

Mackenzie Valley Land and Water Board

Financial Statements

March 31, 2014

Mackenzie Valley Land and Water Board

Financial Statements

March 31, 2014

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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 ("the Board") which comprises the statement of financial position as at March 31, 2014 and the statements of operations, changes in net assets (deficit), 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 Public Sector Accounting Standards for Not-for-Profit Organizations, 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 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 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, 2014 and the results of its operations for the year then ended in accordance with Public Sector Accounting Standards for Not-for-Profit Organizations.

Chartered Accountants

Yellowknife, Northwest Territories
July 25, 2014

Mackenzie Valley Land and Water Board

Statement of Financial Position

As at March 31,	2014	2013
Assets		
Current		
Accounts receivable (Note 3)	\$ 49,700	\$ 116,035
Prepaid expenses	5,373	2,432
	55,073	118,467
Capital assets (Note 4)	19,404	27,185
	\$ 74,477	\$ 145,652

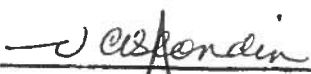
Liabilities

Current		
Bank indebtedness (Note 5)	\$ 79,876	\$ 130,202
Accounts payable and accrued liabilities (Note 6)	363,707	570,210
	443,583	700,412


Net Assets (Deficit)

Net assets invested in capital assets	19,404	27,185
Unrestricted net assets (deficit)	(388,510)	(581,945)
	(369,106)	(554,760)
	\$ 74,477	\$ 145,652

Approved on behalf of the Board



Director



Director

Mackenzie Valley Land and Water Board

Statement of Operations

For the year ended March 31,

	2014 Budget (Unaudited)	2014 Actual	2013 Actual
Revenue			
Government of Canada - Department of Aboriginal Affairs and Northern Development			
Core	\$ 2,400,000	\$ 2,400,000	\$ 2,400,000
Hearings (Schedule 1)	90,000	90,000	383,750
Deh Cho Panel (Schedule 2)	200,000	200,000	200,000
Mackenzie Valley Resource Management Act (Schedule 3)	20,000	20,000	-
Operations & Maintenance Manual (Schedule 4)	35,000	35,000	-
	2,745,000	2,745,000	2,983,750
Core expenditures			
Advertising	6,000	3,521	6,845
Capital assets	8,200	225	3,383
Communications	12,000	923	-
Computer support	17,580	27,513	20,678
Honoraria	245,400	175,000	192,193
Hospitality	4,000	12,133	13,769
Insurance	4,900	7,402	5,893
Licenses and dues	1,200	6,055	2,539
Meeting room rentals	22,500	1,614	1,435
Office rent	258,000	228,773	244,665
Office services and supplies	133,620	141,999	177,407
Postage, shipping and courier	3,600	1,248	4,017
Professional fees - legal	48,000	100,442	50,647
Professional fees - judicial reviews	-	11,829	80,462
Professional fees - accounting	22,000	21,399	25,210
Technical advisory	20,000	14,124	24,507
Training	24,000	24,354	10,225
Translation fees	-	1,689	-
Travel - board	40,000	29,828	43,347
Travel - staff	13,000	19,657	40,308
Wages and benefits	1,516,000	1,420,244	1,619,890
	2,400,000	2,249,972	2,567,420
Program expenditures			
Hearings (Schedule 1)	90,000	77,275	383,773
Deh Cho Panel (Schedule 2)	200,000	162,765	200,100
Mackenzie Valley Resource Management Act (Schedule 3)	20,000	24,555	-
Operations & Maintenance Manual (Schedule 4)	35,000	32,664	-
	2,745,000	2,547,231	3,151,293
Funding to reduce prior year deficit	-	197,769	-
Excess revenue (expenditures)	-	\$ -	\$ (167,543)

Mackenzie Valley Land and Water Board

Statement of Changes in Net Assets (Deficit)

For the year ended March 31,	Investment in capital assets	Unrestricted net assets	2014	2013
Balance, beginning of year, as previously stated	\$ 27,185	\$ (581,945)	\$ (554,760)	\$ (271,826)
Deficiency of revenues over expenditures	-	-	-	(167,543)
Funding to reduce prior year deficit	-	197,769	197,769	-
Investment in capital assets	4,334	(4,334)	-	-
Amortization of tangible capital assets	(12,115)	-	(12,115)	(31,435)
Balance, end of year	\$ 19,404	\$ (388,510)	\$ (369,106)	\$ (554,760)

Mackenzie Valley Land and Water Board

Statement of Cash Flows

For the year ended March 31,	2014	2013
Cash provided by (used in)		
Operating activities		
Excess (revenue) expenditures	\$ -	\$ (167,543)
Funding to reduce prior year deficit	197,769	-
Change in non-cash operating working capital		
Accounts receivable	66,335	57,357
Prepaid expenses	(2,941)	1,846
Accounts payable and accrued liabilities	(206,503)	8,386
	54,660	(99,954)
Investing activity		
Purchase of capital assets	(4,334)	(14,959)
Change in bank indebtedness	50,326	(114,913)
Cash (bank indebtedness), beginning of year	(130,202)	(15,289)
Cash (bank indebtedness), end of year	\$ (79,876)	\$ (130,202)

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2014

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

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). The financial statements have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Financial Instruments – recognition and measurement

Initial measurement

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly related to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Subsequent measurement

Financial assets measured at amortized cost include accounts receivable.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities.

Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in net income.

Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal is recognized in net income.

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2014

2. Significant Accounting Policies (continued)

(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.

(d) 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 revenues and expenses during the period. Actual results could differ from those estimates.

(e) Allocation of expenditures

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 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.

(f) Employee future benefits

The Board participates in a defined contribution plan providing pension and post-employee benefits for its employees. The cost of the defined contribution plan is recognized based on the required contribution by the Board during the year.

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. Accordingly, the Board has provided for obligation related to unused vacation and severance entitlement. The amounts are not separately funded.

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2014

3. Accounts Receivable

	2014	2013
Government of Canada		
- Department of Aboriginal Affairs and Northern Development	\$ 31,000	\$ 58,375
Payroll advance receivable	-	351
Goods and services tax	18,700	25,125
Other	-	32,184
	\$ 49,700	\$ 116,035

4. Capital Assets

			2014	2013
	Rate	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	20%	\$ 188,824	\$ 176,298	\$ 12,526
Computer equipment	30%	109,171	102,293	6,878
Plotter	30%	12,213	12,213	-
Computer software	100%	217,927	217,927	-
Leasehold improvements	SL/3yr	387,911	387,911	-
		\$ 916,046	\$ 896,642	\$ 19,404
				\$ 27,185

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%.

6. Accounts Payable and Accrued Liabilities

	2014	2013
Trade payables	\$ 88,357	\$ 202,129
Visa payable	2,520	10,823
Accrued liabilities	20,000	24,012
Wages and benefits payable	91,015	95,127
Vacation liability	75,809	148,065
Severance liability	86,006	90,054
	\$ 363,707	\$ 570,210

7. Interfund Transfer

The amount of \$ 4,334 (2013 - \$14,959) consists of the transfers from the unrestricted net assets (deficit) fund to the investment in tangible capital assets fund to fund the acquisition of capital assets.

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2014

8. Financial Instruments

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

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.

Liquidity risk

The Board does have a liquidity risk in the accounts payable and accrued liabilities of \$363,707 (2013 - \$570,210). Liquidity risk is the risk that the Board cannot repay its obligations when they become due to its creditors. 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.

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
2015	\$ 21,640	\$ 61,198	\$ 82,838
2016	20,891	-	20,891
2017	20,891	-	20,891
2018	15,668	-	15,668
	<hr/>	<hr/>	<hr/>
	\$ 79,090	\$ 61,198	\$ 140,288

10. Pension Plan

The Board participates in the NEBS Pension Plan which is a defined contribution plan. Substantially all employees with at least one year of service are eligible to participate.

The contribution percentage to the plan is up to 16% of each employee's salary (8% from the employees and 8% from the employer).

During the year contributions made by the Board to the NEBS pension plan totaled \$77,617 (2013 - \$71,163).

11. Comparative Figures

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

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2014

12. Budget

The budget figures presented are unaudited, and are those approved by the Board.

13. Economic Dependence

The Board is dependent upon funding in the form of contributions from Aboriginal Affairs and Northern Development Canada. 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 - Public Hearings (Avalon and Gahcho Kué)

For the year ended March 31,	2014 Budget (Unaudited)	2014 Actual	2013 Actual
Revenue			
Government of Canada - Department of Aboriginal Affairs and Northern Development	\$ 90,000	\$ 90,000	\$ 383,750
Expenditures			
Advertising	-	791	3,302
Honoraria	-	-	48,716
Hospitality	-	-	4,831
Legal	10,000	9,906	46,190
Meeting room rentals	20,000	1,215	9,007
Miscellaneous	-	-	4,697
Salaries	-	-	46,836
Technical fees	60,000	55,773	100,611
Transcribing	-	-	26,275
Translation	-	9,590	24,228
Travel - board	-	-	30,640
Travel - staff	-	-	38,440
	90,000	77,275	383,773
Excess revenue (expenditures)	\$ -	\$ 12,725	\$ (23)

Mackenzie Valley Land and Water Board

Schedule 2 - Deh Cho Panel

For the year ended March 31,	2014 Budget (Unaudited)	2014 Actual	2013 Actual
Revenue			
Government of Canada - Department of Aboriginal Affairs and Northern Development	\$ 200,000	\$ 200,000	\$ 200,000
Expenditures			
Honoraria	24,000	32,800	26,800
Salaries	164,000	128,615	157,734
Travel - board	12,000	1,350	15,566
	200,000	162,765	200,100
Excess revenue (expenditures)	\$ -	\$ 37,235	\$ (100)

Mackenzie Valley Land and Water Board

Schedule 3 - Mackenzie Valley Resource Management Act (MVRMA)

For the year ended March 31,

	2014 Budget (Unaudited)	2014 Actual	2013 Actual
Revenue			
Government of Canada - Department of Aboriginal Affairs and Northern Development	\$ 20,000	\$ 20,000	\$ -
Expenditures			
Legal fees - judicial review	15,000	16,002	-
Travel - board	5,000	6,093	-
Technical consultation fees	-	2,460	-
	20,000	24,555	-
Excess expenditures	\$ -	\$ (4,555)	\$ -

Mackenzie Valley Land and Water Board

Schedule 4 - Operations & Maintenance Manual

For the year ended March 31,

	2014 Budget (Unaudited)	2014 Actual	2013 Actual
Revenue			
Government of the Northwest Territories - Municipal and Community Affairs	\$ 35,000	\$ 35,000	\$ -
Expenditures			
Technical consultation fees	35,000	32,664	-
Excess revenue (expenditures)	\$ -	\$ 2,336	\$ -

Mackenzie Valley Land and Water Board

Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration

March 31, 2014

Mackenzie Valley Land and Water Board

Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration

For the year ended March 31, 2014

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Independent Auditors' Report

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

We have audited the accompanying Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration paid for the Mackenzie Valley Land and Water Board as at March 31, 2014 and a summary of significant accounting policies (together "the schedule").

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of this schedule in accordance with the Year-end Reporting Handbook for the Department of Aboriginal Affairs and Northern Development Canada Recipient and Flow Through Organizations relevant to preparing such a schedule, and such for internal control as management determines is necessary to enable preparation of schedules that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility to express an opinion on this schedule 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 schedule is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. 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 schedule 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 schedule.

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, this schedule presents fairly, in all material respects, the disbursements of the Board for the Mackenzie Valley Land and Water Board as at March 31, 2014 in accordance with the Year-end Reporting Handbook for the Department of Aboriginal and Northern Development Canada Recipient and Flow Through Organizations.

A handwritten signature in cursive script that reads "Crowe MacKay LLP".

Yellowknife, Northwest Territories
July 15, 2014

Chartered Accountants

Mackenzie Valley Land and Water Board

Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration

For the year ended March 31, 2014

Positions	Months Employed	Salary & Benefits	Honoraria	Travel
Board Chair	12	\$ -	\$ 143,000	\$ 15,794
Director	12	-	17,800	-
Director	12	-	13,200	-
Director	12	-	12,400	1,744
Director	12	-	4,800	1,280
Director	12	-	4,400	623
Director	12	-	2,600	2,649
Director	12	-	1,400	2,307
Director	12	-	1,200	-
Director	12	-	1,200	2,121
Director	12	-	1,200	2,818
Director	12	-	1,200	-
Director	12	-	800	4,338
Director	12	-	800	3,009
Director	12	-	800	-
Director	12	-	600	-
Director	12	-	400	-
Executive Director	12	Range EX-02	-	7,318
Total		\$ -	\$ 207,800	\$ 44,001

1. Basis of Presentation

The financial information reflects only the salary and benefits, honoraria and travel expenses paid to the staff and board members. It does not reflect the assets, liabilities or total revenue and expenses of the Mackenzie Valley Land and Water Board.