie Valley Land and Water Board

Financial Statements

March 31, 2012

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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

We have audited the accompanying financial statements of Mackenzie Valley Land and Water Board which comprises the statement of financial position as at March 31, 2012 and the statements of operating fund, changes in equipment fund, 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 Generally Accepted Accounting Principles, and such for internal control as management determines is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility 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 an audit to obtain reasonable assurance whether the financial statements are free of 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, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2012 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Yellowknife, Northwest Territories
July 19, 2012

Mackay LLP
Chartered Accountants

Mackenzie Valley Land and Water Board

Statement of Operating Fund

For the year ended March 31,

	2012 Budget (Unaudited)	2012 Actual	2011 Actual
Revenue			
Gov't of Canada Department of Aboriginal Affairs and Northern Development			
Core	\$ 2,400,000	\$ 2,400,000	\$ 2,400,000
Communication/Consultation Liason Officer (Schedule 1)	-	100,000	100,000
Training Initiative (Schedule 2)	-	300,000	320,000
Working Groups (Schedule 3)	-	115,000	141,125
Hearings (Schedule 4)	-	466,145	202,275
Deh Cho Panel (Schedule 5)	-	200,000	200,000
Other	-	331	-
	2,400,000	3,581,476	3,363,400
Core expenditures			
Advertising	17,580	7,408	8,468
Bad debts	-	-	2,378
Board	80,280	-	-
Capital assets	5,220	5,850	-
Communications	13,000	-	10,732
Computer support	25,380	20,446	22,910
Honoraria	147,000	118,637	227,679
Hospitality	7,800	12,267	9,893
Insurance	5,100	5,942	7,108
Licenses and dues	4,260	3,787	6,628
Meeting room rentals	-	933	427
Office rent	130,320	239,290	204,446
Office services and supplies	52,300	161,411	152,665
Postage, shipping and courier	9,120	5,406	6,303
Professional fees	69,420	35,030	26,295
Repairs and maintenance	-	-	13,662
Technical advisory	44,280	1,012	30,000
Training	24,000	11,157	185
Translation	96,400	1,588	-
Travel - board	13,920	48,991	83,413
Travel - staff	48,000	14,749	9,169
Wages and benefits	1,609,632	1,810,122	1,555,503
	2,403,012	2,504,026	2,377,864
Program expenditures			
Communication/Consultation Liason Officer (Schedule 1)	98,296	100,105	100,000
Training Initiative (Schedule 2)	300,000	301,059	320,000
Working Groups (Schedule 3)	113,190	116,094	141,125
Hearings (Schedule 4)	424,797	483,707	194,149
Deh Cho Panel (Schedule 5)	198,883	200,086	199,280
	3,538,178	3,705,077	3,332,418
Excess revenue (expenditures)			
- operating fund	-	(123,601)	30,982
Transfer to equipment fund	-	(36,788)	(7,677)
Contribution repayable	-	-	(23,305)
Excess revenue (expenditures)	-	(160,389)	-
Balance Operating Fund, beginning of year	-	(155,098)	(155,098)
Balance Operating Fund, end of year	\$ -	\$ (315,487)	\$ (155,098)

Mackenzie Valley Land and Water Board**Statement of Changes in Equipment Fund**

For the year ended March 31,	2012	2011
Equipment Fund, beginning of year	\$ 47,699	\$ 111,446
Transfer from operating fund (Note 6)	36,788	7,677
Amortization	(40,826)	(71,424)
Equipment Fund, end of year	\$ 43,661	\$ 47,699

Mackenzie Valley Land and Water Board

Statement of Financial Position

As at March 31, 2012 2011

Assets

Current

Cash	\$ -	\$ 173,585
Accounts receivable (Note 4)	171,345	154,337
Prepaid expenses	4,278	6,005

175,623 333,927

Equipment (Note 5)

43,661 47,699

\$ 219,284 \$ 381,626

Liabilities

Current

Bank indebtedness (Note 7)	\$ 15,289	\$ -
Accounts payable and accrued liabilities	475,821	465,719
Refundable contributions	-	23,306

491,110 489,025

Net Assets

Equipment fund	43,661	47,699
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Operating fund	(315,487)	(155,098)
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(271,826) (107,399)

\$ 219,284 \$ 381,626

Approved on behalf of the Board

_____ Director

_____ Director

Mackenzie Valley Land and Water Board

Statement of Cash Flows

For the year ended March 31,	2012	2011
Cash provided by (used in)		
Operating activities		
Excess revenue (expenditures) - operating fund Items not affecting cash	\$ (123,601)	\$ 30,982
Change in non-cash operating working capital		
Accounts receivable	(17,008)	59,623
Prepaid expenses	1,727	(5,147)
Accounts payable and accrued liabilities	10,102	(117,720)
Refundable contributions	(23,306)	-
	(152,086)	(32,262)
Investing activity		
Purchase of equipment	(36,788)	(7,677)
Change in cash position	(188,874)	(39,939)
Cash position, beginning of year	173,585	213,524
Cash position, end of year	\$ (15,289)	\$ 173,585

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2012

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.

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

2. Significant Accounting Policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Financial Instruments – Recognition and Measurement

Section 3855 requires that all financial assets and financial liabilities be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial asset or liability has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other liabilities.

Financial instruments classified as held-for-trading are subsequently measured at fair value and unrealized gains and losses are included in net income in the period in which they arise. Cash has been classified as held-for-trading.

Held to maturity assets are those non-derivative financial assets with fixed or determinable payments and fixed maturity that the Board has an intention and ability to hold until maturity, excluding those assets that have been classified as held-for-trading, available-for-sale, or loans and receivables. They are subsequently measured at amortized cost using the effective interest method. No assets have been classified as held to maturity.

Financial instruments classified as loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand, usually with interest. These assets do not include debt securities or assets classified as held-for-trading. They are subsequently measured at amortized cost using the effective interest method. Accounts receivable have been classified as loans and receivables.

Accounts payable and accrued liabilities and refundable contributions are classified as other financial instruments and are measured at cost or amortized cost.

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2012

(b) Fund Accounting

The Board uses fund accounting to segregate transactions between its Operating Fund and Equipment Fund. The Operating Fund accounts for the Board's operating and administrative activities. The Equipment Fund reports the assets, liabilities, revenues and expenses related to capital assets.

(c) Equipment

Purchased equipment is recorded in the Equipment Fund at cost. Amortization is recorded in the Equipment Fund using the declining balance method, except for leasehold improvements which use the straight line method, at the annual rates set out in Note 5.

(d) 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.

(e) Use of Estimates

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenues and expenses during the period. Actual results could differ from those estimates.

(f) Allocation of Expenses

The Board allocates expenditures according to the contribution agreement to which the expenditure relates. The expenditures 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 expenditure.

Wages and benefits are allocated to contribution agreements based on the 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, 2012

3. Future Accounting Changes

Accounting Standards for Government Not-For-Profit Organizations.

In October 2010 the Public Sector Accounting Board ("PSAB") decided that, effective for fiscal years beginning on or after January 1, 2012, government not-for-profit organizations ("GNPO's") that have been preparing their financial statements in accordance with accounting standards for not-for-profit organizations contained in Section 4400 of the CICA Handbook, must report in accordance with the CICA's Public Sector Accounting Handbook into which Section 4400 will be incorporated. Early adoption of either framework is permitted, however, the Board has decided against early adoption. The impact of the transition to these accounting standards has not been determined.

4. Accounts Receivable

	2012	2011
Government of Canada - Department of Aboriginal Affairs and Northern Development	\$ 125,416	\$ 95,500
Payroll advance receivable	122	673
Goods and services tax	31,078	58,164
Other	14,729	2,805
	<hr/> 171,345	<hr/> 157,142
Allowance for doubtful accounts	-	(2,805)
	<hr/> \$ 171,345	<hr/> \$ 154,337

5. Equipment

			2012	2011
	Rate	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	20%	\$ 188,824	\$ 169,218	\$ 19,606
Computer equipment	30%	96,536	86,430	10,106
Plotter	30%	12,213	12,016	197
Computer software	100%	211,270	197,518	13,752
Leasehold improvements	SL/3yr	387,911	387,911	-
		<hr/> \$ 896,754	<hr/> \$ 853,093	<hr/> \$ 43,661
				<hr/> \$ 47,699

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2012

6. Interfund Transfer

The amount of \$ 36,788 (2011 - \$ 7,677) consists of the transfers from the Operating Fund to the Equipment Fund to fund the acquisition of assets.

7. Line of Credit

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 prime plus 2.50%. At March 31, 2012, \$15,289 have been drawn on the line of credit.

8. Financial Instruments

The following sections describe the Board's financial risk management objectives and policies and the Board's financial risk exposures.

Financial risk management objectives and policies

The Board does not have formal risk management objectives and policies but it operates with the goal of recovering 100% of its expenditures.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As the majority of the Board's receivables are owing from government entities, collection is likely which mitigates risk.

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2012

9. Commitments

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

	Equipment	Office	Total
2012	\$ 33,390	\$ 214,561	\$ 247,951
2013	13,646	214,561	228,207
2014	2,471	214,561	217,032
2015	-	53,640	53,640
	\$ 49,507	\$ 697,323	\$ 746,830

10. Capital Disclosure

The Board's objectives when managing capital are:

(a) To safeguard the Board's ability to continue to fulfill its mandate under the *Mackenzie Valley Resource Management Act*.

The Board manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Board monitors capital on the basis of the working capital calculation. This is calculated as current assets minus current liabilities as follows:

	2012	2011
Current assets	\$ 175,623	\$ 333,927
Current liabilities	(491,110)	(489,025)
	\$ (315,487)	\$ (155,098)

11. Comparative Figures

Certain of the prior year figures have been reclassified to conform with the current year's presentation.

12. Economic Dependence

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

Mackenzie Valley Land and Water Board

Schedule 1 - Communication/Consultation Liason Officer

For the year ended March 31,

	2012 Budget (Unaudited)	2012 Actual	2011 Actual
Revenue			
Gov't of Canada Department of Aboriginal Affairs and Northern Development	\$ -	\$ 100,000	\$ 100,000
Expenditures			
Advertising	-	-	-
Communications	-	370	-
Computer support	-	435	-
Hospitality	-	505	-
Office rent	-	-	21,720
Office services and supplies	-	26	3,180
Postage, shipping and courier	-	-	-
Professional fees	25,000	27,465	-
Training	-	3,017	453
Travel - staff	-	8,914	2,834
Wages and benefits	73,296	59,373	71,813
	98,296	100,105	100,000
Excess revenue (expenses)	\$ -	\$ (105)	\$ -

Mackenzie Valley Land and Water Board

Schedule 2 - Training Initiative

For the year ended March 31,

	2012 Budget (Unaudited)	2012 Actual	2011 Actual
Revenue			
Gov't of Canada Department of Aboriginal Affairs and Northern Development	\$ -	\$ 300,000	\$ 320,000
Expenditures			
Advertising	-	-	783
Honoraria	-	27,263	4,752
Hospitality	-	3,856	5,947
Meeting room rentals	-	2,253	6,104
Office supplies	-	19,317	2,675
Professional fees	50,000	38,509	13,525
Training	125,000	59,168	138,925
Travel - board	50,000	34,081	19,214
Travel - staff	75,000	44,931	100,371
Wages and benefits	-	71,681	27,704
	300,000	301,059	320,000
Excess revenue (expenses)	\$ -	\$ (1,059)	\$ -

Mackenzie Valley Land and Water Board

Schedule 3 - Working Groups

For the year ended March 31,

	2012 Budget (Unaudited)	2012 Actual	2011 Actual
Revenue			
Gov't of Canada Department of Aboriginal Affairs and Northern Development	\$ -	\$ 115,000	\$ 141,125
Expenditures			
Honoraria	15,000	14,150	-
Hospitality	2,000	2,590	5,083
Meeting room rentals	-	717	2,913
Office supplies and services	1,190	1,820	3,678
Teleconference	20,000	21,550	-
Technical advisory	50,000	46,664	32,025
Travel - board & staff	20,000	23,802	90,216
Travel - staff	-	-	-
Wages and benefits	5,000	4,801	7,210
	113,190	116,094	141,125
Excess revenue (expenses)	\$ -	\$ (1,094)	\$ -

Mackenzie Valley Land and Water Board

Schedule 4 - Hearings

For the year ended March 31,

	2012 Budget (Unaudited)	2012 Actual	2011 Actual
Revenue			
Gov't of Canada Department of Aboriginal Affairs and Northern Development			
Funding #1	\$ -	\$ 250,000	\$ 202,275
Funding #2	-	115,000	-
Funding #3	-	60,000	-
Reimbursed expenses for Type A water license hearings	-	41,145	-
	-	\$ 466,145	\$ 202,275
Expenditures			
Advertising	-	8,240	1,656
Honoraria	48,000	59,100	5,264
Hospitality	7,500	9,421	3,389
Legal	70,750	96,903	41,512
Meeting room rentals	5,000	27,989	1,875
Miscellaneous	11,047	3,806	2,528
Salaries	-	2,293	74,168
Sound system	22,500	-	7,874
Technical fees	135,300	144,193	29,769
Transcribing	25,000	26,163	5,706
Translation	25,000	39,299	6,009
Travel - board & staff	74,700	66,300	14,399
	424,797	483,707	194,149
Excess revenue (expenses)	\$ -	\$ (17,562)	\$ 8,126

Mackenzie Valley Land and Water Board

Schedule 5 - Deh Cho Panel

For the year ended March 31,

	2012 Budget (Unaudited)	2012 Actual	2011 Actual
Revenue			
Gov't of Canada Department of Aboriginal Affairs and Northern Development	\$ -	\$ 200,000	\$ 200,000
Expenditures			
Advertising	-	-	1,919
Honoraria	57,000	70,800	52,863
Hospitality	-	236	1,974
Meeting room rentals	-	-	2,173
Office services and supplies	-	3,097	5,487
Postage, shipping and courier	-	1,069	23
Professional fees	14,100	11,831	44,676
Salaries	100,000	73,149	31,801
Technical advisory	-	-	17,305
Translation	-	-	9,540
Travel - board	27,783	38,844	22,810
Travel - charters	-	-	6,101
Travel - staff	-	1,060	2,608
	198,883	200,086	199,280
Excess revenue (expenses)	\$ -	\$ (86)	\$ 720

Mackenzie Valley Land and Water Board 2012

Schedule of Salary and Benefits, Honoraria and Travel Expenses

For the year ended March 31, 2012

Positions	Months Employed	Salary & Benefits	Honoraria	Travel
Board Chair	12	\$ -	\$ 150,150	\$ 65,448
Director	12	-	22,600	10,086
Director	12	-	46,294	28,259
Director	12	-	31,506	1,810
Director	12	-	10,699	1,372
Director	12	-	7,819	45
Director	12	-	2,675	-
Director	12	-	2,675	314
Director	12	-	2,881	2,083
Director	12	-	1,029	1,214
Director	12	-	1,440	-
Director	12	-	2,469	1,214
Director	12	-	2,881	1,480
Director	11	-	3,292	1,219
Director	11	-	206	-
Director	8	-	2,058	564
Director	1	-	-	1,480
Director	1	-	206	-

The remainder of the schedule relates to individual staff members salary and benefits protected by Privacy legislation – salary ranges and benefit information for staff are available by request to the Board.