

**Mackenzie Valley Land and Water Board**

**Financial Statements**

**March 31, 2015**

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# Mackenzie Valley Land and Water Board

## Financial Statements

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March 31, 2015

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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, 2015 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, 2015 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  
June 18, 2015

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**Mackenzie Valley Land and Water Board**

**Statement of Financial Position**

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As at March 31, 2015 2014

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**Assets**

**Current**

Accounts receivable (Note 3)	\$ 213,749	\$ 49,700
Prepaid expenses	23,154	5,373

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**236,903 55,073**

**Capital assets (Note 4)** **16,866 19,404**

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**\$ 253,769 \$ 74,477**

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**Liabilities**

**Current**

Bank indebtedness (Note 5)	\$ 212,933	\$ 79,876
Accounts payable and accrued liabilities (Note 6)	415,154	363,707

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**628,087 443,583**

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**Net Assets (Deficit)**

**Net assets invested in capital assets** **16,866 19,404**

**Unrestricted net assets (deficit)** **(391,184) (388,510)**

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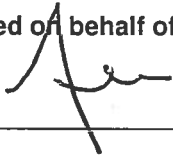
**(374,318) (369,106)**

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**\$ 253,769 \$ 74,477**

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Approved on behalf of the Board



\_\_\_\_\_  
Director



\_\_\_\_\_  
Director

# Mackenzie Valley Land and Water Board

## Statement of Operations

For the year ended March 31,	2015 Budget (Unaudited)	2015 Actual	2014 Actual
<b>Revenue</b>			
Government of Canada - Department of Aboriginal Affairs and Northern Development			
Core	\$ 2,400,000	\$ 2,400,000	\$ 2,400,000
Mackenzie Valley Resource Management Act - Restructuring (Schedule 1)	122,000	122,000	20,000
Deh Cho Panel (Schedule 2)	200,000	200,000	200,000
Public Hearings (Schedule 3)	385,000	385,000	90,000
Mackenzie Valley Resource Management Act - Consultation (Schedule 4)	24,000	24,000	-
Training (Schedule 5)	25,000	25,000	-
Operations and Maintenance Manual (Schedule 6)	-	-	35,000
Other (Schedule 7)	35,000	35,000	-
	<b>3,156,000</b>	<b>3,191,000</b>	<b>2,745,000</b>
<b>Core expenditures</b>			
Advertising	6,000	9,467	3,521
Capital assets	6,000	486	225
Communications	12,000	-	923
Computer support	17,580	20	27,513
Honoraria	246,100	200,375	175,000
Hospitality	2,000	13,468	12,133
Insurance	3,900	5,761	7,402
Licenses and dues	1,200	3,928	6,055
Meeting room rentals	7,800	4,101	1,614
Office rent	258,000	255,877	228,773
Office services and supplies	112,800	128,552	141,999
Postage, shipping and courier	13,020	1,685	1,248
Professional fees - legal	48,000	60,894	100,442
Professional fees - judicial reviews	-	-	11,829
Professional fees - accounting	22,000	13,505	21,399
Technical advisory	20,000	-	14,124
Training	24,000	17,323	24,354
Translation fees	-	8,932	1,689
Travel - board	62,500	33,092	29,828
Travel - staff	13,000	14,796	19,657
Wages and benefits	1,524,100	1,615,113	1,420,244
	<b>2,400,000</b>	<b>2,387,375</b>	<b>2,249,972</b>
<b>Program expenditures</b>			
Mackenzie Valley Resource Management Act - Restructuring (Schedule 1)	122,000	129,548	24,555
Deh Cho Panel (Schedule 2)	200,000	200,009	162,765
Hearings (Schedule 3)	385,000	385,103	77,275
Mackenzie Valley Resource Management Act - Consultation (Schedule 4)	24,000	23,992	-
Training (Schedule 5)	25,000	25,056	-
Operations and Maintenance Manual (Schedule 6)	-	-	32,684
Other (Schedule 7)	35,000	35,000	-
	<b>3,191,000</b>	<b>3,186,083</b>	<b>2,547,231</b>
<b>Funding to reduce prior year deficit</b>	<b>-</b>	<b>4,917</b>	<b>197,769</b>
<b>Excess revenue</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>

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## Mackenzie Valley Land and Water Board

### Statement of Changes in Net Assets (Deficit)

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<b>For the year ended March 31,</b>	<b>Investment in capital assets</b>	<b>Unrestricted net assets</b>	<b>2015</b>	<b>2014</b>
<b>Balance, beginning of year</b>	\$ 19,404	\$ (388,510)	\$ (369,106)	\$ (554,760)
Excess of revenues over expenditures	-	-	-	-
Funding to reduce prior year deficit	-	4,917	4,917	197,769
Investment in capital assets	7,591	(7,591)	-	-
Amortization of capital assets	(10,129)	-	(10,129)	(12,115)
<b>Balance, end of year</b>	\$ 16,866	\$ (391,184)	\$ (374,318)	\$ (369,106)

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## Mackenzie Valley Land and Water Board

### Statement of Cash Flows

For the year ended March 31,	2015	2014
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (revenue) expenditures	\$ -	\$ -
Funding to reduce prior year deficit	4,917	197,769
Change in non-cash operating working capital		
Accounts receivable	(164,049)	66,335
Prepaid expenses	(17,781)	(2,941)
Accounts payable and accrued liabilities	51,447	(206,503)
	<b>(125,466)</b>	<b>54,660</b>
<b>Investing activity</b>		
Purchase of capital assets	<b>(7,591)</b>	<b>(4,334)</b>
<b>Change in bank indebtedness</b>	<b>(133,057)</b>	<b>50,326</b>
<b>Cash (bank indebtedness), beginning of year</b>	<b>(79,876)</b>	<b>(130,202)</b>
<b>Cash (bank indebtedness), end of year</b>	<b>\$ (212,933)</b>	<b>\$ (79,876)</b>

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# Mackenzie Valley Land and Water Board

## Notes to Financial Statements

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March 31, 2015

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### 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

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 accounts receivable, bank indebtedness, 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.



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# Mackenzie Valley Land and Water Board

## Notes to Financial Statements

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March 31, 2015

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### 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 group Registered Retirement Savings Plan (RRSP) providing post-employee benefits for its employees. The cost of the RRSP 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. A provision has also been made for the Board's obligation relating to unused vacation. This amount is not separately funded.

# Mackenzie Valley Land and Water Board

## Notes to Financial Statements

March 31, 2015

### 3. Accounts Receivable

	2015	2014
Government of Canada		
- Department of Aboriginal Affairs and Northern Development	\$ 95,400	\$ 31,000
Payroll advance receivable	4,647	-
Goods and services tax	27,452	18,700
Other	86,250	-
	<b>\$ 213,749</b>	<b>\$ 49,700</b>

### 4. Capital Assets

				2015	2014
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	20%	\$ 188,824	\$ 178,825	\$ 9,999	\$ 12,526
Computer equipment	30%	116,762	109,895	6,867	6,878
Computer software	100%	217,927	217,927	-	-
Leasehold improvements	SL/3yr	387,911	387,911	-	-
		<b>\$ 911,424</b>	<b>\$ 894,558</b>	<b>\$ 16,866</b>	<b>\$ 19,404</b>

### 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%.

	2015	2014
Bank Balance as at March 31, 2015	\$ (93,404)	(36,710)
Add: outstanding deposits	-	-
Less: outstanding cheques	(119,529)	(43,166)
	<b>\$ (212,933)</b>	<b>(79,876)</b>

A deposit was received April 1, 2015 in the amount of \$199,992 to ensure there was sufficient cash for the outstanding cheques.

### 6. Accounts Payable and Accrued Liabilities

	2015	2014
Trade payables	\$ 124,775	\$ 88,357
Visa payable	2,340	2,520
Accrued liabilities	61,507	20,000
Wages and benefits payable	146,488	91,015
Vacation liability	68,765	75,809
Severance liability	11,279	86,006
	<b>\$ 415,154</b>	<b>\$ 363,707</b>

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# Mackenzie Valley Land and Water Board

## Notes to Financial Statements

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March 31, 2015

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### 7. Interfund Transfer

The amount of \$7,591 (2014 - \$4,334) 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.

### 8. 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 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. These amounts are as disclosed in Note 3. The accounts receivable are all considered current.

The Board's maximum exposure to credit risk is represented by the financial assets for a total of \$213,749 (2014 - \$49,700).

#### Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Board in the event of a default. The Board does have concentration risk. At March 31, 2015, receivables from one government agency comprised 45% of the total outstanding accounts receivables (2014 - 62%). The Board reduces this risk by monitoring overdue balances.

#### 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 \$415,154 (2014 - \$363,707). 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.

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## Mackenzie Valley Land and Water Board

### Notes to Financial Statements

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March 31, 2015

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#### 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
2016	\$ 21,660	\$ 254,062	\$ 275,722
2017	21,660	-	21,660
2018	16,438	-	16,438
2019	770	-	770
2020	577	-	577
	<b>\$ 61,105</b>	<b>\$ 254,062</b>	<b>\$ 315,167</b>

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#### 10. Pension Plan

The Board participates in a group RRSP. Substantially all employees 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 RRSP totaled \$83,008 (2014 - \$77,617).

#### 11. Comparative Figures

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

#### 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.

#### 14. Amalgamation of Land and Water Boards

There are four land and water boards which issue land use permits and water licences for resource extraction in the Mackenzie Valley. These four boards were expected to be amalgamated into one as of April 1, 2015. An injunction was issued against the Government of Canada to stop the amalgamation of one of the four boards, thus putting a hold on the amalgamation of the remaining boards. There has been no update to the amalgamation as at the date of the audit report.

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## Mackenzie Valley Land and Water Board

### Schedule 1 - Mackenzie Valley Resource Management Act (MVRMA) - Restructuring

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For the year ended March 31,	2015 Budget (Unaudited)	2015 Actual	2014 Actual
<b>Revenue</b>			
Government of Canada - Department of Aboriginal Affairs and Northern Development	\$ 122,000	\$ 122,000	\$ 20,000
<b>Expenditures</b>			
Honoraria	-	33,981	-
Office services and supplies	22,000	1,069	16,002
Technical consultation fees	50,000	88,706	2,460
Travel	50,000	5,792	6,093
	122,000	129,548	24,555
<b>Excess revenue (expenditures)</b>	\$ -	\$ (7,548)	\$ (4,555)

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## Mackenzie Valley Land and Water Board

### Schedule 2 - Deh Cho Panel

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For the year ended March 31,

	2015 Budget (Unaudited)	2015 Actual	2014 Actual
<b>Revenue</b>			
Government of Canada - Department of Aboriginal Affairs and Northern Development	\$ 122,000	\$ 200,000	\$ 200,000
<b>Expenditures</b>			
Honoraria	24,000	34,900	32,800
Salaries	161,000	145,622	128,615
Travel - board	12,000	13,763	1,350
Travel - staff	3,000	5,724	-
	<b>200,000</b>	<b>200,009</b>	<b>162,765</b>
<b>Excess revenue (expenditures)</b>	<b>\$ -</b>	<b>\$ (9)</b>	<b>\$ 37,235</b>

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## Mackenzie Valley Land and Water Board

### Schedule 3 - Public Hearings

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For the year ended March 31,

	2015 Budget (Unaudited)	2015 Actual	2014 Actual
<b>Revenue</b>			
Government of Canada - Department of Aboriginal Affairs and Northern Development	\$ 385,000	\$ 385,000	\$ 90,000
<b>Expenditures</b>			
Board costs	50,000	44,214	-
Legal	65,000	59,060	9,906
Meeting costs	145,000	18,596	2,006
Technical fees	125,000	263,233	65,363
	<b>385,000</b>	<b>385,103</b>	<b>77,275</b>
<b>Excess revenue (expenditures)</b>	<b>\$ -</b>	<b>\$ (103)</b>	<b>\$ 12,725</b>

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## Mackenzie Valley Land and Water Board

### Schedule 4 - Mackenzie Valley Resource Management Act (MVRMA) - Consultation

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For the year ended March 31,

	2015 Budget (Unaudited)	2015 Actual	2014 Actual
<b>Revenue</b>			
Government of Canada - Department of Aboriginal Affairs and Northern Development	\$ 24,000	\$ 24,000	\$ -
<b>Expenditures</b>			
Office services and supplies	24,000	23,992	-
<b>Excess revenue</b>	\$ -	\$ 8	\$ -

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**Mackenzie Valley Land and Water Board**

**Schedule 5 - Training**

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For the year ended March 31,	2015 Budget (Unaudited)	2015 Actual	2014 Actual
<b>Revenue</b>			
Government of Canada - Department of Aboriginal Affairs and Northern Development	\$ 25,000	\$ 25,000	\$ -
<b>Expenditures</b>			
Board training	25,000	25,056	-
	25,000	25,056	-
<b>Excess expenditures</b>	\$ -	\$ (56)	\$ -

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## Mackenzie Valley Land and Water Board

### Schedule 6 - Operations and Maintenance Manual

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For the year ended March 31,	2015 Budget (Unaudited)	2015 Actual	2014 Actual
<b>Revenue</b>			
Government of Canada - Department of Aboriginal Affairs and Northern Development	\$ -	\$ -	\$ 35,000
<b>Expenditures</b>			
Technical consultation fees	-	-	32,664
<b>Excess revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,336</b>

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## Mackenzie Valley Land and Water Board

### Schedule 7 - Other

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For the year ended March 31,	2015 Budget (Unaudited)	2015 Actual	2014 Actual
<b>Revenue</b>			
Government of the Northwest Territories - Municipal and Community Affairs	\$ 35,000	\$ 35,000	\$ -
<b>Expenditures</b>			
Technical consultation fees	35,000	35,000	-
<b>Excess revenue (expenditures)</b>	\$ -	\$ -	\$ -

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