

**Mackenzie Valley Environmental Impact Review Board**

**Financial Statements**

**March 31, 2014**

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# Mackenzie Valley Environmental Impact Review Board

## Financial Statements

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March 31, 2014

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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, 2014 and the statements of operations, changes in net assets, 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 for such 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, 2014 and the results of its operations for the year then ended in accordance with Public Sector Accounting Standards for Not-for-Profit Organizations.

*Crowe MacKay LLP*

# Mackenzie Valley Environmental Impact Review Board

## Statement of Financial Position

As at March 31,	2014	2013
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 226,947	\$ -
Term deposits	-	20,248
Accounts receivable (Note 3)	28,751	31,273
Prepaid expenses	47,845	9,776
	<b>303,543</b>	<b>61,297</b>
<b>Capital Assets (Note 4)</b>	<b>13,500</b>	<b>17,889</b>
	<b>\$ 317,043</b>	<b>\$ 79,186</b>

## Liabilities


<b>Current</b>		
Bank indebtedness (Note 5)	\$ -	\$ 35,886
Accounts payable and accrued liabilities	18,399	78,062
Salaries, vacation and severance payable (Note 6)	159,934	150,530
Contributions repayable (Note 7)	3,535	56,128
Deferred contributions (note 8)	121,536	-
	<b>303,404</b>	<b>320,606</b>

## Net Assets

<b>Net assets invested in capital assets</b>	<b>13,500</b>	<b>17,889</b>
<b>Unrestricted net assets</b>	<b>139</b>	<b>(259,309)</b>
	<b>13,639</b>	<b>(241,420)</b>
	<b>\$ 317,043</b>	<b>\$ 79,186</b>

Commitments (Note 9)  
Contingent Liability (Note 14)

Approved on behalf of the Board

 Director

 Director

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## Mackenzie Valley Environmental Impact Review Board

### Statement of Operations

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For the year ended March 31,	Budget 2014	Actual 2014	Actual 2013
<b>Revenue</b>			
Government of Canada Department of Aboriginal Affairs and Northern Development			
- Claims Implementation	\$ 2,790,814	\$ 2,790,727	\$ 2,803,758
- Environmental Impact Review	95,642	95,642	764,311
- Board Forum Training	150,000	150,000	200,000
Other	4,461	4,546	118
Deferred contribution from prior year	-	-	265,076
	<b>3,040,917</b>	<b>3,040,915</b>	4,033,263
<b>Expenses</b>			
Administration	154,884	133,018	175,003
Communications	42,992	27,452	72,377
Honoraria	567,451	531,688	606,331
Office rent	305,269	306,024	306,222
Professional fees	459,285	425,031	1,169,265
Salaries, wages and benefits	1,031,998	1,039,020	1,523,536
Training	50,121	52,280	136,585
Travel - board	138,319	109,344	215,039
Travel - staff	31,046	32,658	62,269
	<b>2,781,365</b>	<b>2,656,515</b>	4,266,627
<b>Excess of revenue over expenses before transfer</b>	<b>259,552</b>	<b>384,400</b>	(233,364)
<b>Gain (loss) on disposal of capital asset</b>	-	120	-
<b>Excess of revenue over expenses</b>	<b>259,552</b>	<b>384,520</b>	(233,364)
<b>Transfer to deferred contributions</b>	-	(121,536)	-
<b>Transfer to contributions repayable</b>	-	(3,535)	(25,946)
<b>Excess revenue (expenses)</b>	<b>\$ 259,552</b>	<b>\$ 259,449</b>	<b>\$ (259,310)</b>

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## Mackenzie Valley Environmental Impact Review Board

### Statement of Changes in Net Assets

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<b>For the year ended March 31,</b>	Invested in capital assets	Unrestricted	<b>2014</b>	2013
<b>Balance, beginning of year</b>	\$ 17,889	\$ (259,310)	<b>\$ (241,421)</b>	\$ 25,312
Excess revenue (expenses)	-	259,449	<b>259,449</b>	(259,310)
Disposal of capital assets	-	-	-	(883)
Amortization of capital assets	(4,389)	-	<b>(4,389)</b>	(6,540)
<b>Balance, end of year</b>	\$ 13,500	\$ 139	<b>\$ 13,639</b>	\$ (241,421)

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## Mackenzie Valley Environmental Impact Review Board

### Statement of Cash Flows

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For the year ended March 31, 2014 2013

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#### Cash provided by (used in)

##### Operating activities

Excess revenue (expenses)	\$ 259,449	\$ (259,310)
Items not affecting cash		
Gain on disposal of capital asset	(120)	-
Change in non-cash operating working		
Accounts receivable	2,522	16,496
Prepaid expenses	(38,069)	(8,511)
Accounts payable and accrued liabilities	(59,664)	(25,956)
Salaries, vacation and severance payable	9,404	36,586
Contributions repayable	(52,593)	25,946
Deferred contributions	121,536	(265,076)

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**242,465** **(479,825)**

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##### Investing activities

Proceeds on disposal of capital asset	<b>120</b>	-
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**Change in cash position** **242,585** **(479,825)**

**Cash (bank indebtedness) position, beginning of year** **(15,638)** 464,187

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**Cash (bank indebtedness) position, end of year** **\$ 226,947** **\$ (15,638)**

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##### Represented by

Cash (bank indebtedness)	\$ 226,947	\$ (35,886)
Term deposits	-	20,248

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**\$ 226,947** **\$ (15,638)**

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# Mackenzie Valley Environmental Impact Review Board

## Notes to the Financial Statements

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March 31, 2014

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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)(l) of the *Income Tax Act*.

### 2. Significant Accounting Policies

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) 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 Public Sector Accounting Standards 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.

#### (b) 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 contributions by the Board during each period.

Provisions 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. Accordingly, the Board has provided for obligations related to unused vacation and severance entitlement. The accrued amounts have been classified under accounts payable and accrued liabilities.



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# Mackenzie Valley Environmental Impact Review Board

## Notes to the Financial Statements

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March 31, 2014

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### 2. Significant Accounting Policies (continued)

#### (c) Capital Assets

Purchased property and equipment is recorded in the capital asset fund at cost. Amortization is recorded in the capital asset fund using the declining balance method and the straight-line method at the annual rates set out in Note 4.

#### (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) Financial Instruments

##### Initial measurement

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly related to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

##### Subsequent measurement

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities, and contributions repayable.

The Board has no financial instruments measured at fair value.

##### Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in net income.

Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal is recognized in net income.

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## Mackenzie Valley Environmental Impact Review Board

### Notes to the Financial Statements

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March 31, 2014

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#### 3. Accounts Receivable

	2014		2013	
Goods and Services Tax	\$	25,695	\$	26,980
Other		3,056		4,293
	\$	<b>28,751</b>	\$	<b>31,273</b>

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#### 4. Capital Assets

		2014		2013	
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	20%	\$ 115,614	\$ 108,417	\$ 7,197	\$ 8,994
Leasehold improvements	20%	99,876	94,424	5,452	7,680
Computer hardware	3 yr S/L	34,199	33,348	851	1,215
		\$ 249,689	\$ 236,189	\$ 13,500	\$ 17,889

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#### 5. Bank Indebtedness

A demand operating loan has been authorized to a maximum of \$100,000 and bears interest at CIBC's prime lending rate plus 1.5% per annum and is secured by a general security agreement and an assignment of insurance. Secured by capital assets with a net book value of \$13,500.

#### 6. Salaries, vacation and severance payable

	2013		2014	
	Opening	Used	Additions	Closing
Severance payable	\$ 49,302	\$ (12,211)	\$ 11,918	\$ 49,009
Vacation payable	69,279	(10,124)	1,966	61,121
Wages payable	31,949	(31,949)	49,804	49,804
	\$ 150,530	\$ (54,284)	\$ 63,688	\$ 159,934

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During the year the Board included in the salaries, wages and benefits expense amounts of \$50,053 (2013-\$123,866) of current and future employee benefits.

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## Mackenzie Valley Environmental Impact Review Board

### Notes to the Financial Statements

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March 31, 2014

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#### 7. Contributions Repayable

	2014	2013
Aboriginal Affairs and Northern Development Canada		
- Board Forum Training	\$ 3,535	\$ 25,946
- Joint Review Panel	-	30,182
	<b>\$ 3,535</b>	<b>\$ 56,128</b>

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#### 8. Deferred Contributions

	2014	2013
Aboriginal Affairs and Northern Development Canada		
- Claims Implementation	\$ 121,536	\$ -

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#### 9. Commitments

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

2015	\$ 310,678
2016	159,171
2017	7,663
	<b>\$ 477,512</b>

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#### 10. Related Party Transactions

During the year, honoraria and travel expenditures were paid to members of the Board of Directors. These expenditures were in the normal course of the Board's operations.

#### 11. Pension Plan

The Board participates in the NEBS Pension Plan which is a defined contribution plan. Substantially all employees with at least one year of service 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 NEBS pension plan totaled \$45,055 (2013 - \$76,175).

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# Mackenzie Valley Environmental Impact Review Board

## Notes to the Financial Statements

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March 31, 2014

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### 12. Budget

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

### 13. Financial Instruments

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

The Board does not have formalized financial risk management objectives and policies.

#### (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 in cash \$ 225,781 (2013 - \$(36,386)) as a result of having funds with a chartered bank in excess of the insurable limit. Furthermore the full balance of cash is held at one financial institution.

#### (b) Liquidity risk

The Board does have a liquidity risk in the accounts payable and accrued liabilities of \$18,399 (2013 - \$78,062). Liquidity risk is the risk that the Board cannot repay its obligations when they become due to its creditors. The Board reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due.

### 14. Contingent Liability

During the 2012 fiscal year, a former employee filed a statement of claim in the Supreme Court of the Northwest Territories against the Board for constructive dismissal. The likelihood or amount of any liability cannot be reasonably determined and as such no liability has not been accrued in these financial statements.

### 15. Comparative Figures

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