

**Mackenzie Valley Environmental  
Impact Review Board**

**Financial Statements**

**March 31, 2011**

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# Mackenzie Valley Environmental Impact Review Board

## Financial Statements

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March 31, 2011

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## **Independent Auditors' Report**

**To the Board of Directors of  
Mackenzie Valley Environmental Impact Review Board**

We have audited the accompanying financial statements of Mackenzie Valley Environmental Impact Review Board which comprises the statement of financial position as at March 31, 2011 and the statements of operations - operating fund, changes in equipment fund, 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 Canadian Generally Accepted Accounting Principles, 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 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, 2011 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



**Yellowknife, Northwest Territories  
June 24, 2011**

**Chartered Accountants**

# Mackenzie Valley Environmental Impact Review Board

## Statement of Operations - Operating Fund

| For the year ended March 31,  | Budget<br>2011   | Actual<br>2011   | Actual<br>2010 |
|---|------------------|------------------|----------------|
| <b>Revenue</b>  |                  |                  |                |
| Department of Indian Affairs and Northern Development                               |                  |                  |                |
| - Claims Implementation   | \$ 2,567,390     | \$ 2,567,390     | \$ 2,713,599   |
| - Environmental Impact Assessment Guidelines  | -                | -                | 33,120         |
| - Environmental Impact Review   | -                | 96,615           | 155,796        |
| - Environmental Assessment Process Review   | -                | 45,000           | -              |
| - Joint Review Panel  | -                | -                | 456,685        |
| Canadian Northern Economic Development Agency                                       |                  |                  |                |
| - Rare Earth Elements Translators Workshop  | -                | -                | 25,000         |
| Other   | -                | 412              | 12,971         |
| Deferred contribution from prior year   | 683,896          | 819,425          | 1,585,710      |
|   | <b>3,251,286</b> | <b>3,528,842</b> | 4,982,881      |
| <b>Repayable surplus contribution</b>   | -                | <b>30,182</b>    | 22,604         |
|   | <b>3,251,286</b> | <b>3,498,660</b> | 4,960,277      |
| <b>Expenses</b>   |                  |                  |                |
| Administration  | 185,070          | 135,652          | 172,644        |
| Canadian Environmental Assessment Agency -<br>1/3 share of Joint Review Panel costs | -                | 24,329           | 767,494        |
| Communications  | 71,800           | 102,072          | 54,654         |
| Honoraria   | 591,500          | 543,406          | 521,250        |
| Office rent   | 247,800          | 272,463          | 227,797        |
| Professional fees   | 647,195          | 578,540          | 561,321        |
| Salaries, wages and benefits  | 1,077,395        | 1,435,035        | 1,506,370      |
| Travel - board  | 245,800          | 196,832          | 222,576        |
| Travel - staff  | 184,726          | 58,859           | 85,906         |
|   | <b>3,251,286</b> | <b>3,347,188</b> | 4,120,012      |
| <b>Excess of revenue over expenses before transfer</b>                              |                  | <b>151,472</b>   | 840,265        |
| <b>Transfer to equipment fund (Note 4)</b>  | -                | <b>(6,964)</b>   | (20,839)       |
| <b>Excess of revenue over expenses</b>  | -                | <b>144,508</b>   | 819,426        |
| <b>Transfer to deferred contributions (Note 9)</b>                                  | -                | <b>(144,508)</b> | (819,426)      |
| <b>Excess revenue</b>   | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ -</b>    |

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## Mackenzie Valley Environmental Impact Review Board

### Statement of Changes in Equipment Fund

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| For the year ended March 31,          | 2011      | 2010      |
|---------------------------------------|-----------|-----------|
| Opening balance                       | \$ 45,826 | \$ 40,377 |
| Transfer from operating fund (Note 4) | 6,964     | 20,839    |
| Amortization                          | (18,450)  | (15,390)  |
| Closing balance                       | \$ 34,340 | \$ 45,826 |

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# Mackenzie Valley Environmental Impact Review Board

## Statement of Financial Position

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| As at March 31,                | 2011              | 2010                |
|--------------------------------|-------------------|---------------------|
| <b>Assets</b>                  |                   |                     |
| <b>Current</b>                 |                   |                     |
| Cash                           | \$ 313,046        | \$ 556,515          |
| Temporary investments (Note 5) | 20,000            | 520,000             |
| Accounts receivable (Note 6)   | 21,176            | 81,791              |
| Prepaid expenses               | 1,124             | 4,103               |
|                                | <b>355,346</b>    | <b>1,162,409</b>    |
| <b>Equipment (Note 7)</b>      | <b>34,340</b>     | <b>45,826</b>       |
|                                | <b>\$ 389,686</b> | <b>\$ 1,208,235</b> |

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## Liabilities

|  |                |                  |
|--|----------------|------------------|
| <b>Current</b>                           |                |                  |
| Accounts payable and accrued liabilities | \$ 180,656     | \$ 320,380       |
| Contributions repayable (Note 8)         | 30,182         | 22,604           |
| Deferred contributions (Note 9)          | 144,508        | 819,425          |
|  | <b>355,346</b> | <b>1,162,409</b> |


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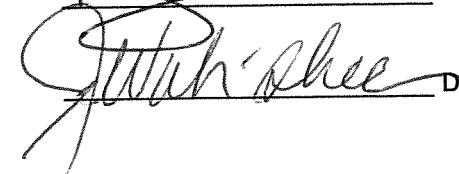
## Net Assets

|                       |                   |                     |
|-----------------------|-------------------|---------------------|
| <b>Equipment fund</b> | <b>34,340</b>     | <b>45,826</b>       |
|                       | <b>\$ 389,686</b> | <b>\$ 1,208,235</b> |

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Approved on behalf of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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# Mackenzie Valley Environmental Impact Review Board

## Statement of Cash Flows

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| For the year ended March 31,             | 2011              | 2010                |
|--|-------------------|---------------------|
| Cash provided by (used in)               |                   |                     |
| <b>Operating activities</b>              |                   |                     |
| Excess revenue                           | \$ -              | \$ -                |
| Change in non-cash operating working     |                   |                     |
| Accounts receivable                      | 60,616            | 106,708             |
| Prepaid expenses                         | 2,978             | 2,755               |
| Accounts payable and accrued liabilities | (139,723)         | (103,100)           |
| Contribution repayable                   | 7,578             | (13,649)            |
| Deferred contributions                   | (674,918)         | (766,285)           |
|  | <b>(743,469)</b>  | <b>(773,571)</b>    |
| <b>Investing activities</b>              |                   |                     |
| Purchase of equipment                    | (6,964)           | (20,839)            |
| Investment in Equipment Fund             | 6,964             | 20,839              |
|  | -                 | -                   |
| <b>Change in cash position</b>           | <b>(743,469)</b>  | <b>(773,571)</b>    |
| <b>Cash position, beginning of year</b>  | <b>1,076,515</b>  | <b>1,850,086</b>    |
| <b>Cash position, end of year</b>        | <b>\$ 333,046</b> | <b>\$ 1,076,515</b> |
| <b>Represented by</b>                    |                   |                     |
| Cash                                     | \$ 313,046        | \$ 556,515          |
| Temporary investments                    | 20,000            | 520,000             |
|  | <b>\$ 333,046</b> | <b>\$ 1,076,515</b> |

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# Mackenzie Valley Environmental Impact Review Board

## Notes to Financial Statements

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March 31, 2011

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### 1. Organization and Jurisdiction

The Mackenzie Valley Environmental Impact Review Board (the "Board") was established under the *Mackenzie Valley Resource Management Act* with a mandate to conduct environmental impact assessments in the Mackenzie Valley of the Northwest Territories.

The Board is exempt from income tax under section 149(1) of the *Income Tax Act*.

### 2. 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 transaction. 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 and temporary investments have 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.

All other financial liabilities that are not classified as held for trading are subsequently measured at cost or amortized cost.



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# Mackenzie Valley Environmental Impact Review Board

## Notes to Financial Statements

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### 2. Significant Accounting Policies (continued)

#### (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 includes the main core operating accounts of the Board. The Equipment fund reports the activities relating to the Board's equipment.

#### (d) Equipment

Purchased equipment is recorded in the equipment fund at cost. Amortization is recorded in the equipment fund using the declining balance method and the straight-line method at the annual rates set out in Note 7.

#### (e) Revenue Recognition

The Board follows the deferral method of accounting for contributions. 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. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Under Canadian generally accepted accounting principles for not-for-profit organizations, funding received for restricted purposes that has not been expended is required to be deferred. The commitments of the Board under the funding agreement have been met; any remaining balance will be applied towards the planning and carrying out of duties and responsibilities assigned to the Board under the Gwich'in Comprehensive Land Claim Agreements, Implementation Plan, and related Act(s) of Parliament.

#### (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.

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# Mackenzie Valley Environmental Impact Review Board

## Notes to Financial Statements

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### 3. Future Changes to Significant Accounting Policies

#### Public Sector Accounting Standards

In October 2010 the Public Sector Accounting Board ("PSAB") decided that, effective for fiscal years beginning on or after January 1, 2012, government not-for-profit organizations ("GNPO's") that have been preparing their financial statements in accordance with accounting standards for not-for-profit organizations contained in Section 4400 of the CICA Handbook, must report in accordance with the CICA's Public Sector Accounting Handbook into which Section 4400 will be incorporated. Early adoption of either framework is permitted, however, the Board has decided against early adoption. The impact of the transition to these accounting standards has not been determined.

### 4. Interfund Transfers

Amounts of \$6,964 (2010 - \$20,839) were transferred from the Operating Fund to the Equipment Fund for the acquisition of assets.

### 5. Temporary Investments

The temporary investments are made of flexible Guaranteed Investment Certificates. They bear interest at 0.5% and mature on October 18, 2011.

### 6. Accounts Receivable

|                        | 2011             | 2010             |
|------------------------|------------------|------------------|
| Goods and Services Tax | \$ 16,676        | \$ 33,299        |
| Other                  | 4,500            | 48,492           |
|                        | <b>\$ 21,176</b> | <b>\$ 81,791</b> |

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### 7. Equipment

|                        |          |                   | 2011                        | 2010              |                   |
|------------------------|----------|-------------------|-----------------------------|-------------------|-------------------|
|                        | Rate     | Cost              | Accumulated<br>Amortization | Net Book<br>Value | Net Book<br>Value |
| Furniture and fixtures | 20%      | \$ 115,614        | \$ 100,255                  | \$ 15,359         | \$ 20,506         |
| Leasehold improvements | 20%      | 99,876            | 84,639                      | 15,237            | 19,970            |
| Computer hardware      | 3 yr S/L | 42,578            | 38,834                      | 3,744             | 5,350             |
|                        |          | <b>\$ 258,068</b> | <b>\$ 223,728</b>           | <b>\$ 34,340</b>  | <b>\$ 45,826</b>  |

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# Mackenzie Valley Environmental Impact Review Board

## Notes to Financial Statements

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### 8. Contributions Repayable

|   | 2011      | 2010      |
|---|-----------|-----------|
| Department of Indian Affairs and Northern Development |           |           |
| - Environmental Assessment Practitioner's workshop    | \$ -      | \$ 22,604 |
| - Joint Review Panel                                  | 30,182    | -         |
|   | <hr/>     | <hr/>     |
|   | \$ 30,182 | \$ 22,604 |

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### 9. Deferred Contributions

|   | 2011       | 2010       |
|---|------------|------------|
| Department of Indian Affairs and Northern Development |            |            |
| - Claims Implementation                               | \$ 119,564 | \$ 683,895 |
| - Environmental Impact Review Panel                   | 24,944     | 80,804     |
| - Joint Review Panel                                  | -          | 54,726     |
|   | <hr/>      | <hr/>      |
|   | \$ 144,508 | \$ 819,425 |

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### 10. Capital Disclosure

The Board's objectives when managing capital are:

- (a) To safeguard the Board's ability to continue as a going concern, so that it can continue to provide returns for members and benefits for the community
- (b) To provide an adequate return on investment of capital by pricing products and services commensurately with the level of risk.

The Board manages the capital structure in the 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:

|                     | 2011       | 2010         |
|---------------------|------------|--------------|
| Current Assets      | \$ 355,346 | \$ 1,162,409 |
| Current Liabilities | 355,346    | 1,162,409    |
|                     | <hr/>      | <hr/>        |
|                     | \$ -       | \$ -         |

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# Mackenzie Valley Environmental Impact Review Board

## Notes to Financial Statements

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### 11. Commitments

The Board's total obligation, under an equipment operating lease and a property lease agreement, is as follows:

|      |              |
|------|--------------|
| 2012 | \$ 292,050   |
| 2013 | 292,050      |
| 2014 | 292,050      |
| 2015 | 286,667      |
| 2016 | 142,437      |
|      | <hr/>        |
|      | \$ 1,305,254 |

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### 12. Related Party Transactions

During the year, honoraria and travel expenditures were paid to a member of the Board of Directors who is an immediate family member of one of the Board's managers. These expenditures were in the normal course of business.

### 13. Employee Benefit Plan

The Board participates in a Registered Retirement Savings Plan for its employees. Substantially all employees with at least one year of service are eligible to participate. The Board contributions are in accordance with the individual's employment contract. The Board contributed \$74,765 in 2011 on behalf of its employees.

### 14. Budget

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

### 15. Economic Dependence

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

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# Mackenzie Valley Environmental Impact Review Board

## Notes to Financial Statements

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### 16. Financial Instruments

The following section describes the Board's financial risk management objectives and policies and the Board's financial risk exposures.

(a) 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. The Board is exposed to credit risk from the concentration of accounts receivable with one organization.