

Mackenzie Valley Land and Water Board

Financial Statements

March 31, 2017

Mackenzie Valley Land and Water Board

Financial Statements

March 31, 2017

Page

Independent Auditors' Report	3
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets (Deficit)	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 13
Schedule 1 - Deh Cho Panel	14
Schedule 2 - Public Hearings	15
Schedule 3 - Landfarm Guidelines Development	16

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, 2017 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, 2017 and the results of its operations for the year then ended in accordance with Public Sector Accounting Standards for Not-for-Profit Organizations.



Chartered Professional Accountants

Yellowknife, Northwest Territories
July 14, 2017

Mackenzie Valley Land and Water Board

Statement of Financial Position

As at March 31,	2017	2016
Assets		
Current		
Cash	\$ 7,870	\$ -
Accounts receivable (Note 4)	27,922	49,571
Prepaid expenses	15,450	1,399
	51,242	50,970
Capital assets (Note 5)	15,022	20,143
	\$ 66,264	\$ 71,113

Liabilities

Current		
Bank indebtedness (Note 6)	\$ -	\$ 142,403
Accounts payable and accrued liabilities (Note 7)	132,399	265,413
Deferred contributions (Note 8)	312,604	36,915
	445,003	444,731

Net Assets (Deficit)

Investment in capital assets	15,022	20,143
Unrestricted net assets (deficit)	(393,761)	(393,761)
	(378,739)	(373,618)
	\$ 66,264	\$ 71,113

Commitments (Note 11)

Approved on behalf of the Board

 Director

 Director

Mackenzie Valley Land and Water Board

Statement of Operations

For the year ended March 31,

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Revenue			
Government of Canada - Department of Indigenous Affairs and Northern Development			
Core	\$ 2,400,000	\$ 2,400,000	\$ 2,400,000
Deh Cho Panel (Schedule 1)	295,459	295,459	200,000
Public Hearings (Schedule 2)	190,000	190,000	90,000
Mackenzie Valley Resource Management Act	-	8,750	-
Government of the Northwest Territories			
Landfarm Guidelines Development (Schedule 3)	30,000	30,000	-
Landfill Closure Guidelines Development	-	-	10,000
Transfer to deferred revenue	-	(275,689)	(36,915)
	2,915,459	2,648,520	2,663,085
Core expenditures			
Advertising	15,000	4,508	7,447
Amortization	-	8,080	22,915
Computer support	51,500	65,886	58,661
Honoraria	179,800	125,075	179,026
Hospitality	10,000	3,833	9,831
Insurance	8,200	5,864	5,758
Meeting room rentals	1,000	2,731	2,692
Office rent	264,000	243,874	244,287
Office services and supplies	123,000	153,084	168,702
Professional fees - legal	92,000	69,586	77,460
Professional fees - accounting	15,000	8,138	17,147
Training	20,000	23,039	19,687
Travel - board	47,500	37,030	25,637
Travel - panel	23,500	5,715	2,059
Travel - staff	20,000	14,670	30,995
Wages and benefits	1,529,500	1,466,866	1,489,563
	2,400,000	2,237,979	2,359,808
Program expenditures			
Deh Cho Panel (Schedule 1)	295,459	216,203	200,043
Hearings (Schedule 2)	190,000	165,237	90,110
Landfarm Guidelines Development (Schedule 3)	30,000	30,000	-
Landfill Closure Guidelines Development	-	-	12,424
Mackenzie Valley Resource Management Act	-	4,222	-
	2,915,459	2,653,641	2,662,385
Funding to reduce prior year deficit	-	-	-
Excess revenue over expenditures before other items	-	(5,121)	700
Transfer to (from) capital assets	-	5,121	(3,277)
Excess revenues (expenditures)	\$ -	\$ -	\$ (2,577)

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	2017	2016
Balance, beginning of year	\$ 20,143	\$ (393,761)	\$ (373,618)	\$ (374,318)
Excess of revenues (expenditures)	-	(5,121)	(5,121)	700
Funding to reduce prior year deficit	-	-	-	-
Investment in capital assets	2,959	(2,959)	-	-
Amortization of capital assets	(8,080)	8,080	-	-
Balance, end of year	\$ 15,022	\$ (393,761)	\$ (378,739)	\$ (373,618)

Mackenzie Valley Land and Water Board

Statement of Cash Flows

For the year ended March 31,	2017	2016
Cash provided by (used in)		
Operating activities		
Excess (revenue) expenditures	\$ (5,121)	\$ 700
Item not affecting cash		
Amortization	8,080	22,915
Change in non-cash operating working capital		
Accounts receivable	21,649	164,178
Prepaid expenses	(14,051)	21,755
Accounts payable and accrued liabilities	(133,012)	(149,743)
Deferred contributions	275,689	36,915
	153,234	96,720
Investing activity		
Purchase of capital assets	(2,959)	(26,192)
Change in bank indebtedness	150,275	70,528
Bank indebtedness, beginning of year	(142,405)	(212,933)
Bank indebtedness, end of year	\$ 7,870	\$ (142,405)

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2017

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).

(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, and accounts payable and accrued liabilities. 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 5.

(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.

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2017

2. Significant Accounting Policies (continued)

(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 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.

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.

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2017

3. Future changes to significant accounting policies

(a) Related party disclosures, Section PS 2200

PSAB approved Section PS 2200, Related Party Disclosures. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The impact of the transition to this accounting standard has not yet been determined.

(b) Assets, Section PS 3210

PSAB approved Section PS 3210, Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section provides guidance on how to apply the definition of assets as set out in Section PS 1000, and establishes standards for disclosure of assets except certain specific types of assets, which are dealt with in other Sections.

The impact of the transition to this accounting standard has not yet been determined.

(c) Contractual Rights, Section PS 3380

PSAB approved Section PS 3380, Contractual Rights. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future except certain specific types of contractual rights.

The impact of the transition to this accounting standard has not yet been determined.

(d) Inter-entity Transactions Section PS 3420

PSAB approved Section PS 3420, Inter-entity Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section PS 2200.

The impact of the transition to this accounting standard has not yet been determined.

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2017

4. Accounts Receivable

	2017	2016
Goods and services tax	\$ 18,830	\$ 14,936
Trade	9,092	34,635
	\$ 27,922	\$ 49,571

Allowance for doubtful accounts for the year ended March 31, 2017 is nil (2016 - nil).

5. Capital Assets

			2017	2016	
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	20%	\$ 193,453	\$ 183,231	\$ 10,222	\$ 9,480
Computer equipment	30%	48,833	44,033	4,800	10,663
Computer software	100%	231,677	231,677	-	-
Leasehold improvements	SL/3yr	387,911	387,911	-	-
		\$ 861,874	\$ 846,852	\$ 15,022	\$ 20,143

6. 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%.

7. Accounts Payable and Accrued Liabilities

	2017	2016
Accounts payable and accrued liabilities	\$ 42,576	\$ 96,887
Wages and benefits payable	33,679	82,230
Vacation and time in lieu liability	56,144	86,294
	\$ 132,399	\$ 265,411

8. Deferred Contributions

	2017	2016
Government of Canada - Department of Indigenous Affairs and Northern Development	\$ 312,604	\$ 36,915

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2017

9. Interfund Transfer

The amount of \$2,959 (2016 - \$26,192) consists of the transfers from the unrestricted net assets (deficit) fund to the investment in tangible capital assets fund for the acquisition of capital assets.

10. 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 from government agencies. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that no accounts receivable required impairment.

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 \$27,922 (2016 - \$49,571).

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 of \$132,399 (2016 - \$265,413). 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.

11. Commitments

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

	Equipment	Office	Total
2018	\$ 16,438	\$ 239,313	\$ 255,751
2019	770	239,313	240,083
2020	577	239,313	239,890
2021	-	59,828	59,828
	\$ 17,785	\$ 777,767	\$ 795,552

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2017

12. Pension Plan

Participating employers in the Plan, including the Board are required to make contributions to the plan of 8% (2016 - 8%) of pensionable earnings, and to remit employee contributions of 8% (2016 - 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, 2016, the NEBS Pension Plan had a going concern surplus of \$12,500,000 (2015 - \$2,600,000) and a funded ratio of 109% (2016 - 102%). The Plan serves 2,481 employee members and 93 participating employees

During the year contributions made by the Board to the NEBS pension plan totaled \$86,774 (2016 - \$80,845).

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.

15. Economic Dependence

The Board is dependent upon funding in the form of contributions from Indigenous Affairs and Northern Development 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 the travel expenditures were paid to members of the Board of Directors. These expenditures were in the normal course of the Board's operations and were measured at the exchange amount.

Mackenzie Valley Land and Water Board

Schedule 1 - Deh Cho Panel

For the year ended March 31,

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Revenue			
Government of Canada - Department of Indigenous Affairs and Northern Development	\$ 295,459	\$ 295,459	\$ 200,000
Expenditures			
Accounting	5,000	5,000	4,000
Legal	30,000	-	6,078
Honoraria	56,000	20,950	33,200
Office services and supplies	15,000	12,762	-
Professional fees	45,000	25,609	-
Salaries	142,459	151,882	143,337
Travel - board	2,000	-	11,309
Travel - staff	-	-	2,119
	295,459	216,203	200,043
Excess revenue (expenditures)	-	79,256	(43)
Transfer to deferred contributions	-	(79,256)	-
Excess of revenues (expenditures)	\$ -	\$ -	\$ (43)

Mackenzie Valley Land and Water Board

Schedule 2 - Public Hearings

For the year ended March 31,	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Revenue			
Government of Canada - Department of Indigenous Affairs and Northern Development	\$ 190,000	\$ 190,000	\$ 90,000
Expenditures			
Board travel	12,500	13,001	435
Honoraria	27,500	23,350	5,551
Legal	50,000	77,005	57,495
Meeting costs	10,000	2,051	540
Office services and supplies	4,500	2,347	1,185
Salaries	35,000	37,318	-
Technical fees	50,500	10,165	24,904
	190,000	165,237	90,110
Excess revenue (expenditures)	-	24,763	(110)
Transfer to deferred contributions	-	(24,763)	-
Excess of revenues (expenditures)	\$ -	\$ -	\$ (110)

Mackenzie Valley Land and Water Board

Schedule 3 - Landfarm Guidelines Development

For the year ended March 31,

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Revenue			
Government of the Northwest Territories - Department of Environment and Natural Resources	\$ 25,000	\$ 25,000	\$ -
Government of the Northwest Territories - Inuvialuit Water Board	5,000	5,000	-
	30,000	30,000	-
Expenditures			
Technical consultation fees	30,000	30,000	-
	30,000	30,000	-
Excess revenue (expenditures)	\$ -	\$ -	\$ -