

Mackenzie Valley Land and Water Board

Financial Statements

March 31, 2018

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Financial Statements

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Mackenzie Valley Land and Water Board ("the Board") which comprises the statement of financial position as at March 31, 2018 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, 2018 and the results of its operations for the year then ended in accordance with Public Sector Accounting Standards for Not-for-Profit Organizations.

**Yellowknife, Northwest Territories
July 19, 2018**

Crowe MacKay LLP
Chartered Professional Accountants

Mackenzie Valley Land and Water Board

Statement of Financial Position

As at March 31, 2018 2017

Assets

Current

Cash	\$ 380,433	\$ 7,870
Accounts receivable (Note 3)	123,559	27,927
Prepaid expenses	1,462	15,450

505,454 51,247

Capital assets (Note 4)

36,249 15,022

\$ 541,703 \$ 66,269

Liabilities

Current

Accounts payable and accrued liabilities (Note 6)	292,776	132,399
Deferred contributions (Note 7)	606,439	312,604

899,215 445,003

Net Assets (Deficit)

Investment in capital assets 36,249 15,022

Unrestricted net assets (deficit) (393,761) (393,761)

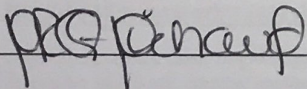
(357,512) (378,739)

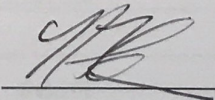
\$ 541,703 \$ 66,264

Commitments (Note 11)

Contractual Rights (Note 9)

Approved on behalf of the Board

 Director

 Director

Mackenzie Valley Land and Water Board

Statement of Operations

For the year ended March 31,

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenue			
Government of Canada - Department of Indigenous and Northern Affairs Canada			
Core	\$ 3,000,000	\$ 3,000,000	\$ 2,400,000
Deh Cho Panel (Schedule 1)	-	-	295,459
Public Hearings (Schedule 2)	414,763	573,763	190,000
Mackenzie Valley Resource Management Act and Administrative Monetary Penalties (Schedule 3)	39,788	39,788	8,750
Government of the Northwest Territories			
Industrial Discharge (Schedule 4)	25,000	25,000	-
Legislative Amendments (Schedule 5)	20,250	22,500	-
Landfarm Guidelines Development (Schedule 6)	-	-	30,000
Transferred from deferred contributions	-	283,313	-
Transfer to deferred contributions	-	(606,439)	(275,689)
	3,439,763	3,337,925	2,648,520
Core expenditures			
Advertising	10,000	8,810	4,508
Amortization	-	10,974	8,080
Computer support	85,000	57,797	65,886
Honoraria	209,500	164,725	125,075
Hospitality	16,000	9,934	3,833
Insurance	8,000	6,056	5,864
Meeting room rentals	5,000	4,487	2,731
Office rent	264,000	244,361	243,874
Office services and supplies	145,000	170,590	164,012
Professional fees - legal	170,000	80,115	67,606
Professional fees - accounting	20,000	17,500	8,138
Training	30,000	22,226	12,110
Travel - board	60,000	32,339	37,031
Travel - panel	37,500	19,671	5,715
Travel - staff	30,000	16,986	14,670
Wages and benefits	1,910,000	1,913,486	1,468,846
	3,000,000	2,780,057	2,237,979
Program expenditures			
Deh Cho Panel (Schedule 1)	-	-	216,203
Public Hearings (Schedule 2)	190,000	449,353	165,237
Mackenzie Valley Resource Management Act and Administrative Monetary Penalties (Schedule 3)	-	39,788	4,222
Industrial Discharge (Schedule 4)	-	25,000	-
Legislative Amendments (Schedule 5)	-	22,500	-
Landfarm Guidelines Development (Schedule 6)	-	-	30,000
	3,190,000	3,316,698	2,653,641
Funding to reduce prior year deficit			
	-	-	-
Excess revenue over expenditures before transfer			
	249,763	21,227	(5,121)
Transfer to (from) capital assets			
	-	(21,227)	5,121
Excess revenues (expenditures)			
	\$ 249,763	\$ -	\$ -

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	2018	2017
Balance, beginning of year	\$ 15,022	\$ (393,761)	\$ (378,739)	\$ (373,618)
Excess of revenues (expenditures) before transfer	-	21,227	21,227	(5,121)
Investment in capital assets	32,201	(32,201)	-	-
Amortization of capital assets	(10,974)	10,974	-	-
Balance, end of year	\$ 36,249	\$ (393,761)	\$ (357,512)	\$ (378,739)

Mackenzie Valley Land and Water Board

Statement of Cash Flows

For the year ended March 31,	2018	2017
Cash provided by (used in)		
Operating activities		
Excess (revenue) expenditures before transfer	\$ 21,227	\$ (5,121)
Item not affecting cash		
Amortization	10,974	8,080
Change in non-cash operating working capital		
Accounts receivable	(95,632)	21,649
Prepaid expenses	13,988	(14,051)
Accounts payable and accrued liabilities	160,372	(133,012)
Deferred contributions	293,835	275,689
	404,764	153,234
Capital activity		
Purchase of capital assets	(32,201)	(2,959)
Change in bank balance	372,563	150,275
Bank balance (bank indebtedness), beginning of year	7,870	(142,405)
Bank balance, end of year	\$ 380,433	\$ 7,870

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2018

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 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, depending on the terms and conditions of the agreement. Deferred funding will be recognized when the goods are acquired or the services are provided.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank indebtedness.

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2018

2. Significant Accounting Policies (continued)

(e) Segment disclosure

The Schedules of Revenues and Expenses has been prepared in accordance with PS Handbook Section PS 2700 – Segment Disclosures. The segments selected are to enable users to better understand the government reporting entity and the major revenue and expense activities of the Board. For each reported segment, revenues and expenses represent amounts directly attributable to each segment. Segments include:

Deh Cho Panel: includes the revenue and expenses pertaining to the Deh Cho Panel.

Public Hearings: includes the revenue and expenses pertaining to Public Hearings.

Mackenzie Valley Resource Management Act and Administrative Monetary Penalties - workshops: included the revenue and expenses pertaining to Mackenzie Value Resource Management Act and Administrative Monetary Penalties - workshops.

Industrial discharge: includes the revenue and expenses pertaining to Industrial discharge analysis.

GNWT - Legislative amendments: includes the revenue and expenses pertaining to GNWT Legislative amendments.

Landfarm guidelines development: includes the revenue and expenses pertaining to Landfarm guidelines development.

(f) 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.

(g) 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 fulfil that contribution agreement.

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2018

(h) 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. The Pension Plan is a contributory multi-employer defined benefit plan covering employees eligible to participate.

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.

3. Accounts Receivable

	2018	2017
Government of Canada - Department of Indigenous and Northern Affairs Canada	\$ 2,651	\$ -
Government of Canada - Department of Indigenous and Northern Affairs Canada - payroll receivable	26,817	-
Government of the Northwest Territories - Department of Environment and Natural Resources	27,500	-
Goods and services tax	33,589	\$ 18,830
Trade	33,002	9,097
	\$ 123,559	\$ 27,927

Allowance for doubtful accounts for the year ended March 31, 2018 is nil (2017 - nil).

4. Capital Assets

			2018	2017
	Rate	Cost	Accumulated Amortization	Net Book Value
Furniture and fixtures	20%	\$ 208,754	\$ 186,831	\$ 21,923
Computer equipment	30%	54,267	48,167	6,100
Computer software	100%	233,170	232,424	746
Leasehold improvements	SL/2yr	397,884	390,404	7,480
		\$ 894,075	\$ 857,826	\$ 36,249
				\$ 15,022

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%. As at year end, the Board had not utilized the line of credit. (2017 - nil)

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2018

6. Accounts Payable and Accrued Liabilities

	2018		2017
Accounts payable and accrued liabilities	\$ 108,812	\$	42,576
Wages and benefits payable	83,954		33,679
Vacation and time in lieu liability	62,897		56,144
Government remittances payable	37,113		-
	\$ 292,776	\$	169,512

7. Deferred Contributions

	2018		2017
Government of Canada - Department of Indigenous and Northern Affairs Canada	\$ 606,439	\$	312,604

8. Interfund Transfer

The amount of \$21,227 (2017 - \$2,959) 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.

9. Contractual Rights

The Board has signed a multi-year contribution agreement with the Government of Canada - Department of Indigenous and Northern Affairs Canada for \$3,000,000 annually from April 1, 2017 to March 31, 2022.

10. Pension Plan

Participating employers in the Plan, including the Board are required to make contributions to the plan of 8% (2017 - 8%) of pensionable earnings, and to remit employee contributions of 8% (2017 - 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, 2018, the NEBS Pension Plan had a going concern surplus of \$24,000,000 (2017 - \$16,600,000) and a funded ratio of 113% (2017 - 110%). The Plan serves 3,033 employee members and 107 participating employers.

During the year contributions made by the Board to the NEBS pension plan totaled \$107,725 (2017 - \$86,774).

Mackenzie Valley Land and Water Board

Notes to Financial Statements

March 31, 2018

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
2019	\$ 17,694	\$ 239,313	\$ 257,007
2020	17,694	239,313	257,007
2021	17,694	59,828	77,522
2022	17,694	-	17,694
2023 and subsequent years	22,117	-	22,117
	\$ 92,893	\$ 538,454	\$ 631,347

12. Comparative Figures

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

13. Budget

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

14. Economic Dependence

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

15. 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

Notes to Financial Statements

March 31, 2018

16. 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.

The Board has funds in excess of federally insured limits in one Canadian federally regulated chartered bank.

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 \$123,559 (2017 - \$27,927).

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 \$292,776 (2017 - \$132,399). 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.

Mackenzie Valley Land and Water Board

Schedule 1 - Deh Cho Panel

For the year ended March 31,

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenue			
Government of Canada - Department of Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ 295,459
Expenditures			
Accounting	-	-	5,000
Honoraria	-	-	20,950
Office services and supplies	-	-	12,762
Professional fees	-	-	25,609
Salaries	-	-	151,882
	-	-	216,203
Excess revenue (expenditures)	-	-	79,256
Transfer to deferred contributions	-	-	(79,256)
Excess of revenue (expenditures)	\$ -	\$ -	\$ -

Mackenzie Valley Land and Water Board

Schedule 2 - Public Hearings

For the year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenue			
Government of Canada - Department of Indigenous and Northern Affairs Canada	\$ 414,763	\$ 573,763	\$ 190,000
Expenditures			
Advertising	3,000	-	-
Board travel	28,606	42,167	13,001
Honoraria	56,565	86,186	23,350
Legal	219,491	135,000	77,005
Meeting costs	33,000	74,107	2,051
Office services and supplies	14,529	11,282	2,347
Salaries	59,572	87,574	37,318
Technical fees	-	13,037	10,165
	414,763	449,353	165,237
Excess revenue (expenditures)	-	124,410	24,763
Transfer to deferred contributions	-	(124,410)	(24,763)
Excess of revenue (expenditures)	\$ -	\$ -	\$ -

Mackenzie Valley Land and Water Board

Schedule 3 - Mackenzie Valley Resource Management Act and Administrative Monetary Penalties - Workshops

For the year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenue			
Government of Canada - Department of Indigenous and Northern Affairs Canada	\$ 39,788	\$ 35,260	\$ 8,750
Transferred from deferred revenues	-	4,528	-
	39,788	39,788	8,750
Expenditures			
Board travel	2,000	2,329	2,071
Board training	18,500	20,346	-
Honoraria	3,500	3,327	-
Legal	7,778	2,952	2,151
Meeting costs	4,000	-	-
Office services and supplies	4,010	6,195	-
Salaries	-	4,639	-
	39,788	39,788	4,222
Transfer to deferred revenues	-	-	4,528
	-	-	(4,528)
Excess revenue (expenditures)	\$ -	\$ -	\$ -

Mackenzie Valley Land and Water Board

Schedule 4 - Industrial Discharge

For the year ended March 31,

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenue			
Government of Northwest Territories - Department of Environment and Natural Resources	\$ 25,000	\$ 25,000	\$ -
Expenditures			
Salaries	-	505	-
Technical advisory	25,000	24,495	-
	25,000	25,000	-
Excess revenue (expenditures)	\$ -	\$ -	\$ -

Mackenzie Valley Land and Water Board

Schedule 5 - GNWT - Legislative Amendments

For the year ended March 31,

2018
Budget
(Unaudited)

2018
Actual

2017
Actual

Revenue

Government of the Northwest Territories - Department of
Environment and Natural Resources

\$ 20,250 \$ 22,500 \$ -

Expenditures

Legal

20,250 22,500 -

Excess revenue (expenditures)

- \$ - \$ -

Mackenzie Valley Land and Water Board

Schedule 6 - Landfarm Guidelines Development

For the year ended March 31,

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Revenue			
Government of the Northwest Territories - Department of Environment and Natural Resources	\$ -	\$ -	\$ 25,000
Government of the Northwest Territories - Inuvialuit Water Board	-	-	5,000
	-	-	30,000
Expenditures			
Technical consultation fees	-	-	30,000
	-	-	-
Excess revenue (expenditures)	\$ -	\$ -	\$ -
