Mackenzie Valley Environmental Impact Review Board

Financial Statements

March 31, 2009

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CHARTERED ACCOUNTANTS
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Auditors' Report

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

We have audited the statement of financial position of Mackenzie Valley Environmental Impact Review Board as at March 31, 2009 and the statements of operations - operating fund, and changes in equipment fund for the year then ended. These financial statements are the responsibility of the Board'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.

Mackay LLP

Chartered Accountants

Yellowknife, Northwest Territories
May 12, 2009

Mackenzie Valley Environmental Impact Review Board

Statement of Operations - Operating Fund

For the year ended March 31,	Budget 2009	Actual 2009	Actual 2008
Revenue			
Department of Indian Affairs and Northern Development			
- Claims Implementation	$ 2,479,946	$ 2,979,946	$ 2,944,011
- Environmental Assessment Practitioner's Workshop	-	-	50,000
- Environmental Impact Assessment Guidelines	-	49,850	-
- Environmental Impact Review	-	33,095	700,000
- Glossary of Terms	-	-	5,550
- Joint Review Panel	-	1,685,167	-
Other	-	13,649	183
Deferred contribution from prior year	614,182	1,002,740	1,474,836
	3,094,128	**5,764,447**	5,174,580
Repayable surplus contribution	-	**36,253**	21,076
	3,094,128	**5,728,194**	5,153,504
Expenses			
Administration	102,940	135,755	115,099
Canadian Environmental Assessment Agency - 1/3 share of Joint Review Panel costs	-	1,223,642	1,133,440
Communications	81,130	68,054	43,309
Honoraria	530,600	441,085	510,540
Office rent	153,720	179,144	170,483
Professional fees	502,270	438,751	446,616
Salaries, wages and benefits	1,265,836	1,343,084	1,335,675
Travel - board	257,877	228,424	253,650
Travel - staff	169,755	84,544	135,282
	3,064,128	**4,142,483**	4,144,094
Excess of revenue over expenses before transfer	**30,000**	**1,585,711**	1,009,410
Transfer to equipment fund (Note 5)	**(30,000)**	-	(6,670)
Excess of revenue over expenses	-	**1,585,711**	1,002,740
Transfer to deferred contributions (Note 10)	-	**(1,585,711)**	(1,002,740)
Excess revenue	$ -	$ -	$ -

Mackenzie Valley Environmental Impact Review Board

Statement of Changes in Equipment Fund

For the year ended March 31,	2009	2008
Opening balance	$ **53,506**	$ 63,275
Transfer from operating fund (Note 5)	**-**	6,670
Amortization	**(13,129)**	(16,439)
Closing balance	$ **40,377**	$ 53,506

Mackenzie Valley Environmental Impact Review Board

Statement of Financial Position

As at March 31,	2009	2008
Assets		
Current		
Cash	$ 350,086	$ 1,010,981
Temporary investments (Note 6)	1,500,000	-
Accounts receivable (Note 7)	188,500	127,366
Prepaid expenses	6,857	4,475
	2,045,443	1,142,822
Equipment (Note 8)	**40,377**	53,506
	$ 2,085,820	$ 1,196,328
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 423,479	$ 119,006
Contributions repayable (Note 9)	36,253	21,076
Deferred contributions (Note 10)	1,585,711	1,002,740
	2,045,443	1,142,822
Net Assets		
Equipment fund	**40,377**	53,506
	$ 2,085,820	$ 1,196,328

Approved on behalf of the Board

_______________ **Director**

_______________ **Director**

Mackenzie Valley Environmental Impact Review Board

Statement of Cash Flows

For the year ended March 31,	2009	2008
Cash provided by (used in)		
Operating activities		
Net Income	$ -	$ -
Item not affecting cash		
Change in non-cash operating working		
Accounts receivable	(61,134)	380,381
Prepaid expenses	(2,382)	8,902
Accounts payable and accrued liabilities	304,473	(230,836)
Contribution repayable	15,178	21,076
Deferred contributions	582,970	(472,096)
	839,105	(292,573)
Investing activities		
Purchase of equipment	-	(6,670)
Investment in Equipment Fund	-	6,670
	-	-
Change in cash position	**839,105**	(292,573)
Cash position, beginning of year	**1,010,981**	1,303,554
Cash position, end of year	**$ 1,850,086**	$ 1,010,981
Represented by		
Cash	$ 350,086	$ 1,010,981
Temporary investments	1,500,000	-
	$ 1,850,086	$ 1,010,981

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. Implemented Accounting Changes

General Standards for Financial Statement Presentation

The CICA has amended Handbook Section 1400 "General standards for 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 does not have an impact on the Board's financial statements.

Capital Disclosures

In December 2006, the CICA issued Handbook section 1535 "capital disclosures" which is effective for years beginning on or after October 1, 2007. The Section specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This new Section relates to disclosures and did not have an impact on the Board's financial results.

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 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.

3. 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 dated 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 8.

(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.

(f) Deferred Contributions

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.

(g) 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 Changes to Significant Accounting Policies

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 company 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

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.

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.

5. Interfund Transfers

Nil amounts (2008 - $6,670) were transferred from the Operating Fund to the Equipment Fund for the acquisition of assets.

6. Temporary Investments

The temporary investments are made of flexible Guaranteed Investment Certificates. They bear interest at 2% and mature on October 16, 2009.

7. Accounts Receivable

		2009		2008
Goods and Services Tax	$	26,860	$	27,427
Other		161,640		99,939
	$	**188,500**	$	127,366

8. Equipment

	Rate		Cost		Accumulated Amortization		2009 Net Book Value		2008 Net Book Value
Furniture and fixtures	20%	$	105,164	$	91,288	$	13,876	$	17,346
Leasehold improvements	20%		92,475		75,838		16,637		20,795
Computer hardware	3 yr S/L		270,820		260,956		9,864		15,365
		$	468,459	$	428,082	$	**40,377**	$	53,506

9. Contributions Repayable

		2009		2008
Department of Indian Affairs and Northern Development				
- Environmental Assessment Practitioner's workshop	$	-	$	21,076
- Environmental Impact Assessment Guidelines		**36,253**		-
	$	**36,253**	$	21,076

10. Deferred Contributions

	2009	2008
Department of Indian Affairs and Northern Development		
- Claims Implementation	$ 1,002,059	$ 614,182
- Environmental Impact Review Panel	169,432	388,558
- Joint Review Panel	414,220	-
	$ 1,585,711	$ 1,002,740

11. 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:

	2009	2008
Current Assets	2,045,443	1,142,822
Current Liabilities	2,045,443	1,142,822
	$ -	$ -

12. Commitments

The Board's total obligation, under various operating leases and a property lease agreement, exclusive of occupancy costs, is as follows:

2010	$ 188,389
2011	97,226
2012	32
	$ 285,647

If the Board were to opt out of their office lease contract, they are committed, as outlined in the contract to pay the following:

Month terminating	$ 15,953
1st month following	15,953
2nd month following	15,953
3rd month following	15,953
	$ 63,812

13. 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.

14. 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 $64,311 in 2009 on behalf of their employees.

15. Budget

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

16. 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.

17. Comparative Figures

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

18. 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.