

MVLWB

MACKENZIE VALLEY LAND
AND WATER BOARD
ANNUAL REPORT

2008
2009



A forum for regional decision making, ensuring effective participation of residents in the use, protection, and benefits of the lands and waters of the Mackenzie Valley.

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Message from the Chair

The regulatory system in the North is evolving and developing and will continue to progress. As the regulatory phase of the proposed MacKenzie Gas Project (MGP) gets closer, the national and international spotlight will soon turn towards the regulators – including the Mackenzie Valley Land and Water Board (MVLWB). I would like to take this opportunity to explain our part of the regulatory system and to describe what we are doing to improve our involvement.

In the late 19th and early 20th centuries, treaties 8 and 11 committed Canada to cooperative coexistence with the indigenous people of the North. By the end of the 1980s, the principle of co-management by Aboriginal, territorial, and federal governments had become the foundation of the system that was to manage renewable and non-renewable resources. This approach was designed to balance the varying interests of northern and all Canadian residents including the need to balance the interests of conservation and development.

The Gwich'in, the Sahtu, and the Tlicho settled their land claims in 1992, 1994, and 2005 respectively. The three settled land claim agreements, through the implementation of the Mackenzie Valley Resource Management Act (MVRMA), each created Land and Water Boards. These Land and Water Boards are responsible, through legislation and regulation, to administer the use of land and water and the deposit of waste in each of their respective settlement

regions. The Boards carry out their responsibilities by the process of reviewing and conducting preliminary screenings of development proposals and potentially approving land use permits and water licences.

While the regional Boards are responsible for permitting and licensing within their respective settlement regions/management areas, the MVLWB has jurisdiction for applications in the Deh Cho and Akaitcho regions and also for transboundary projects, such as the MGP, which span all regions of the NWT, excluding the Inuvialuit Settlement Region.

The MVLWB is not a central, Yellowknife-based agency but an overarching board for the whole of the Mackenzie Valley. As set out in our mandate, one of the roles of the MVLWB is to respect, consider, and balance the interests of the people of all of the regions of the Mackenzie Valley as well as all Canadians.

To harmonize the regional boards, the MVLWB established six distinct working groups to address inconsistencies that lead to uncertainty in the northern regulatory system. Each group is developing policies, procedures, and guidelines that will achieve the Board's goal of cross-regional consistency.

The system we administer is, by design, different — but it can and does work. We have faced the challenges of implementing the MVRMA and how to regulate unprecedented large-scale diamond mines — which were unknown in Canada 15 years ago — and the challenge of accepting criticism and finding ways to improve.

We will be ready for the big challenges that will soon face us by improving certainty and clarity, while maintaining the spirit and intent of the land claim agreements that were negotiated and settled by our Aboriginal, territorial, and federal governments.

We extend our thanks to all the Board Chairs and Members for their support and cooperation throughout the year, and to the Executive Directors and staff, particularly for their hard work with the Standard Procedures and Consistency Working Groups. We also sincerely thank Trish Merrithew-Mercredi, the Regional Director General of Indian and Northern Affairs Canada (INAC) and all her NWT staff. In partnership with INAC, the MVLWB is striving to “do things right” through implementing and improving co-management in the NWT.

Cooperation amongst the northern regulatory Boards is paramount to ensure that future projects in the NWT are both sustainable and successful. As quasi-judicial public Boards, we need to balance the efficiency and effectiveness of the regulatory process with due consideration for the environment and the people we serve.



Willard Hagen, Chair

About the MVLWB

The MVLWB's vision for itself is to be a forum for regional decision making, ensuring effective participation of residents in the use, protection, and benefits of the lands and waters of the Mackenzie Valley.

THE MEMBERSHIP OF THE MVLWB

The Mackenzie Valley Resource Management Act was enacted as a result of the settling of the Gwich'in and Sahtu Comprehensive Land Claims. The MVRMA establishes and sets out the membership of the MVLWB and regional Land and Water Boards. The MVLWB is comprised of five members from each of the following Boards — the Gwich'in Land and Water Board, the Sahtu Land and Water Board and the Wek'èezhii Land and Water Board — and, as set out in subsection 99(4) of the MVRMA, five members who are not part of a regional panel.

BOARD MEMBERS

Part I of the MVRMA outlines the determination of membership of each Board and gives direction concerning other aspects of the Boards' activities. The **Gwich'in Land and Water Board** consists of Paul Sullivan (Chair), Gerry Kisoun, Liz Wright, and Margaret Nazon. The **Sahtu Land and Water Board** members are Larry Wallace (Chair), George Barnaby, Walter Bayha, and Violet Doolittle. Membership of the **Wek'èezhii Land and Water Board** consists of Violet Camsell — Blondin (Chair), Rita Mueller, Joe Rabesca and Mike Nitsiza. All appointments are for three years.

At year end, we were short one Director from each of the regional Boards.

The Chair of the **Mackenzie Valley Land and Water Board** is Willard Hagen. The other members are Floyd Adlem, Elizabeth Biscaye, Pat Laroque, and Eric Menicoche.

For more information about the MVLWB, see our website at www.mvlwb.ca



MEET OUR STAFF

Management

Executive Director Wanda Anderson joined the Board in June 1998 and became ED in 2007. Manik Duggar, Senior Policy and Communications Advisor, joined the Board in January 2008. Brenda Backen is the Acting Manager, Finance and Administration. She has been with the Board since September 2000.

Policy, Communication, and Consultation Unit

Manik Duggar started working with the MVLWB as Senior Policy and Communications Advisor in January 2008. He is responsible for policy research and development and the writing of policy guidelines and procedures. He is involved in strategic and business planning and advises the communications and consultation aspects of the Board's activities. Manik also leads the MVLWB's Oil and Gas Unit and is part of the MVLWB's Management Team.

Jonathan Churcher joined the Board in January 2008 as Community Liaison/Consultant Officer. He creates PR material, including various print and electronic media, provides writing support services for Regulatory Officers (ROs), and organizes visits and presentations to communities affected by resource development.

Oil and Gas Unit

The MVLWB formed the Oil and Gas Unit in 2006 in anticipation of and preparation for the proposed Mackenzie Gas Project (MGP). Since Mr. James

Boraski's return to Department of Fisheries and Oceans in July 2008, Mr. Manik Duggar, Senior Policy Advisor at the MVLWB, has been leading this unit. Anne Umpleby and Valerie Meeres are the other staff members in this unit. This team works in collaboration with other regulators and federal and territorial agencies to find effective and efficient ways to deal with the regulatory aspects of the proposed MGP — if the application is received.

Regulatory Unit

When Adrian Paradis left the Board in February 2009, Anne Umpleby took over his position as Senior Regulatory Officer (SRO). The ROs review applications that come into the office and they work with Proponents, First Nations, Aboriginal organizations, communities, and various agencies until the end of the project.



Year in Review

Kathleen Graham (RO) joined the Board in September 2006. She was born and raised in the North and her local experience and understanding add much to the Board. RO Tyree Mullaney moved from the Sahtu Land and Water Board in June 2007. Tyree brings a wealth of knowledge, some of which she gained while working in the Sahtu. RO Jason Ash started employment with the Board in November 2007. Jason has a diverse range of knowledge with degrees in mining engineering and in management, as well as work experience on oil rigs and as a consultant for the Nunavut Water Board. RO Angela Plautz, who has been with the MVLWB since 2004, returned from maternity leave in January 2009. Her educational background is in forestry and geography, and her areas of interest are closure and reclamation and environmental policy.

Administrative Unit

Brenda Backen, Acting Manager for Finance and Administration, looks after our finances and ensures staff and vendors are paid on time. Rob Dobson, our Information Technology Specialist since January 2005, supports the IT systems and websites of the Boards. He keeps our computers, online Public Registry and website functioning.

Sharon Debler joined the MVLWB in July 2005 as a casual employee and started full-time employment in January 2008. Sharon began as registry clerk and then worked with our IT Specialist scanning public registry items as we work towards full digitization of our website. She works as a Finance Clerk, assisting the Acting Manager of Finance and Administration.

Janna Ward, Administrative Clerk, came to the Board in March 2005. Janna answers the phone, greets you when you arrive at our office, and provides admin assistance to senior Board Members and staff. Tracy Turk, Administrative Assistant, joined the Board in March of 2007. As part of the Oil and Gas team, she deals with paperwork, travel logistics, document formatting, and management of the Oil and Gas Registry. Tracy is your point of contact for information about the contents of our Public Registry. Elaine Briere, Regulatory Clerk, started with the Board in July 2007. Elaine works with the Regulatory Officers, helping with their paper flow and formatting. Rhonda Miller, Registry Clerk, joined in February 2007. She began her maternity leave in February 2009. Congratulations to Rhonda on the birth of her son.

Transboundary

Transboundary decisions for fiscal 08/09 included approval of Selwyn Resources land use permit, water licence, abandonment and restoration plan and a wildlife protection plan. The panel also dealt with a storage authorization application for Diamondex Resources and a two-year land use permit extension for Peregrine Holdings Ltd.



New applications received during the fiscal year:

There were a total of 37 new applications made to the Mackenzie Valley Land and Water Board. Water licences were renewed for Tyhee, CanZinc Mine, and CanTung mine. Public hearings were held to consider applications from Tamerlane (Pine Point Pilot Project) and North American Tungsten (CanTung Mine).

The following is a comprehensive list of all decisions made by the Board, which includes approvals for permits and licences from previous years:

- 26 Land Use Permits Issued
- 2 Water Licences Issued
- 5 Amendments
- 21 Extensions/Renewals
- 1 Assignment
- 6 Storage Authorizations
- 37 Closures

Permits and Licences



Of the 37 new applications received in fiscal 08/09, the following gained Board approval; others either have been or are yet to be considered by the Board.

REFPERMIT	APPLICANT	
Water Licences		
1 MV2006L8-0001	Selwyn Resources Ltd.	Road Rehabilitation - Howard's Pass
2 MV2006L2-0003	Tamerlane Ventures	Mineral Exploration - Pine Point Pilot Project
3 MV2001L2-0003	Canadian Zinc Corp.	Renewal - Prairie Creek Mine
4 MV2002L2-0017	Tyhee NWT Corp.	Renewal - Yellowknife Gold Project
5 MV2002L2-0019	Canadian Tungsten Corp. Ltd.	Renewal - CanTung Mine
Mining Exploration		
6 MV2006C0014	Tamerlane Ventures Inc.	Mineral Exploration, Pine Point Pilot Project
7 MV2008C0006	Stornoway Diamond Corp.	Mineral Exploration, Blackstone Project
8 MV2008C0015	Strongbow Exploration Inc.	Mineral Exploration, Selwyn Lake
9 MV2008C0021	GGL Diamond Corp.	Mineral Exploration, Doyle Claims
10 MV2008C0029	ATW Resources Inc.	Diamond Exploration - Mackay Lake
Quarrying		
11 MV2008Q0011	NATCL	Quarrying - CanTung Mine
12 MV2008Q0017	Rowe's Construction	Quarrying - Hay River
13 MV2008Q0016	Rowe's Construction	Quarrying - Hay River
14 MV2008Q0019	W. Burrill & Sons Ltd	Quarrying - Hwy 1
15 MV2008Q0034	John Bjornson Construction Ltd.	Quarrying - near Pine Point
16 MV2008Q0035	Rowe's Construction	Quarrying - Hwy 1 km 191
17 MV2008Q0025	Rowe's Construction	Quarrying - Hay River
18 MV2008Q0026	West Coast Energy Inc.	Quarrying - SW of Fisherman Lake
19 MV2009Q0003	Berton Construction & Rentals	Quarrying - Fort Smith
20 MV2009Q0004	Borderline Enterprise	Quarrying - Fort Smith
Roads		
21 MV2008E0010	Raymond Jones	Private Road - Hwy 3
22 MV2008F0024	NWT Power Corp.	Winter Roads - Bluefish Hydro
23 MV2008F0027	NWT Power Corp.	Winter Road - Taltson Hydro
24 MV2005F0028	Selwyn Resources Ltd.	Road Rehabilitation - Howard's Pass
Other Land Use		
25 MV2005W0029	Patterson Sawmill Ltd.	Logging - Axe Point
26 MV2009X0005	GNWT - ENR Forest Management Division	Fire risk research - NE of Ft. Providence
27 MV2008J0005	Aboriginal Counseling & Healing Services	Camp, Fort Smith
28 MV2008X0030	Department of National Defence	Advanced winter warfare training
29 MV2008J0031	Walt Humphries	Exploration Camp - Banting Lake
30 MV2009X0002	Deton Cho Corp.	Drill Training Program - near Yellowknife

Note: the colours of the circles correspond to the column headings on the following page.

Board of Directors



MVLWB
Willard Hagen
INUVIK, Appointed Chair
January 2008.

MACKENZIE VALLEY LAND AND WATER BOARD



FLOYD ADLEM
YELLOWKNIFE
Reappointed
November 2007.



ELIZABETH BISCAYE
YELLOWKNIFE
Reappointed
September 2008.



PAT LAROQUE
HAY RIVER
Appointed May 2007.



ERIC J. MENICOCHÉ
FORT SIMPSON
Reappointed
February 2008.

GWICH'IN LAND AND WATER BOARD



PAUL SULLIVAN
INUVIK, Chair.
Appointed as Chair
September 2008.



ELIZABETH WRIGHT
FORT MCPHERSON
Appointed July 2007.



MARGARET NAZON
INUVIK
Reappointed
May 2007.



GERRY KISOON
INUVIK
Reappointed
December 2007.

WEK'ÉEZHÌ LAND AND WATER BOARD



VIOLET CAMSELL-BLONDIN
BEHCHOKO
Chair, Appointed
January 2005.



RITA MUELLER
BEHCHOKO
Appointed
September 2008.



JOE RABESCA
BEHCHOKO
Appointed
December 2008.



MIKE NITSIZA
WEKWEETI
Appointed
December 2008.

SAHTU LAND AND WATER BOARD



LARRY WALLACE
NORMAN WELLS,
Chair. Appointed as
Chair January 2009.



WALTER BAYHA
DELINÉ
Reappointed
December 2007.



GEORGE BARNABY
FORT GOOD HOPE
Reappointed
December 2007.



VIOLET DOOLITTLE
INUVIK
Reappointed
July 8, 2008.

ROLES OF THE MVLWB AND THE REGIONAL PANELS

Each Panel is comprised of five (5) members when all appointments are filled. The Act states, "The purpose of the establishment of boards by this Act is to enable residents of the Mackenzie Valley to participate in the management of its resources for the benefit of the residents and of other Canadians."

The following is from the Act and lays out the jurisdiction that is given to each Panel:

59. (1)

A board has jurisdiction in respect of all uses of land in its management area for which a permit is required under this Part and may, in accordance with the regulations, issue, amend, renew, suspend and cancel permits and authorizations for the use of land, and approve the assignment of permits.

60. (1)

A board has jurisdiction in respect of all uses of waters and deposits of waste in its management area for which a licence is required under the *Northwest Territories Waters Act* and may

- (a) issue, amend, renew and cancel licences and approve the assignment of licences, in accordance with that Act, and
- (b) exercise any other power of the Northwest Territories Water Board under that Act, and, for those purposes, references in that Act to that Board shall be read as references to the board.
- (c) a board may suspend a licence for a specified period or until terms and conditions specified

by the board are complied with, where the licensee contravenes a provision of the *Northwest Territories Waters Act* or of this Part or a term or condition of the licence.

60.1

In exercising its powers, a board shall consider

- (a) the importance of conservation to the well-being and way of life of the aboriginal peoples of Canada to whom section 35 of the *Constitution Act, 1982* applies and who use an area of the Mackenzie Valley; and
- (b) any traditional knowledge and scientific information that is made available to it.

If an application which falls under paragraph 103 (1) (a) of the MVRMA, meaning that it is to take place or is likely to have an impact in more than one management area, or in one management area and an area outside a management area, the application would be dealt with by the MVLWB Transboundary Policy.

Transboundary Policy states that a group of three or more members of the Board, appointed by the Chairperson of the Board in consultation with the Chairpersons of the regional boards, are given responsibility for the disposition of one or more transboundary applications. The panel will include at least one of the members appointed to a regional board on the nomination of a First Nation or appointed by the Board following consultations with First Nations and at least one of the members not so appointed.



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Auditors' Report

To the Directors of Mackenzie Valley Land and Water Board

We have audited the statement of financial position of Mackenzie Valley Land and Water Board as at March 31, 2009 and the statement of operating fund operations and deficit, the statement of changes in equipment fund balance and the statement of cash flows for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
Yellowknife, Northwest Territories
May 8, 2009

Statement of Operating Fund Operations and Deficit For the year ended March 31, 2009

	BUDGET	2009	2008
REVENUE			
Department of Indian Affairs and Northern Development			
Core	\$ 2,780,747	\$ 2,310,550	\$ 2,675,000
Oil and Gas Capacity Building (Schedule 2)	2,252,440	1,356,000	725,000
Communication/Consultation Liaison Officer (Schedule 3)	100,000	100,000	100,000
Training Initiative (Schedule 4)	300,000	300,000	155,229
First Aid and H2S (Schedule 5)	49,590	49,590	-
Working Groups (Schedule 6)	244,650	244,650	-
Working Group 3 Workshop (Schedule 7)	26,200	26,200	-
Deh Cho Panel (Schedule 8)	200,000	200,000	-
	5,953,627	4,586,990	3,655,229
CORE EXPENDITURES			
Advertising	21,600	38,600	36,851
Bad debts	-	-	1,000
Communications	51,000	27,863	42,117
Computer support	17,000	15,783	16,639
Honoraria	250,750	247,580	356,003
Hospitality	6,000	17,822	8,082
Insurance	6,500	6,175	5,885
Licenses and dues	1,500	312	771
Meeting room rentals	7,000	2,225	4,212
Office rent	180,304	182,261	246,731
Office services and supplies	112,303	46,163	163,513
Postage, shipping and courier	7,403	4,867	10,384
Printed material	1,500	314	297
Professional fees	111,000	161,054	220,191
Staff clothing	1,500	169	247
Staff relocation	30,000	-	13,736

Statement of Operating Fund Operations and Deficit For the year ended March 31, 2009

	BUDGET	2009	2008
CORE EXPENDITURES Cont.			
Technical advisory	70,000	248,125	72,414
Training	240,000	186,484	176,218
Translation	24,000	16,936	4,666
Travel - board	229,495	185,992	233,411
Travel - charters	33,000	55,198	43,823
Travel - staff	26,325	30,075	15,780
Wages and benefits	1,338,567	916,358	1,354,105
	\$ 2,766,747	\$ 2,390,356	\$ 3,027,076
PROGRAM EXPENDITURES			
Oil and gas capacity building (Schedule 2)	\$ 2,242,440	\$ 1,313,436	\$ 689,130
Communication/consultation liaison officer (Schedule 3)	100,000	100,019	54,361
Training initiative (Schedule 4)	371,330	294,096	146,243
First Aid and H2S (Schedule 5)	49,590	48,058	-
Working Groups (Schedule 6)	244,650	226,081	-
Working Groups 3 Workshop (Schedule 7)	26,200	22,037	-
Deh Cho Panel (Schedule 8)	200,000	200,000	-
	6,000,957	4,594,083	3,916,810
Excess of revenue (expenditures) – operating fund	(47,330)	(7,093)	(261,581)
Gain on settlement of contingency	-	-	11,002
Transfer to equipment fund	(24,000)	(5,702)	(238,440)
Transfer to refundable contributions	-	(72,732)	-
Excess expenditures	(71,330)	(85,527)	(489,019)
Balance, beginning of year	(226,905)	(226,905)	262,114
Balance, end of year	\$ (298,235)	\$ (312,432)	\$ (226,905)

**STATEMENT OF CHANGES IN EQUIPMENT
FUND BALANCE**

For the year ended March 31, 2009

	2009	2008
Balance, beginning of year	\$ 287,857	\$ 147,151
Additions	5,702	238,440
Amortization	(122,109)	(97,734)
Balance, end of year	\$ 171,450	\$ 287,857

STATEMENT OF FINANCIAL POSITION

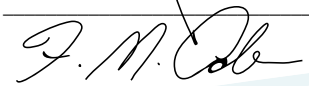
As at March 31, 2009

	2009	2008
ASSETS		
Current		
Cash	\$ 41,280	\$ -
Accounts receivable (Note 5)	292,178	259,525
Prepaid expenses	17,027	5,230
	350,485	264,755
Equipment (Note 6)	171,450	287,857
	\$ 521,935	\$ 552,612
LIABILITIES		
Current		
Bank indebtedness	\$ -	\$ 99,388
Accounts payable and accrued liabilities	590,185	392,272
Refundable contributions (Note 7)	72,732	-
	662,917	491,660
NET ASSETS		
Equipment fund	171,450	287,857
Operating fund	(312,432)	(226,905)
	(140,982)	60,952
	\$ 521,935	\$ 552,612

Approved on behalf of the Board



Director



Director

STATEMENT OF CASH FLOWS

For the year ended March 31, 2009

	2009	2008
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess expenditures – operating fund	\$ (7,093)	\$ (261,581)
Items not affecting cash		
Gain on settlement of contingency	-	11,002
Transfer to refundable contributions	72,732	-
Change in non-cash operating working capital		
Accounts receivable	(32,654)	(193,568)
Prepaid expenses	(11,797)	(170,180)
Accounts payable and accrued liabilities	197,913	(262,327)
Refundable contributions	(72,732)	-
	146,369	(536,294)
INVESTING ACTIVITY		
Purchase of equipment	(5,702)	(238,440)
Change in cash position	140,667	(774,734)
Cash (bank indebtedness) position, beginning of year	(99,387)	675,347
Cash (bank indebtedness) position, end of year	\$ 41,280	\$ (99,387)

Notes to Financial Statements

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 subsection (1) of the *Income Tax Act*.

2. IMPLEMENTED ACCOUNTING CHANGES

General standards for financial statement presentation

The CICA has amended Handbook Section 1400 “General Standards of Financial Statement Presentation” effective for periods beginning on or after January 1, 2008 to include requirements to assess and disclose the Board’s ability to continue as a going concern. The adoption of this new Section did not have an impact on the Board’s financial statements.

Capital disclosures

In July 2008 the CICA amended Section 1535 to apply to fiscal years beginning on or after October 1, 2007. The standard will require the Company to make disclosure regarding:

- The existence of any externally imposed capital requirements;
- Whether the Company had complied with such requirements;
- and If it has not complied, the consequences of such non-compliance.

This new requirement is for disclosure only and will not impact the financial results of the Company.

3. 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.

Available-for-sale assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as held-for-trading, held-to-maturity, or loans and receivables. Available-for-sale assets are subsequently measured at fair value with unrealized gains and losses recorded in other comprehensive income until realized, at which time they will be recognized in net income. No assets have been classified as available-for-sale.

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.

(b) Financial instruments – disclosure and presentation

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated.

(c) 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.

(d) 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.

(e) Recognition of contributions

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.

(f) 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.

4. Future Accounting Changes

Effective April 1, 2007, the Board implemented the new CICA Handbook Section 1506 "Accounting Changes". Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of change in accounting policies, estimates and error on the financial statements.

These recommendations also require the disclosure of new primary sources of generally accepted accounting principles that have been issued that the Board has not adopted because they are not yet in effect.

The impact the adoption of this Section will have on the Board's financial statements will depend on the nature of future accounting changes.

Financial Instruments

In December 2006, the CICA issued Handbook Section 3862, "Financial Instruments – Disclosures" and Section 3863, "Financial Instruments – Presentation". Originally required to be implemented for fiscal years beginning on or after October 1, 2007, the CICA has extended the implementation date for one year, to fiscal years beginning on or after October 1, 2008. Management now intends to implement these Sections effective April 1, 2009.

Section 3862 establishes standards for disclosures about financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. Transitional provisions are complex and vary based on the type of financial instrument under consideration. The effect on the Board's financial statements is not expected to be material.

International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board (AcSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The impact of the transition to IFRS on the Board's financial statements has not yet been determined.

Allocation of Expenses

In January 2009, the CICA issued Handbook Section 4470, which is effective for fiscal years beginning on or after January 1, 2009. The section specifies (i) the disclosure of accounting policies adopted for the allocation of expenses among functions, the nature of the expenses being allocated and the basis for which such allocations have been made, and (ii) that the amounts allocated from fundraising and general support expense and the amounts and functions to which they have been allocated should be disclosed. This new Section relates to disclosures and does not have an impact on the Board's financial results.

5. ACCOUNTS RECEIVABLE

	2009	2008
Department of Indian Affairs and Northern Development	\$ 238,699	\$ 215,523
Goods and Services Tax	51,057	43,652
Other	3,422	1,350
	293,178	260,525
Allowance for doubtful accounts	(1,000)	(1,000)
	\$ 292,178	\$ 259,525

6. EQUIPMENT

	RATE	COST	ACCUMULATED AMORTIZATION	2009 NET BOOK VALUE	2008 NET BOOK VALUE
Furniture and fixtures	20%	\$ 188,005	\$ 148,605	\$ 39,400	\$ 49,251
Computer equipment	30%	261,965	240,999	20,966	30,372
Plotter	30%	12,213	11,639	574	820
Computer software	100%	164,702	163,882	820	2,384
Leasehold improvements	SL/3yr	355,013	245,323	109,690	205,030
		\$ 981,898	\$ 810,448	\$ 171,450	\$ 287,857

7. REFUNDABLE CONTRIBUTIONS

Refundable contributions represent current year surplus funds that are owing to the Department of Indian Affairs and Northern Development.

	2009	2008
Oil and Gas Capacity Building	\$ 42,564	\$ -
Training Initiative	5,904	-
First Aid and H2S	1,532	-
Working Groups	18,569	-
Working Group 3 Workshop	4,163	-
	\$ 72,732	\$ -

8. LINE OF CREDIT

The Board has an operating line of credit with the Canadian Imperial Bank of Commerce with a limit of \$75,000, bearing interest at CIBC prime plus 2.50%. At March 31, 2009, no funds have been drawn on the line of credit.

9. 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 and funding is received from the Government of Canada-Indian and Northern Affairs, should this party ever default on their funding, the Board's operations would be significantly affected.

10. COMMITMENTS

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

	EQUIPMENT	OFFICE	TOTAL
2010	28,200	258,732	286,932
2011	28,200	-	28,200
2012	28,200	-	28,200
2013	9,515	-	9,515
	\$ 94,115	\$ 258,732	\$ 352,847

11. 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*.

(b) To provide an adequate return on investment of capital by providing services commensurate with the level of risk.

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

ratio. The ratio is calculated as current assets minus current liabilities as follows:

12. COMPARATIVE FIGURES

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

13. ECONOMIC DEPENDENCE

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

	2009	2008
Current Assets	\$ 350,485	\$ 264,755
Current Liabilities	(662,917)	(491,660)
	\$ (312,432)	\$ (226,905)

**SCHEDULE 1 – SCHEDULE OF SALARIES, HONORARIA,
TRAVEL EXPENSES AND OTHER REMUNERATION**

For the year ended March 31, 2009

	MONTHS ON STAFF	SALARY	OTHER REMUNERATION	TRAVEL EXPENSES	TOTAL
Director	12	\$ 39,600	\$ 3,719	\$ 3,100	\$ 46,419
Director	12	14,600	8,648	10,923	34,171
Director	12	20,600	13,529	8,712	42,841
Director	8	19,400	4,416	2,062	25,878
Director	12	11,200	8,646	2,851	22,697
Director	12	9,600	4,804	5,174	19,578
Director	12	132,000	34,911	60,181	227,092
Director	7	3,200	2,526	1,362	7,088
Director	12	3,400	878	1,834	6,112
Director	7	45,000	14,504	11,653	71,157
Director	12	52,600	25,218	19,269	97,087
Director	12	11,400	6,940	7,451	25,791
Director	7	3,800	4,504	1,758	10,062
Director	2	1,600	1,254	400	3,254
Director	2	1,600	1,254	400	3,254
Director	7	2,000	1,421	1,134	4,555
Director	5	1,200	520	-	1,720
Director	6	6,400	3,530	3,887	13,817
Director	12	9,400	7,946	6,617	23,963
Senior Management	12	135,458	27,243	18,742	181,443
Senior Management	12	85,747	222	1,032	87,001
Senior Management	4	35,263	2,331	2,146	39,740
Senior Management	12	92,324	29,280	14,091	135,695
Senior Management	11	101,749	2,882	3,772	108,403
Senior Management	3	18,724	7,116	1,594	27,434
		\$ 857,865	\$ 218,242	\$ 190,145	\$ 1,266,252

**SCHEDULE 2 – OIL AND GAS
CAPACITY BUILDING**

For the year ended March 31, 2009

	BUDGET	2009	2008
REVENUE			
Department of Indian Affairs and Northern Development	\$ 2,252,440	\$ 1,356,000	\$ 725,000
EXPENSES			
Advertising	19,000	-	25,270
Communications	40,000	19,432	8,041
Computer support	30,000	8,914	-
Honoraria	140,550	77,620	27,185
Hospitality	12,000	1330	223
Meeting room rentals	6,000	256	-
Office Rent	82,800	83,368	-
Office services and supplies	58,202	68,192	19
Postage, shipping and courier	14,000	4,803	-
Professional fees	107,000	25,486	4,482
Staff relocation	20,000	-	8,625
Technical Advisory	120,000	2,255	-
Training	377,640	92,623	131,688
Translation	24,800	-	-
Travel - board	194,000	52,082	6,066
Travel - charters	78,000	5,987	-
Travel - staff	208,800	43,397	20,388
Wages and benefits	709,648	827,691	457,143
	2,242,440	1,313,436	689,130
Transfer to equipment fund	10,000	-	-
Transfer to refundable contributions	-	(42,564)	-
Excess revenue	\$ -	\$ -	\$ 35,870

**SCHEDULE 3 – COMMUNICATION/
CONSULTATION LIAISON OFFICER**

For the year ended March 31, 2009

	BUDGET	2009	2008
REVENUE			
Department of Indian Affairs and Northern Development	\$ 100,000	\$ 100,000	\$ 100,000
EXPENSES			
Advertising	2,240	6,061	6,123
Communications	10,000	25,256	2,347
Computer support	1,800	-	790
Hospitality	2,400	400	-
Meeting room rentals	1,200	450	-
Office rent	5,400	5,431	1,800
Office services and supplies	1,410	-	270
Postage, shipping and courier	800	1,311	-
Printed material	1,500	-	-
Professional fees	-	715	-
Staff relocation	-	-	13,944
Translation	4,000	1,400	-
Training	-	1,991	11,165
Travel - charters	9,000	1,907	-
Travel - staff	9,000	8,701	1,727
Wages and benefits	51,250	46,396	16,195
	100,000	100,019	54,361
Excess revenue (loss) before fund transfer	-	(19)	45,639
Transfer to property and equipment fund	-	-	45,100
Excess revenue (loss)	\$ -	\$ (19)	\$ 539

SCHEDULE 4 – TRAINING INITIATIVE

For the year ended March 31, 2009

	BUDGET	2009	2008
REVENUE			
Department of Indian Affairs and Northern Development	\$ 300,000	\$ 300,000	\$ 155,229
EXPENSES			
Honoraria	-	3,810	9,504
Hospitality	-	5,428	1,849
Meeting room rentals	-	5,843	204
Office supplies	-	24	8
Potsage, shipping and courier	-	272	-
Professional fees	-	5,288	-
Training	143,600	146,013	75,772
Travel - board	-	2,521	2,285
Travel - staff	227,730	109,009	56,621
Wages and benefits	-	15,888	-
	371,330	294,096	146,243
Transfer to refundable contributions	-	(5,904)	-
Excess revenue (loss)	\$ (71,330)	\$ -	\$ 8,986

SCHEDULE 5 – FIRST AID AND H2S

For the year ended March 31, 2009

	BUDGET	2009	2008
REVENUE			
Department of Indian Affairs and Northern Development	\$ 49,590	\$ 49,590	\$ -
EXPENSES			
Honoraria	8,150	14,220	-
Training	2,840	18,258	-
Travel - board	5,100	532	-
Travel - staff	33,500	15,048	-
	49,590	48,058	-
Transfer to refundable contributions	-	(1,532)	-
Excess revenue	\$ -	\$ -	\$ -

SCHEDULE 6 – WORKING GROUPS

For the year ended March 31, 2009

	BUDGET	2009	2008
REVENUE			
Department of Indian Affairs and Northern Development	\$ 244,650	\$ 244,650	\$ -
EXPENSES			
Hospitality	-	1,013	-
Meeting room rentals	-	6,083	-
Office supplies and services	-	1,483	-
Professional fees	-	2,984	-
Technical advisory	115,300	108,310	-
Travel - board	-	327	-
Travel - staff	129,350	76,938	-
Wages and benefits	-	28,943	-
	244,650	226,081	-
Transfer to refundable contributions	-	(18,569)	-
Excess revenue	\$ -	\$ -	\$ -

**SCHEDULE 7 –
WORKING GROUP 3 WORKSHOP**

For the year ended March 31, 2009

	BUDGET	2009	2008
REVENUE			
Department of Indian Affairs and Northern Development	\$ 26,200	\$ 26,200	\$ -
EXPENSES			
Technical advisory	26,200	19,916	-
Travel - staff	-	2,121	-
	26,200	22,037	-
Transfer to refundable contribution	-	(4,163)	-
Excess revenue	\$ -	\$ -	\$ -

SCHEDULE 8 – DEH CHO PANEL

For the year ended March 31, 2009

	BUDGET	2009	2008
REVENUE			
Department of Indian Affairs and Northern Development	\$ 200,000	\$ 200,000	\$ -
EXPENSES			
Advertising	2,440	1,318	-
Honoraria	38,400	49,260	-
Hospitality	-	290	-
Meeting room rentals	-	531	-
Office services and supplies	-	567	-
Potsage, shipping and courier	-	215	-
Professional fees	27,000	18,923	-
Technical advisory	39,400	74,551	-
Training	8,000	6,517	-
Translation	-	3,631	-
Travel - board	45,760	17,366	-
Travel - charters	39,000	19,763	-
Travel - staff	-	7,068	-
	200,000	200,000	-
Excess revenue	\$ -	\$ -	\$ -





Sharing Responsibility –
*Working together to make the best decisions
for the land, water and people.*

**For more information please
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