

**SAHTU LAND & WATER BOARD**

**FINANCIAL STATEMENTS**

**MARCH 31, 2018**

SAHTU LAND & WATER BOARD

MARCH 31, 2018

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Independent Auditor's Report,  
To the Board of Directors of Sahtu Land & Water Board

I have audited the financial statements of the Sahtu Land and Water Board which comprise the statement of financial position as at March 31, 2018, 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 notes.

**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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion these financial statements present fairly, in all material respects, the financial position of the Sahtu Land and Water Board as at March 31, 2018, and the results of its operations, change in net assets, and its cash flows for the years then ended in accordance with Canadian Public Sector Accounting Standards.

**Other Matters**

As required by the Financial Administration Act of the Northwest Territories, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied.

Further in my opinion, proper books of account have been kept by the Sahtu Land and Water Board of the Northwest Territories and the financial statements are in agreement therewith. In addition, the transactions of the Sahtu Land and Water Board of the Northwest Territories that have come to my notice during my audits of the financial statements have, in all significant respects, been in accordance with Part 1X of the Financial Administration Act of the Northwest Territories and regulations; the Sahtu Land and Water Board Act (Act) and regulations; the by-laws of the Council; and any directives issued to the Council by the Minister under the FAA or the Act.

Yellowknife, Northwest Territories  
July 20, 2018

Paul Fleury & Co  
Certified General Accountant

## Sahtu Land & Water Board

### Statement of Financial Position

As at March 31,	2018	2017
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	789,640	678,730
Accounts receivable (Note 3)	25,480	17,721
Prepaid expenses	9,381	5,547
	824,501	701,998
<b>Tangible capital assets (Note 2g &amp; 4)</b>	332,685	58,841
	<b>1,157,186</b>	<b>760,839</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable	44,892	4,825
Accrued expenses	12,870	12,870
Wages payable	2,443	12,461
Vacation payable	32,067	29,319
Employee deductions	3,662	4,092
Deferred contributions (Note 5)	358,799	263,666
	454,733	327,230
Reserve for education purposes (Note 7)	30,201	35,201
<b>Net Assets</b>		
Net Assets invested in capital assets	332,685	58,841
Unrestricted net assets	339,567	339,567
	674,086	398,408
	<b>1,157,186</b>	<b>760,839</b>
Commitments – Note 9		

Approved on behalf of the Board

\_\_\_\_\_  
Director \_\_\_\_\_ Director

The attached notes are integral to these financial statements.

**Sahtu Land & Water Board**  
**Statement of Operations**

Year Ended March 31,	Budget (unaudited) 2018	Actual 2018	Actual 2017
<b>REVENUE</b>	\$	\$	\$
INAC – Core funding	1,341,117	1,341,117	1,041,117
Deferred Contribution-prior	-	120,861	97,405
-current	-	( 358,799)	( 120,861)
Service Revenue	-	30,000	44,000
INAC – Supplementary Funding (Schedule 2)	-	-	375,593
Deferred Contribution-prior	-	137,128	46,757
-current	-	-	( 137,128)
MVRMA (Schedule 3)	-	8,750	8,750
Deferred Contribution	-	5,677	( 5,677)
GNWT – Satellite Imagery (Schedule 4)	-	150,000	-
	1,341,117	1,434,734	1,349,956
<b>EXPENDITURES</b>			
Audit Fees	14,000	14,350	12,870
Board: Honoraria	57,600	64,188	79,375
Benefits	3,500	1,960	2,831
Travel, meals and accommodation	90,000	35,864	54,842
Training	9,850	3,776	18,075
Capital assets	6,000	41,774	25,398
Freight, postage and courier	4,800	14,060	2,711
Insurance	2,199	2,092	2,087
Office expenses	3,395	38,537	4,781
Public Engagement Program	-	7,436	4,190
Professional fees	6,000	19,581	10,382
Shared Services	-	3,350	26,845
Staff: Recruitment/relocation	10,000	5,857	-
Meals & accommodation	42,000	15,765	1,014
Salaries, wages and benefits	865,311	733,246	785,940
Training / professional develop.	-	4,285	-
Travel	45,000	24,916	320
Core Funding Expenditures	1,159,655	1,031,037	1,031,661
Supplementary funding expenditures (Schedule 1)	181,462	167,128	315,222
MVRMA (Schedule 2)	-	14,427	3,073
GNWT – Satellite Imagery (Schedule 3)	-	222,142	-
	-	<b>1,436,568</b>	<b>1,349,956</b>
<b>Excess revenue (expenditures)</b>	-	-	-

The attached notes are integral to these financial statements

## Sahtu Land & Water Board

### Statement of Changes in Net Assets

<b>Year ended March 31,</b>	<b>Investment in Capital assets</b>	<b>Unrestricted net assets</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, beginning of year	58,841	339,567	398,408	382,905
Excess of revenue over expenditures	-	-	-	-
Investment in capital assets	286,370	-	286,371	25,399
Amortization of capital assets	(12,527)	-	(12,527)	(9,869)
<b><u>Balance, end of year</u></b>	<b><u>332,685</u></b>	<b><u>339,567</u></b>	<b><u>672,251</u></b>	<b><u>398,408</u></b>

The attached notes are integral to these financial statements

## Sahtu Land & Water Board

### Statement of Cash Flows

<b>Year ended March 31,</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess revenue over expenses	-	-
Transfer to equipment fund	286,371	25,399
<b>Change in non-cash operating working capital</b>		
Accounts receivable	( 7,760)	( 7,856)
Prepaid expenses	( 3,834)	( 828)
Accounts payable and accrued liabilities	( 40,067)	( 12,131)
Accrued expenses	-	( 1,198)
Wages payable	( 10,018)	( 1,062)
Vacation payable	2,784	( 6,160)
Employee deductions	( 426)	1,417
Deferred revenue	95,133	119,504
Reserve for education purposes	( 5,000)	-
	397,281	132,797
<b>Investing activities</b>		
Purchase of equipment	( 286,371)	( 25,399)
<b>Change in cash position</b>	110,910	107,398
<b>Cash and cash equivalents beginning of year</b>	678,730	571,332
<b>Cash and cash equivalents end of year</b>	786,640	678,730
<b>Represented by</b>		
<b>Cash in bank</b>	<b>786,640</b>	<b>678,730</b>

The attached notes are integral to these financial statements



# Sahtu Land & Water Board

## Notes to Financial Statements

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Year ended March 31, 2018

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### 1. Organization and Jurisdiction

The Sahtu Land and Water Board (“the Board”) was established under the *Mackenzie Valley Resource Management Act* with a mandate to regulate land and water use, conservation and review of development proposals throughout the settlement area as defined in the Act.

The Board is exempt from income tax under Section 149 (1) (I) of the *Income Tax Act*.

### 2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards for Not-For-Profit Organizations (PSAS-NPO) Significant accounting policies are as follows:

#### (a) Cash and cash equivalents

The Board’s policy is to disclose bank balances including term deposits with a maturity period of three months or less from the date of acquisition under cash and cash equivalents.

#### (b) Financial instruments-recognition and measurement

##### Measurement of financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm’s length transaction are initially measured at their fair value that approximate cost. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

## **Sahtu Land & Water Board**

### **Notes to Financial Statements**

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**Year ended March 31, 2018**

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#### **2. Significant Accounting Policies (continued)**

##### **(b) Financial instruments-recognition and measurement (continued)**

###### **Subsequent measurement**

The Board subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs. Changes in fair value are recognized in net savings in the period in which they occur.

###### **Impairment**

At the end of each period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in excess of revenue.

##### **(c) Revenue recognition**

The Board 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 its collection is reasonably assured. Contributions which are not expensed in the current year are set up as deferred funding or refundable contributions that must be repaid to the contributor.

## **Sahtu Land & Water Board**

### **Notes to Financial Statements**

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**Year ended March 31, 2018**

#### **(d) Related party balances**

The Board initially measures related party balances in accordance with the substance of the transactions that gave rise to them. Monetary and non-monetary related party transactions occur in the normal course of operations and are measured at the exchange amount, which is the amount of the consideration agreed to between the related parties. All other related party transactions are measured at the carrying amount.

The Board subsequently measures related party balances in accordance with the Board's policies for financial instruments as set in Note 2(b)

#### **(e) Fund accounting**

The Board uses fund accounting to segregate transactions between the funds. The Unrestricted fund reports the assets, liabilities, revenues and expenses related to the Board's program delivery and administrative activity. The investment in Tangible Capital Assets fund reports the assets, liabilities, revenues and expenses related to tangible capital assets.

#### **(f) Employee future benefits**

The Board participates in a group Retirement Pension Plan providing post-employment benefits for its employees. The cost of the Pension Plan is recognized based on the required contribution by the Board during the year.

No provision has been made for the Board's liability for employee future benefits arising from services rendered by employees in the statement of financial position. A provision has been made for the Board's obligation relating to unused vacation. This amount is not separately funded

#### **(g) Tangible capital assets**

Tangible capital assets are recorded at cost. The Board provides for amortization using the straight-line method designed to amortize the cost of the assets over their estimated useful lives, as set out in Note 4.

When tangible capital assets are sold or retired, the related cost and accumulated amortization are removed from the accounts and any gain or loss is charged against earnings for the period.

## Sahtu Land & Water Board

### Notes to Financial Statements

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Year ended March 31, 2018

**(h) Use of estimates**

The preparation of financial statements in conformity with Public Sector Accounting Standard for Not-For-Profit Organizations 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.

**(i) Allocation of expenditures**

The Board allocates expenditures according to the contribution agreement to which the expenditure relates. The expenditures consist of any direct cost related to the fulfillment of the contribution agreement. The costs are then allocated to the contribution agreement based on the actual amount of the expenditure.

Wages and benefits are allocated to contribution agreements based on the time spent working on the fulfilment of the agreement. The percentage of individual staff wages and benefits that are allocated to each project range from 0-100%.

Office administrative costs are allocated to contribution agreements that allow such costs to be allocated. Office administrative costs are allocated based on the percentage of staff time required to fulfill that contribution agreement.

**3. Accounts receivable**

	<b>2018</b>	<b>2017</b>
	\$	\$
Goods and Services Tax	15,098	10,221
Reimbursements Receivable	10,382	7,500
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	25,480	17,721
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## Sahtu Land & Water Board

### Notes to Financial Statements

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Year ended March 31, 2018

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#### 4. Tangible capital assets

				2018	2017
	Rate	Cost	Accumulated Amortization	Net Book Value	
		\$	\$	\$	\$
Computer hardware	5 years	130,343	47,630	82,713	21,978
Computer software	5 years	9,256	9,256	-	-
Furniture and fixtures	10 years	113,319	58,308	55,011	36,863
		<b>252,918</b>	<b>115,194</b>	<b>137,724</b>	<b>58,841</b>

#### 5. Deferred contribution

	Opening Balance \$	Expensed \$	Current Year Addition \$	Closing Balance \$
Core funding	120,861	(120,861)	358,799	358,799
Supplementary funding	137,127	(137,127)	-	-
MVRMA	5,677	( 5,677)	-	-
	<b>263,686</b>	<b>(263,686)</b>	<b>358,799</b>	<b>358,799</b>

#### 6. Budget

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

#### 7. Funds held in trust

The reserve of \$ 30,201 (2017: \$ 35,201) was created for education purposes. Scholarships in the amount of \$5,000 were approved in the year.

## Sahtu Land & Water Board

### Notes to Financial Statements

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#### Year-ended March 31, 2018

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### 8. Financial Instruments

The Board is exposed to interest, credit and liquidity risks from its financial instruments. The following analysis provides a measure of the organization's risk at March 31, 2018.

#### Credit risk

The Board's exposure to credit risk consists primarily of cash, and accounts receivable. The Board maintains cash with reputable and major financial institutions. Accounts receivable are from debtors with good repayment history.

The Board considers the exposure to credit risk to be minimal.

#### Liquidity risk

The Board is exposed to liquidity risk in meeting its obligations associated with financial liabilities, which is dependent on receipt of funds from continued support by funding organizations. History has proven that the Board's exposure to liquidity risk low.

### 9. Commitments

The Board has entered into lease agreements for office equipment with the following future minimum payments:

	\$
2019	7,585
2020	7,585
2021	<u>3,793</u>
	<u>18,963</u>

The Board presently operates out of premises rented on a month to month basis pending the signing of a lease agreement.

## **Sahtu Land & Water Board**

### **Notes to Financial Statements**

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**Year ended March 31, 2018**

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#### **10. Pension plan**

The Board participates in a group pension plan. Substantially all employees are eligible to participate.

The contribution percentage to the plan is up to 8% of each employee salary (8% from the employees and 8% from the employer).

During the year contributions made by the Board to the pension plan totaled \$ 32,232 (2017: \$ 41,342)

#### **11. Comparative figures**

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

#### **12. Interfund transfers**

During the year \$ 286,371 (2017- \$ 25,399) was transferred to Investment in tangible capital assets fund from Unrestricted net asset fund.

#### **13. Future operations**

The Board is presently operating under a temporary funding agreement pending the signing of a multi-year funding agreement.

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**Sahtu Land & Water Board**

**Schedule 1 – Schedule of Supplementary Funding**

Year ended March 31,	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
<b>Revenue</b>			
INAC – Core	-	-	381,454
Deferred revenue-prior	-	137,128	-
-current		-	(137,128)
Rent	-	30,000	30,000
	<b>-</b>	<b>167,128</b>	<b>364,697</b>
<b>Expenditures</b>			
Administration	1,582	-	1,690
Communications	12,000	10,886	12,038
Public Engagement Program	-	-	-
Office and computer supplies	-	8,600	2,520
Office Equipment Costs	7,500	-	10,409
Capital assets	-	-	-
Shared Service	-	-	12,438
Office Rent	130,080	128,400	128,400
Pubic Registry & Website	3,600	-	-
Legal Fees	24,000	1,858	8,175
Professional fees	-	3,386	10,500
GIS Mapping project	900	1,046	-
Vehicle cost	1,800	1,429	1,621
Staff			
Meals & accommodation	-	-	20,276
Salaries, wages and benefits	-	6,867	65,369
Travel	-	4,656	41,786
	<b>181,462</b>	<b>167,128</b>	<b>364,697</b>
<b>Excess revenue (expenditures)</b>	<b>181,462</b>	<b>-</b>	<b>-</b>



**Sahtu Land & Water Board**

**Schedule 2 – MVRMA**

Year ended March 31,	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
<b>Revenue</b>			
MVRMA	-	8,750	8,750
Deferred Revenue	-	5,677	( 5,677)
	-	14,427	-
<b>Expenditures</b>			
Honoraria	-	-	1,500
Staff benefits	-	-	66
Legal fees	-	13,267	-
Travel, meals and accommodations	-	1,159	1,507
	-	14,427	3,073
<b>Excess revenue (expenditures)</b>	-	-	-

**Sahtu Land & Water Board**

**Schedule 3 – GNWT – Satellite Imagery**

Year ended March 31,	2018 Budget (Unaudited) \$	2018 Actual \$	2017 Actual \$
<b>Revenue</b>			
GNWT – Lands	-	150,000	-
Funding transfer	-	72,142	-
	-	222,142	-
<b>Expenditures</b>			
Interest	-	80	-
GIS mapping project	-	222,062	-
	-	222,142	-
<b>Excess revenue (expenditures)</b>	-	-	-