

**Nunavik Marine Region
Planning Commission**

**Financial Statements
March 31, 2011**

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Raymond Chabot Grant Thornton

Independent Auditor's Report

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To the Board of Directors of
Nunavik Marine Region Planning Commission

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We have audited the accompanying financial statements of Nunavik Marine Region Planning Commission, which comprise the balance sheet as at March 31, 2011 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 Canadian generally accepted accounting principles, 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 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, the financial statements present fairly, in all material respects, the financial position of Nunavik Marine Region Planning Commission as at March 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other matter

The financial statements of Nunavik Marine Region Planning Commission for the year ended March 31, 2010 were audited by another auditor (Pratte, Bélanger Chartered Accountants Inc.) who expressed an unmodified opinion on those statements on October 25, 2010.

Raymond Chabot Grant Thornton LLP¹

Montréal
July 19, 2011

¹ Chartered accountant auditor permit no. 20649

Nunavik Marine Region Planning Commission

Operations

Year ended March 31, 2011

	2011		2010
	Unaudited Budget \$	Actual \$	Actual \$
Revenue			
Contribution from Indian Affairs and Northern Development	644,765	646,007	501,929
Expenses			
Board of Directors expenses (page 12)	104,626	74,445	25,028
Operating expenses (page 12)	540,139	230,362	34,784
	644,765	304,807	59,812
Excess (deficiency) of revenue over expenses	-	341,200	442,117

The accompanying notes and supplementary information are an integral part of the financial statements.

Nunavik Marine Region Planning Commission

Changes in Net Assets

Year ended March 31, 2011

			2011	2010
	Unrestricted	Invested in capital assets	Total	Total
	\$	\$	\$	\$
Balance, beginning of year	442,117		442,117	
Excess (deficiency) of revenue over expenses	349,643	(8,443)	341,200	442,117
Acquisition of capital assets	(70,640)	70,640		
Deferred grants	25,070	(25,070)		
Balance, end of year	746,190	37,127	783,317	442,117

The accompanying notes and supplementary information are an integral part of the financial statements.

Nunavik Marine Region Planning Commission

Cash Flows

Year ended March 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
<i>OPERATING ACTIVITIES</i>		
Excess of revenue over expenses	341,200	442,117
Amortization of capital assets	8,443	
Changes in working capital items (Note 5)	<u>(428,541)</u>	<u>59,655</u>
Cash flows from operating activities	(78,898)	501,772
<i>INVESTING ACTIVITIES</i>		
Acquisition of capital assets and cash flows from investing activities	(70,640)	
<i>FINANCING ACTIVITIES</i>		
Deferred grants and cash flows from financing activities	<u>25,070</u>	
Net changes in cash	<u>(124,468)</u>	501,772
Cash, beginning of year	<u>501,772</u>	
Cash, end of year	<u><u>377,304</u></u>	<u><u>501,772</u></u>

The accompanying notes and supplementary information are an integral part of the financial statements.

Nunavik Marine Region Planning Commission

Balance Sheet

March 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
ASSETS		
Current assets		
Cash	377,304	501,772
Accounts receivable (Note 3)	371,290	1,625
Prepaid expenses	<u>25,563</u>	
	774,157	
Capital assets (Note 4)	<u>62,197</u>	
	<u><u>836,354</u></u>	<u><u>503,397</u></u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	27,967	61,280
Deferred grant	<u>25,070</u>	
	<u>53,037</u>	61,280
NET ASSETS		
Unrestricted	746,190	442,117
Invested in capital assets	<u>37,127</u>	
	<u>783,317</u>	442,117
	<u><u>836,354</u></u>	<u><u>503,397</u></u>

The accompanying notes and supplementary information are an integral part of the financial statements.

On behalf of the Board,

Director

Director

Nunavik Marine Region Planning Commission

Notes to Financial Statements

March 31, 2011

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Nunavik Marine Region Planning Commission was created on July 10, 2008, in accordance with the Nunavik Inuit Land Claims Agreement between the Nunavik Inuit and Her Majesty the Queen in right of Canada within the Canada Special Public Act. The Organization started its activities on December 29, 2009. The Nunavik Marine Region Planning Commission is a non-profit organization under the Income Tax Act, without share capital and without pecuniary gain to its members. The object of the Commission is to prepare the outline of development plans and make recommendations to the concerned ministers for the Nunavik Marine region as well as to define and protect the harvesting rights of the Inuit of Nunavik.

The Organization shall, at all times, use its assets only for its stated purposes. No part of its income shall be payable to or otherwise available for the personal benefit of any person.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value. No information on fair value is presented when the carrying amount corresponds to a reasonable approximation of the fair value.

Recognition of contributions

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and 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 collection is reasonably assured.

Accounting estimates

The preparation of financial statements in accordance 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 reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Financial instruments

The Organization has chosen to apply the recommendations of Section 3861, "Financial Instruments – Disclosure and Presentation", of the *Canadian Institute of Chartered Accountants' Handbook* with respect to the presentation and disclosure of financial instruments.

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value.

Nunavik Marine Region Planning Commission

Notes to Financial Statements

March 31, 2011

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequently, financial assets and liabilities are measured and recognized as follows:

- Cash is classified as financial assets held for trading. Accounts receivable are classified as loans and receivables and recorded at amortized cost (including any impairment). Accounts payable and accrued liabilities are classified as other liabilities and measured at amortized cost.

Capital assets

Capital assets are recorded at cost less accumulated amortization. They are amortized over their estimated useful lives according to the diminishing method at the following rates:

	<u>Rates</u>
Furniture and equipment	20%
Computers	30%
Website development	30%
Vehicle	30%

Deferred grant

Any grant, obtained for the purchase of a capital asset, is amortized at the same rate as the underlying asset. The unamortized balance of the grant is presented as a deferred grant on the balance sheet.

3 - ACCOUNTS RECEIVABLE

	<u>2011</u>	<u>2010</u>
	\$	\$
Contribution – Indian Affairs and Northern Development	309,617	
Nunavik Marine Region Impact Review Board	43,429	
Individuals	1,315	
GST and QST rebates	15,943	1,625
Other	986	
	<u>371,290</u>	<u>1,625</u>

4 - CAPITAL ASSETS

	<u>2011</u>			<u>2010</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
	\$	\$	\$	\$
Furniture and equipment	6,564	657	5,907	
Computers	9,293	1,394	7,899	
Website development	12,167		12,167	
Vehicle	42,616	6,392	36,224	
	<u>70,640</u>	<u>8,443</u>	<u>62,197</u>	<u>–</u>

Nunavik Marine Region Planning Commission

Notes to Financial Statements

March 31, 2011

5 - INFORMATION INCLUDED IN CASH FLOWS

Changes in working capital items are detailed as follows:

	<u>2011</u>	<u>2010</u>
	\$	\$
Accounts receivable	(369,665)	(1,625)
Prepaid expenses	(25,563)	
Accounts payable and accrued liabilities	(33,313)	61,280
	<u>(428,541)</u>	<u>59,655</u>

6 - CAPITAL DISCLOSURES

The Organization defines its capital as the balance of its net assets.

When managing its capital, the Organization's objective is to safeguard its ability to pursue its operations and to continue to provide the appropriate level of benefits and services to its clientele.

The Organization manages its capital primarily by searching for government contributions.

7 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS

Financial risk management objectives and policies

The Organization is exposed to various financial risks resulting from both its operating and investing activities. The Organization's management manages financial risks.

The Organization does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial risks

The Organization's main financial risk exposure and its financial risk management policies are as follows.

Credit risk

Generally, the carrying amount on the balance sheet of the Organization's financial assets exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

The Organization's credit risk is attributable to cash and accounts receivable, except GST and QST rebates receivable.

The accounts receivable balances are managed and analyzed on an ongoing basis and, accordingly, the Organization's exposure to doubtful accounts is not significant.

The credit risk regarding cash is considered to be negligible because it is held by a reputable bank with an investment grade external credit rating.

Nunavik Marine Region Planning Commission

Notes to Financial Statements

March 31, 2011

7 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS (Continued)

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash. The Organization establishes budget and cash estimates to attain its objectives and fulfil its obligations.

Nunavik Marine Region Planning Commission

Supplementary Information

Year ended March 31, 2011

	2011	2010
Unaudited	Actual	Actual
Budget	Actual	Actual
\$	\$	\$
BOARD OF DIRECTORS EXPENSES		
Honorarium	40,735	13,352
Travel and accommodation	62,669	11,676
Professional development and training	1,222	
	<u>104,626</u>	<u>25,028</u>
OPERATING EXPENSES		
Salaries and fringe benefits	173,360	
Administrative expenses	17,254	10,030
Amortization expense	8,443	
Audit and accounting services	16,388	6,000
Community consultations	33,721	
Contracted services	107,543	14,417
Freight and postage	3,720	
Bank charges	168	15
Office equipment and supplies	62,910	
Penalties and interest	897	
Professional development and training	2,208	
Public relations	5,388	
Recruitment and relocation	16,165	1,076
Rental of office and dwellings	12,932	
Telecommunications	9,699	437
Translation services	28,484	2,809
Travel and accommodation	22,845	
Vehicle expenses	37,719	
Website planning and maintenance	10,777	
	<u>540,139</u>	<u>34,784</u>