

Grant Thornton

Financial Statements

Torngat Wildlife, Plants and Fisheries Secretariat

March 31, 2016



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Torngat Wildlife, Plants and Fisheries Secretariat

Grant Thornton LLP
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Happy Valley-Goose Bay, NL
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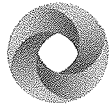
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Independent Auditors' Report

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To the Directors of

Torngat Wildlife, Plants and Fisheries Secretariat

We have audited the accompanying financial statements of Torngat Wildlife, Plants and Fisheries Secretariat ("the Organization"), which comprise the statement of financial position as at March 31, 2016, 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 public sector accounting standards, 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.

Auditors' 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 Organization'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 Organization'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 Torngat Wildlife, Plants and Fisheries Secretariat as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Happy Valley - Goose Bay, Canada

June 22, 2016

Chartered Professional Accountants

TORNGAT WILDLIFE, PLANTS AND FISHERIES SECRETARIAT
Statement of Operations and Accumulated Surplus
Year ended March 31

	2016	2015
Revenue		
Government of Canada	\$ 389,630	373,006
Government of Newfoundland and Labrador	381,319	373,006
Nunatsiavut Government	389,630	373,006
Government of Canada - Caribou Study	-	47,125
Miscellaneous	<u>14,015</u>	<u>7,688</u>
	<u>1,174,594</u>	<u>1,173,831</u>
Expenses		
Joint Secretariat (Schedule 3)	639,872	637,396
Members honoraria	22,157	29,953
Employers share of CPP and EI	886	1,278
Airfare and car rental	46,203	42,135
Meals and incidentals	9,944	10,464
Accommodations	12,451	12,887
Meeting site rental	1,958	1,525
Other Board costs	44,332	31,638
Research	330,895	354,004
Insurance and Other Professional Expenses	18,339	17,731
Legal fees	296	58
Audit fees	12,736	9,168
Amortization	<u>30,988</u>	<u>31,042</u>
	<u>1,171,057</u>	<u>1,179,280</u>
Deficiency of revenue over expenses	3,537	(5,449)
Accumulated surplus, beginning of year	<u>116,475</u>	<u>121,924</u>
Accumulated surplus, end of year	<u>\$ 120,012</u>	<u>116,475</u>

See accompanying notes to the financial statements.

TORNGAT WILDLIFE, PLANTS AND FISHERIES SECRETARIAT
Statement of Financial Position
As at March 31

2016 2015

Financial assets

Cash	\$ 86,557	178,524
Accounts receivable	95,328	320
HST receivable	<u>26,856</u>	<u>25,402</u>
Total financial assets	<u>208,741</u>	<u>204,245</u>

Liabilities

Payables and accrued liabilities (Note 4)	179,664	156,212
Due to the Government of Newfoundland and Labrador (Note 5)	-	8,311
Deferred revenue:		
Government of Canada (Note 5)	-	8,312
Nunatsiavut Government (Note 5)	-	8,312
Miscellaneous (Note 5)	<u>10,000</u>	<u>10,000</u>
	<u>10,000</u>	<u>26,624</u>
Total liabilities	<u>189,664</u>	<u>191,147</u>

Net Debt

\$ 19,077 13,098

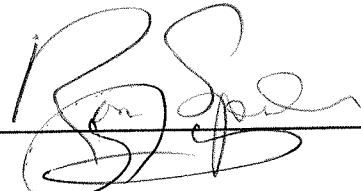
Non-financial assets

Tangible capital assets (Note 3)	\$ 90,529	86,992
Prepaid expenses	<u>10,407</u>	<u>16,385</u>
Total non-financial assets	<u>100,936</u>	<u>103,377</u>

Accumulated Surplus

\$ 120,012 116,475

Approved:



Director

Director

See accompanying notes to the financial statements.

TORNGAT WILDLIFE, PLANTS AND FISHERIES SECRETARIAT**Statement of Changes in Net Debt**

Year ended March 31

	2016	2015
Excess (deficiency) of revenue over expenses	\$ <u>3,537</u>	<u>(5,449)</u>
Acquisition of tangible capital assets	(34,524)	(25,593)
Amortization of tangible capital assets	30,988	31,042
Decrease in prepaid expenses	<u>5,977</u>	<u>2,790</u>
	<u>2,441</u>	<u>8,239</u>
Change in net debt	5,978	2,790
Net debt (surplus), beginning of the year	<u>13,098</u>	<u>10,308</u>
Net debt, end of year	\$ <u>19,077</u>	<u>13,098</u>

See accompanying notes to the financial statements.

TORNGAT WILDLIFE, PLANTS AND FISHERIES SECRETARIAT**Statement of Cash Flow**

Year ended March 31

	2016	2015
Cash flow:		
Operations:		
Deficiency of revenue over expenses	\$ 3,537	(5,449)
Amortization of capital assets - net	<u>30,988</u>	<u>31,042</u>
	34,525	25,593
Changes in:		
Accounts receivable	(95,008)	9,660
HST receivable	(1,454)	8,073
Prepaid expenses	5,978	2,790
Payables and accruals	23,452	(144,011)
Due to the Government of Newfoundland and Labrador	(8,311)	(17,501)
Due to other entities	-	(3,336)
Deferred revenue - Government of Canada	(8,312)	(17,500)
Deferred revenue - Nunatsiavut Government	(8,312)	(17,500)
Deferred revenue - Miscellaneous	<u>-</u>	<u>10,000</u>
	<u>(57,443)</u>	<u>(143,732)</u>
Investing:		
Purchase of tangible capital assets	<u>(34,524)</u>	<u>(25,593)</u>
Net (decrease) increase in cash	(91,967)	(169,325)
Cash:		
Beginning	<u>178,524</u>	<u>347,848</u>
Ending	\$ <u><u>86,557</u></u>	<u><u>178,524</u></u>

See accompanying notes to the financial statements.

TORNGAT WILDLIFE, PLANTS AND FISHERIES SECRETARIAT

Notes to the Financial Statements

March 31, 2016

1. Nature of operations:

The Secretariat provides administrative support for the Torngat Wildlife and Plants Co-Management Board and the Torngat Joint Fisheries Board. The expenditures for this secretariat is shared equally between each Board.

The Torngat Wildlife and Plants Co-Management Board is responsible for recommendations to the responsible Minister for the conservation and management of Wildlife, Plants and Habitat in the Labrador Inuit Settlement Area and is composed of members appointed by the Federal, Provincial and Nunatsiavut Governments.

The Torngat Joint Fisheries Board is responsible for recommendations to the responsible Minister for the conservation of species and stocks of fish, aquatic plants and fish habitat and the management of fisheries in the Labrador Inuit Settlement area, other than the Inuit Domestic Fishery and the Inuit Domestic Harvest Level and is composed of members appointed by the Federal, Provincial and Nunatsiavut Governments.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector. Outlined below are the significant policies for the Secretariat.

(a) Revenue

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Statement of Financial Position.

(b) Tangible capital assets

Tangible capital assets are recorded at cost. Depreciation is provided annually at rates calculated to write off the assets over their estimated useful life as follows, except in the year of acquisition when one half of the rate is used.

Computer equipment	3 year straight line
Furniture and equipment	20% diminishing balance
Vehicles	30% diminishing balance

(c) Use of estimates

In preparing the financial statements in conformity with Canadian public sector accounting standards, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Items requiring the use of significant estimates include the useful life of capital assets, rates of amortization and impairment of assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

TORNGAT WILDLIFE, PLANTS AND FISHERIES SECRETARIAT

Notes to the Financial Statements

March 31, 2016

(d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus (deficit), provides the change in net debt for the year.

(e) Financial Instruments

Measurement of financial instruments

The Secretariat initially measures its financial assets and liabilities at fair market value, except for certain non-arm's length transactions. The Secretariat subsequently measures all its financial assets and financial liabilities at amortized cost.

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

Financial liabilities measured at amortized cost include payables and accrued liabilities and deferred revenue.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Secretariat recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3. **Tangible capital assets:**

	2016		2015	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 180,737	143,512	37,225	21,737
Furniture and equipment	209,355	158,354	51,001	61,966
Vehicle	32,902	30,599	2,303	3,290
	<u>\$ 422,994</u>	<u>332,465</u>	<u>90,529</u>	<u>86,992</u>

During the year, the Secretariat purchased equipment in the amount of \$34,524 from operating funds provided by the three funding governments. There was no purchase greater than \$5,000 that required approval by the Implementation Committee prior to purchasing.

4. **Payables and accrued liabilities:**

	2016	2015
Trades	\$ 145,439	\$ 132,833
Payroll deductions	14,668	16,187
Accrued wages	19,557	7,192
	<u>\$ 179,664</u>	<u>\$ 156,212</u>

TORNGAT WILDLIFE, PLANTS AND FISHERIES SECRETARIAT
Notes to the Financial Statements
March 31, 2016

5. Reconciliation of deferred revenue:

	<u>2016</u>	<u>2015</u>
Deferred revenue - beginning balance:		
Government of Canada	\$ 8,312	\$ 25,812
Government of Newfoundland and Labrador	-	-
Nunatsiavut Government	8,312	25,812
Miscellaneous Revenue	10,000	
Accounts payable - Government of Newfoundland and Labrador	8,311	25,812
	<u>34,935</u>	<u>77,436</u>
Add amounts received in the year:		
Government of Canada	381,318	379,068
Government of Newfoundland and Labrador (net of \$8,311 repayment)	373,007	355,506
Nunatsiavut Government	381,318	379,068
Other miscellaneous amounts	14,015	17,688
	<u>1,149,658</u>	<u>1,131,330</u>
Sub-total	1,184,593	1,208,766
Adjustments:		
Expenses for both Boards as per the Statement of Operations	(1,171,057)	(1,179,280)
Amortization expense as per Statement of Operations (non-cash)	30,988	31,042
Capital purchases as per Note 3	(34,524)	(25,593)
	<u>(1,174,593)</u>	<u>(1,173,831)</u>
Total	<u>\$ 10,000</u>	<u>\$ 34,935</u>
Made up of:		
Deferred revenue - Government of Canada	\$ -	\$ 8,312
Deferred revenue - Nunatsiavut Government	-	8,312
Deferred revenue - Miscellaneous	10,000	10,000
Accounts payable - Other	-	-
Accounts payable - Government of Newfoundland and Labrador	-	8,311
	<u>\$ 10,000</u>	<u>\$ 34,935</u>

6. Financial instruments:

The Secretariat's financial instruments consist of cash, receivables and payables and accruals. The book value of cash, receivables and payables and accruals approximate fair value due to their short term maturity date.

Risks and concentrations

The Secretariat is exposed to various risks through its financial instruments. The following analysis provides a measure of the Secretariat's risk exposure and concentrations at March 31, 2016.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill payment obligations. The Secretariat's credit risk is attributable to receivables in the amount of \$95,328 (2015 - \$320). Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

TORNGAT WILDLIFE, PLANTS AND FISHERIES SECRETARIAT
Notes to the Financial Statements
March 31, 2016

6. Financial instruments (cont'd):

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Secretariat is exposed to this risk mainly in respect of its payables and accruals in the amount of \$179,664 (2015 - \$156,212), which have a maturity of not later than one year. The Secretariat reduces its exposure to liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet obligations and liabilities. In the opinion of management the liquidity risk exposure to the Secretariat is low and not material.

7. Comparative Figures:

Comparative figures have been adjusted to conform to changes in the current year presentation.

TORNGAT WILDLIFE, PLANTS AND FISHERIES SECRETARIAT
Schedule of Operations - Torngat Joint Fisheries Board
Year ended March 31

Schedule 1

	Budget	2016	2015
Revenue			
Government of Canada	\$ 190,659	196,427	186,503
Government of Newfoundland and Labrador	190,659	190,660	186,503
Nunatsiavut Government	190,659	196,427	186,503
Miscellaneous	-	14,015	4,352
	<u>571,978</u>	<u>597,529</u>	<u>563,861</u>
Expenses			
Joint Secretariat (Schedule 3)	320,200	319,936	318,698
Members honoraria	26,894	14,412	14,990
Employers share of CPP and EI	-	374	875
Airfare and car rental	18,720	22,934	20,512
Meals and incidentals	6,891	6,933	6,674
Accommodations	9,300	8,830	6,000
Meeting site rental	2,000	786	1,162
Other Board costs	23,199	26,294	14,084
Research (Schedule 4)	144,704	170,255	146,060
Insurance and Other Professional Expenses	10,980	11,035	11,231
Legal fees	5,050	-	29
Audit fees	4,040	6,368	4,584
Amortization	-	15,494	15,521
	<u>571,978</u>	<u>603,651</u>	<u>560,420</u>
Excess (deficiency) of revenue over expenses	\$ <u>-</u>	<u>(6,122)</u>	<u>3,441</u>

See accompanying notes to the financial statements.

TORNGAT WILDLIFE, PLANTS AND FISHERIES SECRETARIAT
Schedule of Operations - Torngat Wildlife and Plants Co-Management Board
Year ended March 31

	Budget	Schedule 2	
		2016	2015
Revenue			
Government of Canada	\$ 190,659	193,203	186,503
Government of Newfoundland and Labrador	190,659	190,659	186,503
Nunatsiavut Government	190,659	193,203	186,503
Government of Canada - Caribou Study	-	-	47,125
Miscellaneous	-	-	3,336
	<u>571,977</u>	<u>577,065</u>	<u>609,970</u>
Expenses			
Joint Secretariat (Schedule 3)	\$ 320,200	319,936	318,698
Members honoraria	20,473	7,745	14,963
Employers share of CPP and EI	-	512	403
Airfare and car rental	15,184	23,269	21,623
Meals and incidentals	2,100	3,011	3,790
Accommodations	6,300	3,621	6,887
Meeting site rental	2,000	1,172	363
Other Board costs	23,449	18,038	17,554
Research (Schedule 4)	162,201	160,640	207,944
Insurance and Other Professional Expenses	10,980	7,304	6,500
Legal fees	5,050	296	29
Audit fees	4,040	6,368	4,584
Amortization	-	15,494	15,521
	<u>571,977</u>	<u>567,406</u>	<u>618,860</u>
Excess (deficiency) of revenue over expenses	\$ <u>-</u>	<u>9,659</u>	<u>(8,889)</u>

See accompanying notes to the financial statements.

TORNGAT WILDLIFE, PLANTS AND FISHERIES SECRETARIAT
Schedule of Expenses - Torngat Wildlife, Plants and Fisheries Secretariat
Year ended March 31

Schedule 3

	Budget	2016	2015
Staff salaries	\$ 410,356	396,113	408,896
Benefits	61,553	61,065	65,666
Mandatory employment related costs	28,655	21,538	24,310
Travel	48,600	51,387	42,161
Rent - building	39,250	39,251	39,251
Communications	15,420	15,281	16,060
Training	15,488	21,679	16,743
Office equipment and supplies	10,000	17,308	14,128
Publications and advertising	2,000	6,913	1,131
Miscellaneous	-	6,576	5,495
Insurance	2,825	-	-
Books and periodicals	-	525	-
Website fees	753	564	-
Professional services	5,000	497	3,285
Bank charges	500	1,175	270
Total expenses	\$ <u>640,400</u>	<u>639,872</u>	<u>637,396</u>
		<u>2016</u>	<u>2015</u>
Allocated as follows:			
Torngat Joint Fisheries Board		319,936	318,698
Torngat Wildlife and Plant Co-management Board		<u>319,936</u>	<u>318,698</u>
		<u>639,872</u>	<u>637,396</u>

See accompanying notes to the financial statements.

TORNGAT WILDLIFE, PLANTS AND FISHERIES SECRETARIAT
Schedule of Expenses - Research Expenses

Year ended March 31

Schedule 4

		2016	2015
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Torngat Joint Fisheries Board:			
Harvest Survey Program	\$ 10,000	-	-
Natural Sciences Research Program	40,000	42,381	-
Spatial Research and Analysis	42,197	40,918	-
Snow crab research program	-	-	41,539
Policy research program	27,507	29,189	23,461
Stewardship and education	25,000	32,216	27,180
Geographical information program	-	-	43,988
Salmon research program	-	11,536	-
Miscellaneous	-	14,015	-
Human dimensions research program	-	-	9,892
	<u>\$ 144,704</u>	<u>170,255</u>	<u>146,060</u>
Torngat Wildlife and Plants Co-Management Board:			
Natural Sciences Research Development	\$ 55,006	76,697	-
Spatial Research and Analysis	42,195	41,452	-
Harvest Survey Program	10,000	1,500	-
Forest Recourses Study	40,000	21,771	-
Caribou Research Program	-	-	84,971
Torngat Caribou Project	-	-	47,123
Geographical information program	-	-	33,767
Stewardship and education	15,000	19,220	13,089
Ptarmigan Research Program	-	-	3,615
Human dimensions research program	-	-	16,660
Policy research program	-	-	4,762
Rare plant research program	-	-	3,957
	<u>\$ 162,201</u>	<u>160,640</u>	<u>207,944</u>

Torngat Joint Fisheries Board Policy Research Program received other revenue.

Torngat Wildlife and Plants Co-Management Board Stewardship and Education Program used deferred revenue from fiscal year 2014-15.

Torngat Joint Fisheries Board Salmon Research Program used deferred revenue from fiscal year 2014-15.

See accompanying notes to the financial statements.