

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

FINANCIAL STATEMENTS
For the year ended March 31, 2014

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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.

The public accounting firm of Avery, Cooper & Co., 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.

Grant Hood
President
Local Government Administrators of the NWT

June 18, 2014



AVERY, COOPER & Co.

Certified General Accountants

Toll-Free: 1-800-661-0787
Website: www.averycooper.com

Gerald F. Avery, FCGA
W. Brent Hinchey, B. Comm., C.G.A.
Cathy A. Cudmore, B. Rec, C.G.A.

4918 - 50th Street, P.O. Box 1620
Yellowknife, NT X1A 2P2
Telephone: (867) 873-3441
Facsimile: (867) 873-2353

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, 2014, 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, 2014, 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.

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

June 18, 2014



**LOCAL GOVERNMENT ADMINISTRATORS
OF THE NORTHWEST TERRITORIES**

STATEMENT OF FINANCIAL POSITION
March 31, 2014

ASSETS

	2014	2013
CURRENT		
Cash	\$ 105,775	\$ 239,982
Accounts receivable (note 3)	5,226	6,460
Prepaid expenses	2,745	9,789
	113,746	256,231
TANGIBLE CAPITAL ASSETS (note 4)	786	4,142
	\$ 114,532	\$ 260,373

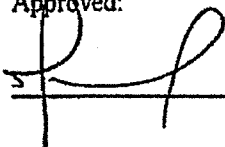
LIABILITIES

CURRENT		
Wages and benefits payable	\$ 6,740	\$ 7,502
Government remittances payable	4,226	-
Trade payables and accruals	11,276	12,005
Deferred revenue (note 5)	1,270	154,986
	23,512	174,493
CONTINGENT LIABILITY (note 6)		

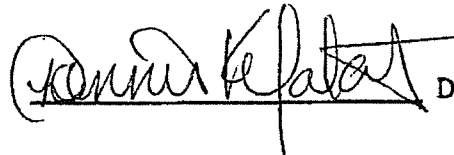
NET ASSETS

RESERVE per page 2	25,000	25,000
ACCUMULATED SURPLUS per page 2	66,020	60,880
	91,020	85,880
	\$ 114,532	\$ 260,373

Approved:



Director



Director

**LOCAL GOVERNMENT ADMINISTRATORS
OF THE NORTHWEST TERRITORIES**

STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2014

	<u>Accumulated Surplus</u>	<u>Reserve</u>	<u>Total 2014</u>	<u>Total 2013</u>
BALANCE, opening	\$ 60,880	\$ 25,000	\$ 85,880	\$ 79,063
Excess of revenues over expenses per page 3	<u>5,140</u>	<u>-</u>	<u>5,140</u>	<u>6,817</u>
BALANCE, closing	<u><u>\$ 66,020</u></u>	<u><u>\$ 25,000</u></u>	<u><u>\$ 91,020</u></u>	<u><u>\$ 85,880</u></u>

LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

STATEMENT OF OPERATIONS For the year ended March 31, 2014

	(Restated) 2014 Budget	2014 Actual	2013 Actual
REVENUES			
Government of the Northwest Territories	\$ 417,000	\$ 403,716	\$ 324,883
AGM sponsorships & Registrations	10,000	17,525	14,142
Membership dues	10,750	10,750	8,875
Interest income	2,300	2,406	2,215
	<u>440,050</u>	<u>434,397</u>	<u>350,115</u>
EXPENSES			
Advertising & Promotion	1,000	909	951
Amortization	-	491	7,907
Annual general meeting	10,000	9,767	1,311
Auditor fees	7,500	8,144	7,688
Bank charges	750	778	861
Bookkeeping fees	3,000	3,161	3,186
Bursaries	5,000	2,904	-
Insurance	1,000	953	886
Membership fees	1,000	720	463
Office supplies and other	9,000	7,320	6,529
Professional development	3,000	2,800	453
Rent	8,400	8,610	8,310
Salaries & Benefits	123,000	127,380	122,415
Special Projects - External (note 10)	245,400	223,716	144,883
Special Projects - Internal	-	-	231
Telephone	4,000	2,961	2,739
Travel - Board	25,000	11,338	17,188
Travel - CAMA Conference	10,000	6,272	8,301
Travel - Executive Director	5,000	4,237	1,308
Website	3,000	3,161	1,144
	<u>465,050</u>	<u>425,622</u>	<u>336,754</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>(25,000)</u>	<u>8,775</u>	<u>13,361</u>
OTHER EXPENSES			
Loss on disposal of tangible capital assets	-	-	2,739
Writedown of capital assets	-	3,635	3,805
	<u>-</u>	<u>3,635</u>	<u>6,544</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	<u>\$ (25,000)</u>	<u>\$ 5,140</u>	<u>\$ 6,817</u>

**LOCAL GOVERNMENT ADMINISTRATORS
OF THE NORTHWEST TERRITORIES**

STATEMENT OF CASH FLOWS
For the year ended March 31, 2014

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from the Government of the Northwest Territories	\$ 275,000	\$ 275,000
Cash receipts from sponsorships and registrations	19,931	14,499
Cash receipts from members	10,750	9,375
Cash receipts from GST rebates	5,887	-
Contributions repaid	(25,000)	-
Cash paid for salaries and benefits	(197,055)	(189,717)
Cash paid for materials and services	<u>(222,951)</u>	<u>(129,866)</u>
	<u>(133,438)</u>	<u>(20,709)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of term deposits	-	204,243
Purchase of capital assets	<u>(769)</u>	<u>(700)</u>
	<u>(769)</u>	<u>203,543</u>
(DECREASE) INCREASE IN CASH	(134,207)	182,834
CASH, opening	<u>239,982</u>	<u>57,148</u>
CASH, closing	<u><u>\$ 105,775</u></u>	<u><u>\$ 239,982</u></u>

LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

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 measures all its financial assets and financial liabilities at amortized cost.

(b) Cash equivalents

Cash equivalents consist of short term investments with an initial maturity of three months or less.

(c) Tangible capital assets

Tangible capital assets are recorded at cost. The Association provides for amortization using the following methods at rates designed to amortize the cost of the tangible 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 & fixtures	20% Declining balance
Computer equipment	55% Declining balance
Web site development	5 years Straight-line

LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2014

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) 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.

(f) 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 programs based on square footage. Salaries and benefits relating to the Executive Director are not allocated.

(g) 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, and the allocation of administrative expenses to programs.

**LOCAL GOVERNMENT ADMINISTRATORS
OF THE NORTHWEST TERRITORIES**

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2014

3. ACCOUNTS RECEIVABLE

	2014	2013
Goods and Services Tax rebates	\$ 5,094	\$ 5,883
Other	132	577
	\$ 5,226	\$ 6,460

4. TANGIBLE CAPITAL ASSETS

	2014		2013	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 1,469	\$ 683	\$ 786	\$ 1,159
Web site development	-	-	-	2,983
	\$ 1,469	\$ 683	\$ 786	\$ 4,142

5. 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:

	Core Funding	Public Service Capacity	Total
BALANCE, opening	\$ -	\$ 154,986	\$ 154,986
Contributions received	180,000	95,000	275,000
Contributions repaid	-	(25,000)	(25,000)
Revenue recognized	(180,000)	(223,716)	(403,716)
BALANCE, closing	\$ -	\$ 1,270	\$ 1,270

**LOCAL GOVERNMENT ADMINISTRATORS
OF THE NORTHWEST TERRITORIES**

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2014

5. 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, and
- the Department of MACA to assist the Operating & Maintenance regarding the Public Service Capacity (PSC) Initiative project.

6. CONTINGENT LIABILITY

As described in note 5, the Association has entered into contribution agreements with the Government of the Northwest Territories. The terms of the agreements require the Association to refund to the GNWT any money advanced but not expended prior to the termination or expiry of the agreement.

7. RESERVE

An internally restricted reserve has been established by the Board. The \$25,000 (2013 - \$25,000) reserve is dedicated for use of any future operational shortfalls.

8. COMMITMENTS

The Association entered into a lease agreement for the premises expiring March 31, 2015. Future minimum rental payments are as follows:

2015	\$ <u>17,220</u>
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9. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, term deposits, accounts receivable, trade accounts 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, 2014

10. ALLOCATION OF EXPENSES TO SPECIAL PROJECTS

Included in Special Projects - External expense totaling \$223,716 (2013 - \$144,883) on the Statement of Operations are expenses incurred during the year for the PSC Initiative project:

	2014	2013
Brochure development	\$ 2,013	\$ -
Cross-lined job sites	5,125	5,125
Human resources survey	12,945	-
LGA Handbook & Workshop	18,188	14,396
Professional Workshops (AGM)	46,898	23,923
Recognition (Awards)	1,287	2,863
Rent	8,830	7,893
Salaries & Benefits - PSC Coordinator	73,138	70,251
Targeted advertising/marketing	29,368	20,432
Website upgrade and integration	25,924	-
	\$ 223,716	\$ 144,883

11. BUDGET AMOUNTS

The 2014 budget amounts on the Statement of Operations are presented for information purposes only and are unaudited.