

**LOCAL GOVERNMENT ADMINISTRATORS
OF THE NORTHWEST TERRITORIES**
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2016

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LGANT

Local Government Administrators of the NWT

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

Management has prepared the accompanying financial statements, and is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting system from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals and accountability for performance within appropriate and well-defined areas of responsibility. The Organization's management recognizes its responsibility for conducting the Organization's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

Avery Cooper & Co. Ltd. Certified General Accountants annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards.

Eric Bussey
Executive Director
Local Government Administrators of the NWT

August 25, 2016



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INDEPENDENT AUDITOR'S REPORT

To the Members of
Local Government Administrators of the Northwest Territories

We have audited the accompanying financial statements of Local Government Administrators of the Northwest Territories, which comprise the Statement of Financial Position as at March 31, 2016, and the Statements of Changes in Net Assets, Operations, 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 the audit to obtain reasonable assurance about whether the financial statements are free from 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 Association'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 Association'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, the financial statements present fairly, in all material respects, the financial position of Local Government Administrators of the Northwest Territories as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Avery Cooper & Co. Ltd.

Avery Cooper & Co. Ltd.
Certified General Accountants
Yellowknife, NT

August 25, 2016



**LOCAL GOVERNMENT ADMINISTRATORS
OF THE NORTHWEST TERRITORIES**

STATEMENT OF FINANCIAL POSITION
March 31, 2016

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT		
Cash	\$ 173,555	\$ 145,625
Accounts receivable (note 3)	187,280	9,738
Prepaid expenses	<u>14,086</u>	<u>8,076</u>
	374,921	163,439
CAPITAL ASSETS (note 4)	<u>100,505</u>	<u>1,447</u>
	<u><u>\$ 475,426</u></u>	<u><u>\$ 164,886</u></u>
LIABILITIES		
CURRENT		
Wages and benefits payable	\$ 2,556	\$ 10,963
Government remittances payable	5,190	-
Trade payables and accruals (note 5)	180,702	10,029
Deferred revenue (note 6)	<u>58,532</u>	<u>53,736</u>
	246,980	74,728
DEFERRED GOVERNMENT ASSISTANCE (note 7)	<u>100,505</u>	<u>-</u>
	<u>347,485</u>	<u>74,728</u>
CONTINGENT LIABILITY (note 8)		
NET ASSETS		
RESERVE per page 2	25,000	25,000
ACCUMULATED SURPLUS per page 2	<u>102,941</u>	<u>65,158</u>
	<u>127,941</u>	<u>90,158</u>
	<u><u>\$ 475,426</u></u>	<u><u>\$ 164,886</u></u>

Approved:



Director



Director

**LOCAL GOVERNMENT ADMINISTRATORS
OF THE NORTHWEST TERRITORIES**

STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2016

	2016		
	Accumulated Surplus	Reserve	Total
BALANCE, opening	\$ 65,158	\$ 25,000	\$ 90,158
Excess of revenues over expenses	37,783	-	37,783
BALANCE, closing	<u>\$ 102,941</u>	<u>\$ 25,000</u>	<u>\$ 127,941</u>
	2015		
	Accumulated Surplus	Reserve	Total
BALANCE, opening	\$ 66,020	\$ 25,000	\$ 91,020
Deficiency of revenues over expenses	(862)	-	(862)
BALANCE, closing	<u>\$ 65,158</u>	<u>\$ 25,000</u>	<u>\$ 90,158</u>

**LOCAL GOVERNMENT ADMINISTRATORS
OF THE NORTHWEST TERRITORIES**

STATEMENT OF OPERATIONS
For the year ended March 31, 2016

	(note 14)		
	2016	2016	2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES			
Government of the Northwest Territories	\$ 370,000	\$ 452,841	\$ 316,264
Government of Canada - AANDC	-	55,732	47,500
AGM sponsorships and registrations	15,000	17,752	11,800
Membership dues	15,550	15,250	10,750
Interest income	<u>1,000</u>	<u>1,242</u>	<u>934</u>
	<u>401,550</u>	<u>542,817</u>	<u>387,248</u>
EXPENSES			
Advertising and promotion	1,000	500	4,197
Amortization	-	12,615	1,335
Annual general meeting	15,000	8,209	15,286
Auditor fees	9,800	8,456	8,456
Bank charges	750	1,235	745
Bookkeeping fees	3,000	5,589	5,411
Bursaries	4,000	4,000	4,000
Insurance	1,500	1,005	1,006
Membership fees	700	576	572
Office supplies and other	6,000	3,982	5,361
Professional development	2,000	-	387
Rent	19,845	12,382	17,220
Salaries and benefits	125,000	97,572	119,846
Special Projects - External (note 12)	190,000	315,944	183,780
Special Projects - Internal	-	4,534	-
Telephone	3,000	3,786	2,368
Travel - Board	14,000	10,979	9,180
Travel - CAMA Conference	8,000	7,323	5,191
Travel - Executive Director	4,000	3,784	1,531
Website	<u>3,000</u>	<u>2,563</u>	<u>2,238</u>
	<u>410,595</u>	<u>505,034</u>	<u>388,110</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	<u>\$ (9,045)</u>	<u>\$ 37,783</u>	<u>\$ (862)</u>

**LOCAL GOVERNMENT ADMINISTRATORS
OF THE NORTHWEST TERRITORIES**

STATEMENT OF CASH FLOWS
For the year ended March 31, 2016

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from the Government of the Northwest Territories	\$ 390,143	\$ 370,000
Cash receipts from the Government of Canada - AANDC	54,909	42,750
Cash receipts from sponsorships and registrations	18,994	12,867
Cash receipts from members	15,250	10,750
Cash receipts from GST rebates	5,010	5,094
Contributions repaid	-	(1,270)
Cash paid for salaries and benefits	(209,276)	(173,725)
Cash paid for materials and services	<u>(247,100)</u>	<u>(224,620)</u>
	27,930	41,846
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of capital assets	<u>-</u>	<u>(1,996)</u>
INCREASE IN CASH	27,930	39,850
CASH, opening	<u>145,625</u>	<u>105,775</u>
CASH, closing	<u><u>\$ 173,555</u></u>	<u><u>\$ 145,625</u></u>

LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

1. NATURE OF OPERATIONS

Local Government Administrators of the Northwest Territories is a not-for-profit organization incorporated under the Societies Act of the Northwest Territories and is exempt for income tax purposes under paragraph 149(1)(l) of the Income tax Act. The Association was formed to enhance the standards of local government administration in the Northwest Territories through education and career development programs and to create awareness of the Community Officers' role in the communities.

The Association is economically dependent on the Government of the Northwest Territories for contribution funding for administration support.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Financial instruments

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures its financial assets and financial liabilities at amortized cost.

(b) Cash equivalents

The Association considers all investments with maturities of three months or less and bank loans with no fixed terms of repayment to be cash equivalents.

(c) Capital assets

Capital assets are recorded at cost. The Association provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates and methods are as follows:

Furniture and fixtures	20% Declining balance
Computer equipment	55% Declining balance
Website development	5 years Straight-line

LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES, *continued*

(d) Revenue recognition

The Association 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 ultimate collection is reasonably assured.

Membership fees are recognized as revenue when received or receivable.

Investment income is recognized when earned.

Other revenue is recorded when it is earned.

(e) Government assistance

Government and other grants related to capital assets are accounted for as deferred government assistance and amortized on the same basis as the related capital assets. Operating grants are accounted for as revenue when earned.

(f) Contributed services

Contributed services of volunteers are not recognized in the financial statements, because of the difficulty in determining the fair value of contributed services. The Association has elected not to recognize contributed materials and services in the financial statements.

(g) Allocated expenses

The Association allocates certain of its common expenses by identifying the appropriate basis of allocating each component of expense, and applies that basis consistently each year in accordance with applicable contribution agreements. In particular, rent expense is allocated 50% to projects based on square footage. Salaries and benefits relating to the Executive Director are not allocated.

(h) Employee future benefits

Defined contribution plan accounting is applied to a multi-employer plan, whereby contributions are expensed when due as the Association has insufficient information to apply defined benefit plan accounting.

LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES, *continued*

(i) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the determination of the useful lives of capital assets, deferred government assistance, and the allocation of administrative expenses to projects.

3. ACCOUNTS RECEIVABLE

	2016	2015
Contributions:		
Government of Canada - AANDC	\$ 5,573	\$ 4,750
GNWT MACA - LGA/Elected Officials Distance Learning	168,000	-
	173,573	4,750
Goods and Services Tax rebates	8,550	4,988
Other	5,157	-
	\$ 187,280	\$ 9,738

4. CAPITAL ASSETS

	2016		2015	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 3,465	\$ 3,465	\$ -	\$ 1,447
Website development	111,673	11,168	100,505	-
	\$ 115,138	\$ 14,633	\$ 100,505	\$ 1,447

During the year, the Association purchased website development with a cost of \$111,673 (2015 - \$nil) of which \$111,673 (2015 - \$nil) was acquired by means of incurring directly related liabilities in Note 5, and the balance of \$nil (2015 - \$nil) was paid cash. As such, this non-cash investing activity is excluded from the Statement of Cash Flows on page 4.

**LOCAL GOVERNMENT ADMINISTRATORS
OF THE NORTHWEST TERRITORIES**

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

5. TRADE PAYABLES AND ACCRUALS

	2016	2015
Trade	\$ 56,135	\$ 1,529
Accruals	8,500	8,500
Credit card	4,394	-
Capital assets (note 4)	111,673	-
	\$ 180,702	\$ 10,029

6. DEFERRED REVENUE

Deferred revenue represents contributions received or receivable related to expenses of future years to be recognized as revenue in the year in which the related expenses are incurred. Changes during the current year in deferred revenue by project are as follows:

	Opening Balance	Contributions	(note 7) Transfers	Revenue Recognized	Closing Balance
Core Funding	\$ -	\$ 180,000	\$ -	\$ (180,000)	\$ -
Public Service Capacity	53,736	190,000	-	(185,580)	58,156
AANDC	-	55,732	-	(55,732)	-
LGA/Elected Officials Distance Learning	-	168,000	(111,673)	(56,327)	-
Public Safety: Crisis Management Workshop	-	9,392	-	(9,392)	-
Tri-Party Meeting	-	10,375	-	(10,375)	-
West Point First Nation	-	4,910	-	(4,534)	376
	\$ 53,736	\$ 618,409	\$ (111,673)	\$ (501,940)	\$ 58,532

LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

6. DEFERRED REVENUE, continued

The Association has contribution agreements with the Government of the Northwest Territories (GNWT) as follows:

- the Department of Municipal and Community Affairs (MACA) to support the Association's Work Plan;
- the Department of MACA to assist the Operating & Maintenance regarding the Public Service Capacity (PSC) Initiative project. This multi-year agreement provides future maximum annual funding to the Association of \$90,000 for 2016-2017.
- the Department of MACA to provide e-learning to all Community Government Elected Officials, Senior Administration Officers and staff under the "Local Government Administrators Elected Officials - Building Community Capacity Through Training" project. This agreement provides funding of \$168,000 (2015 - \$nil) for the development of essential courses and an on-line learning platform. During the year, the Association incurred expenditures for this project totalling \$168,393 (2015 - \$nil) of which \$111,673 was capitalized as website development costs, and \$56,720 for course content.
- the Department of MACA under "Tri-Party Agreement" (NWT Association of Communities, LGANT and MACA) to host a Tri-Party meeting for the purposes of strengthening and encouraging communication between community governments and the GNWT.
- the Department of MACA to host "Public Safety - Crisis Management Workshop" for the purpose of training and developing communication skills when working with the media.

In addition, the Association entered into a contribution agreement with:

- Aboriginal Affairs and Northern Development Canada (AANDC) of the Government of Canada. The purpose of the agreement is to provide for travel of registered conference delegates for the Professional Development Conference in Yellowknife, and
- West Point First Nation to pay for the costs of workshop delivered by LGANT.

7. DEFERRED GOVERNMENT ASSISTANCE

	2016	2015		
<u>Contribution</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>	
GNWT MACA: LGA/Elected Officials Distance Learning - Website development	<u>\$ 111,673</u>	<u>\$ 11,168</u>	<u>\$ 100,505</u>	<u>\$ -</u>

**LOCAL GOVERNMENT ADMINISTRATORS
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NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

8. CONTINGENT LIABILITY

As described in Note 6, the Association has entered into contribution agreements with the Government of the Northwest Territories and AANDC. The terms of the agreements may require the Association to refund any money advanced but not expended prior to the termination or expiry of the agreement.

9. RESERVE

An internally restricted reserve has been established by the Board. The \$25,000 (2015 - \$25,000) reserve is dedicated for use of any future operational shortfalls.

10. COMMITMENTS

The Association entered into a lease agreement for the premises expiring March 31, 2017. Future minimum rental payments are as follows:

2017	<u>\$ 20,341</u>
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11. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, trade payables and accruals, and wages and benefits payable. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest rate, market, currency, credit, liquidity or cash flow risks. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

**LOCAL GOVERNMENT ADMINISTRATORS
OF THE NORTHWEST TERRITORIES**

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

12. ALLOCATION OF EXPENSES TO SPECIAL PROJECTS

Included in Special Projects - External expense totaling \$315,944 (2015 - \$183,780) on the Statement of Operations are expenses incurred during the year for the following projects:

	<u>2016</u>	<u>2015</u>
PSC Initiative:		
Communications and marketing	\$ 10,594	\$ 6,697
Contracted (HR) services	1,717	14,491
Cross-lined job sites	5,125	5,000
LGA Handbook and workshop	31,826	3,075
Pool of Professionals	-	3,875
Professional workshops	17,499	36,133
Recognition (Awards)	1,457	3,394
Rent	8,000	174
Salaries and benefits - PSC Coordinator	70,487	53,876
Salaries and benefits - Executive Director	38,000	-
Targeted advertising/marketing	14,825	9,549
	199,530	136,264
 AANDC:		
Professional Development conference travel and other costs	59,694	47,516
 MACA:		
LGA/Elected Officials Distance Learning (note 6)	56,720	-
 Total Special Projects - External	<u>\$ 315,944</u>	<u>\$ 183,780</u>

13. PENSION PLAN

The Association and its employees make contributions to Northern Employee Benefits Services (NEBS), a multi-employer defined benefit plan. Sufficient information is not available to use defined benefit plan accounting. As such, defined contribution plan accounting is used. During the year, employee contributions to the Plan is \$13,674 (2015 - \$8,917), and employer contributions to the Plan is \$13,674 (2015 - \$8,917).

**LOCAL GOVERNMENT ADMINISTRATORS
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NOTES TO THE FINANCIAL STATEMENTS
March 31, 2016

14. BUDGET AMOUNTS

The 2016 budget amounts on the Statement of Operations are presented for information purposes only, are restated, and are unaudited. The budget was approved by the Board of Directors on February 11, 2015.

The approved budget is prepared on a modified cash basis which differs from budget amounts reported in the financial statements, which are prepared in accordance with Canadian accounting standards for not-for-profit organizations on the full accrual basis of accounting.

A reconciliation of the approved budget to the budget figures reported in the financial statements is as follows:

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Budget as approved by the Board of Directors	\$ 411,550	\$ 410,595	\$ 955
Less:			
Transfer from reserve	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>
Budget for financial statement purposes	<u>\$ 401,550</u>	<u>\$ 410,595</u>	<u>\$ (9,045)</u>