

SAHTU LAND & WATER BOARD

FINANCIAL STATEMENTS

MARCH 31, 2019

SAHTU LAND & WATER BOARD

MARCH 31, 2019

CONTENTS

Independent Auditor's Report	3-4
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Financial Assets (debt)	7
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9-15
Schedule 1-Supplementary Funding	16
Schedule 2 – INAC Consultation	17
Schedule 3 -- MVRMA	18
Schedule 4 – GNWT – Satellite Imagery	18

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

Opinion

We have audited the financial statements of Sahtu Land and Water Board (the Board), which comprise the statement of financial position as at March 31, 2019, and the statements of changes in net assets, operations and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2019, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the

basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Paul Fleury & Co

July 31, 2019

Certified General Accountant

Sahtu Land & Water Board

Statement of Financial Position

As at March 31,	2019	2018
	\$	\$
Assets		
Cash and cash equivalents	974,720	789,640
Accounts receivable (Note 3)	21,230	25,480
	<u>995,950</u>	<u>815,120</u>
Liabilities		
Accounts payable	10,906	44,892
Accrued expenses	14,000	12,870
Wages payable	20,292	2,443
Vacation payable	53,710	32,067
Employee deductions	31,303	3,662
Deferred contributions (Note 5)	516,142	358,799
Reserve for education purposes (Note 7)	27,201	30,201
	<u>673,554</u>	<u>484,934</u>
Net financial assets (debt)	<u>322,396</u>	<u>330,186</u>
Non-Financial Assets		
Prepaid expenses	17,171	9,381
Tangible capital assets (Note 2g & 4)	319,992	288,293
	<u>337,163</u>	<u>297,674</u>
Net Assets		
Net Assets invested in capital assets	319,992	288,293
Unrestricted net assets	339,567	339,567
	<u>659,559</u>	<u>627,860</u>

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) 2019	Actual 2019	Actual 2018
REVENUE	\$	\$	\$
INAC – Core funding	1,364,160	1,364,160	1,341,117
Deferred Contribution-prior	-	358,799	120,861
-current	-	(516,142)	(358,799)
Service Revenue	-	15,000	30,000
INAC – Supplementary Funding (Schedule 1)	-	-	-
Deferred Contribution-current	-	-	137,128
INAC – Consultation Funding (Schedule 2)	-	17,000	-
MVRMA (Schedule 3)	-	-	8,750
Deferred Contribution-current	-	-	5,677
GNWT – Satellite Imagery (Schedule 4)	-	-	150,000
Interest	-	4,516	-
	1,364,160	1,243,333	1,434,734
EXPENDITURES			
Audit Fees	14,000	15,480	14,350
Board: Honoraria	57,600	75,188	64,188
Benefits	3,500	1,814	1,960
Travel, meals and accommodation	90,000	39,443	35,864
Training	9,600	9,893	3,776
Capital assets	6,000	77,979	41,774
Freight, postage and courier	4,800	5,765	14,060
Insurance	2,199	4,314	2,092
Office expenses	35,151	46,663	38,537
Public Engagement Program	3,600	23,192	7,436
Professional fees	21,000	4,839	19,581
Rent	130,080	128,399	-
Shared Services	-	3,489	3,350
Staff: Recruitment/relocation	10,000	34,819	5,857
Meals & accommodation	42,000	28,369	15,765
Salaries, wages and benefits	889,630	675,839	733,246
Training / professional develop.	-	3,927	4,285
Travel	45,000	46,921	24,916
Core Funding Expenditures	1,364,160	1,226,333	1,031,037
Supplementary funding expenditures (Schedule 1)	-	-	167,128
INAC – Consultation Funding (Schedule 2)	-	17,000	-
MVRMA (Schedule 2)	-	-	14,427
GNWT – Satellite Imagery (Schedule 3)	-	-	222,142
	-	1,243,333	1,434,734
Excess revenue (expenditures)	-	-	-

The attached notes are integral to these financial statements

Sahtu Land & Water Board

Statement of Changes in Net Financial Assets (debt)

Year ended March 31,	2019	2018
	\$	\$
Excess revenue (expenditure)	-	-
Change in prepaid expenses	(7,790)	(3,830)
Net financial assets (debt), beginning of year	330,186	334,016
<u>Net financial assets (debt), end of year</u>	<u>322,396</u>	<u>330,186</u>

Sahtu Land & Water Board

Statement of Changes in Net Assets

Year ended March 31,	Investment in Capital assets	Unrestricted net assets	2019	2018
	\$	\$	\$	\$
Balance, beginning of year	288,292	339,567	627,859	398,408
Excess of revenue over expenditures	-	-	-	-
Investment in capital assets	77,453	-	77,453	241,978
Amortization of capital assets	(45,753)	-	(45,753)	(12,527)
<u>Balance, end of year</u>	<u>319,992</u>	<u>339,567</u>	<u>659,559</u>	<u>627,859</u>

The attached notes are integral to these financial statements

Sahtu Land & Water Board

Statement of Cash Flows

Year ended March 31,	2019	2018
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess revenue over expenses	-	-
Transfer to equipment fund	77,453	286,371
Change in non-cash operating working capital		
Accounts receivable	4,250	(7,760)
Prepaid expenses	(7,790)	(3,843)
Accounts payable and accrued liabilities	(33,986)	(40,067)
Accrued expenses	1,130	-
Wages payable	(17,849)	(10,018)
Vacation payable	21,643	2,784
Employee deductions	27,641	(426)
Deferred revenue	157,343	95,133
Reserve for education purposes	(3,000)	(5,000)
	262,533	397,281
Investing activities		
Purchase of equipment	(77,453)	(286,371)
Change in cash position	185,080	110,910
Cash and cash equivalents beginning of year	789,640	678,730
Cash and cash equivalents end of year	974,720	789,640
Represented by		
Cash in bank	974,720	789,640

The attached notes are integral to these financial statements

Sahtu Land & Water Board

Notes to Financial Statements

Year ended March 31, 2019

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

Year ended March 31, 2019

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

Year ended March 31, 2019

(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

Year ended March 31, 2019

(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

	2019	2018
	\$	\$
Goods and Services Tax	11,199	15,098
Reimbursements Receivable	10,031	10,382
	<hr/>	<hr/>
	21,230	25,480
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Sahtu Land & Water Board

Notes to Financial Statements

Year ended March 31, 2019

4. Tangible capital assets

				2019	2018
	Rate	Cost	Accumulated Amortization	Net Book Value	
		\$	\$	\$	\$
Computer hardware	5 years	94,256	28,557	65,699	55,714
Furniture and fixtures	10 years	71,941	30,733	41,208	55,011
Satellite imagery	10 years	177,568	17,757	159,811	177,568
Storage facility	15 years	57,831	4,557	53,274	-
		401,596	81,604	319,992	288,293

Funding in the amount of \$150,000 was received from the GNWT towards the purchase of the Satellite imagery in the fiscal year ended March 31, 2018.

5. Deferred contribution

	Opening Balance \$	Expensed \$	Current Year Addition \$	Closing Balance \$
Core funding	358,799	(358,799)	516,142	516,142
	358,799	(358,799)	516,142	516,142

6. Budget

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

7. Funds held in trust

The reserve of \$ 27,201 (2018: \$ 30,201) was created for education purposes. Scholarships in the amount of \$ 3,000 were approved in the year.

Sahtu Land & Water Board

Notes to Financial Statements

Year-ended March 31, 2019

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 Board's risk at March 31, 2019.

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 Boards. 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:

	\$
2020	7,585
2021	<u>3,793</u>
	<u>11,387</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

Year ended March 31, 2019

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 \$ 29,347 (2018: \$ 32,232)

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 \$ 77,453 (2018- \$ 286,371) was transferred to Investment in tangible capital assets fund from Unrestricted net asset fund.

13. Prior period adjustment

During the audit of the financial statements, it was found that an amount was capitalized as satellite imagery that was not actually capital in nature. The balance has been adjusted retrospectively and has resulted in a decrease to Tangible capital assets and Investment in tangible capital assets in the amount of \$44,392.

Sahtu Land & Water Board

Schedule 1 – Schedule of Supplementary Funding

Year ended March 31,	2019 Budget (Unaudited) \$	2019 Actual \$	2018 Actual \$
Revenue			
INAC – Core	-	-	-
Deferred revenue-prior	-	-	137,128
-current	-	-	-
Rent	-	-	30,000
	-	-	167,128
Expenditures			
Administration	-	-	-
Communications	-	-	10,886
Public Engagement Program	-	-	-
Office and computer supplies	-	-	8,600
Office Equipment Costs	-	-	-
Capital assets	-	-	-
Shared Service	-	-	-
Office Rent	-	-	128,400
Pubic Registry & Website	-	-	-
Legal Fees	-	-	1,858
Professional fees	-	-	3,386
GIS Mapping project	-	-	1,046
Vehicle cost	-	-	1,429
Staff			
Meals & accommodation	-	-	-
Salaries, wages and benefits	-	-	6,867
Travel	-	-	4,656
	-	-	167,128
Excess revenue (expenditures)	-	-	-

Sahtu Land & Water Board

Schedule 2 – INAC – Consultation Funding

Year ended March 31,	2019 Budget (Unaudited)	2019 Actual	2018 Actual
	\$	\$	\$
Revenue			
Indigenous and Northern Affairs Canada	-	17,000	-
	-	17,000	-
Expenditures			
Professional Fees	-	15,563	-
Travel	-	1,437	-
	-	17,000	-
Excess revenue (expenditures)	-	-	-

Sahtu Land & Water Board

Schedule 3 – MVRMA

Year ended March 31,	2019 Budget (Unaudited)	2019 Actual	2018 Actual
	\$	\$	\$
Revenue			
MVRMA	-	-	8,750
Deferred Revenue	-	-	5,677
	-	-	14,427
Expenditures			
Honoraria	-	-	-
Staff benefits	-	-	-
Legal fees	-	-	13,267
Travel, meals and accommodations	-	-	1,159
	-	-	14,427
Excess revenue (expenditures)	-	-	-

Sahtu Land & Water Board

Schedule 4 – GNWT – Satellite Imagery

Year ended March 31,	2019 Budget (Unaudited)	2019 Actual	2018 Actual
	\$	\$	\$
Revenue			
GNWT – Lands	-	-	150,000
Funding transfer	-	-	72,142
	-	-	222,142
Expenditures			
Interest	-	-	80
GIS mapping project	-	-	222,062
	-	-	222,142
Excess revenue (expenditures)	-	-	-