

**SAHTU LAND & WATER BOARD**

**FINANCIAL STATEMENTS**

**MARCH 31, 2021**

SAHTU LAND & WATER BOARD

MARCH 31, 2021

CONTENTS

Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Financial Assets	5
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7-13
Schedule 1 – INAC Consultation	14
Schedule 2 – INAC Board Forum	14

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, 2021, 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, 2021, 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

August 3, 2021

Chartered Professional Accountant

## Sahtu Land & Water Board

### Statement of Financial Position

As at March 31,	2021	2020
	\$	\$
<b>Assets</b>		
Cash and cash equivalents	1,407,009	1,108,168
Accounts receivable (Note 3)	72,796	68,900
	<u>1,479,805</u>	<u>1,177,068</u>
<b>Liabilities</b>		
Accounts payable	56,833	4,554
Accrued expenses	14,000	14,000
Wages payable	17,551	26,071
Vacation payable	64,063	44,697
Employee deductions	27,684	4,374
Deferred contributions (Note 5)	942,075	737,431
Reserve for education (Note 7)	24,201	24,201
	<u>1,146,371</u>	<u>855,328</u>
Net financial assets	<u>333,434</u>	<u>321,740</u>
<b>Non-Financial Assets</b>		
Prepaid expenses	6,133	17,827
Tangible capital assets (Note 2g & 4)	256,808	288,591
	<u>262,941</u>	<u>306,418</u>
<b>Net Assets</b>		
Net Assets invested in capital assets	256,808	288,591
Unrestricted net assets	339,567	339,567
	<u>596,375</u>	<u>628,158</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**

<b>Year Ended March 31,</b>	<b>Budget (unaudited) 2021</b>	<b>Actual 2021</b>	<b>Actual 2020</b>
<b>REVENUE</b>	\$	\$	\$
INAC – Core funding	1,411,947	1,411,947	1,381,745
Deferred Contribution-prior	-	725,762	516,142
-current	-	( 942,075)	( 725,762)
Service Revenue	57,147	57,147	30,000
INAC – Consultation Funding (Schedule 1)	-	11,669	26,000
Deferred Contribution -current	-	-	( 11,669)
INAC – Board Forum (Schedule 2)	-	-	33,731
Interest	-	-	7,582
	1,469,094	1,264,450	1,257,769
<b>EXPENDITURES</b>			
Audit fees	18,000	13,325	16,297
Board: Honoraria	90,750	108,063	104,125
Benefits	1,100	1,472	1,229
Travel, meals and accommodation	3,450	500	44,183
Training	1,750	3,177	5,306
Capital assets	15,000	322	18,977
Freight, postage and courier	3,800	6,309	13,208
Insurance	2,500	2,479	2,314
Office expenses	43,436	59,947	41,576
Public engagement program	14,300	4,259	37,476
Professional fees	27,899	14,243	4,227
Rent	128,400	128,399	128,400
Shared services	100,000	145,347	5,717
Staff: Salaries, wages and benefits	727,490	724,730	695,283
Training / professional develop.	1,000	5,486	4,822
Meals & accommodation	14,000	11,314	33,470
Travel	24,200	23,409	53,097
Recruitment/relocation	-	-	-
Core Funding Expenditures	1,217,075	1,252,781	1,209,707
INAC – Consultation Funding (Schedule 1)	-	11,669	14,331
INAC – Board Forum (Schedule 2)	-	-	33,731
Total expenditures	1,217,075	1,264,450	1,257,769
<b>Excess revenue (expenses)</b>	<b>252,019</b>	<b>-</b>	<b>-</b>

The attached notes are integral to these financial statements

## Sahtu Land & Water Board

### Statement of Changes in Net Financial Assets

<b>Year ended March 31,</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Excess revenue	-	-
Change in prepaid expenses	11,694	( 656)
Net financial assets, beginning of year	321,740	322,396
<b><u>Net financial assets, end of year</u></b>	<b><u>333,434</u></b>	<b><u>321,740</u></b>

## 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>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, beginning of year	288,591	339,567	628,158	659,559
Excess of revenue over expenditures	-	-	-	-
Investment in capital assets	14,739	-	14,739	17,557
Amortization of capital assets	(46,521)	-	(46,521)	(48,958)
<b><u>Balance, end of year</u></b>	<b><u>256,809</u></b>	<b><u>339,567</u></b>	<b><u>596,376</u></b>	<b><u>628,158</u></b>

The attached notes are integral to these financial statements  
**Sahtu Land & Water Board**

**Statement of Cash Flows**

Year ended March 31,	2021	2020
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess revenue over expenses	-	-
Transfer to equipment fund	14,738	17,557
 Change in non-cash operating working capital		
Accounts receivable	( 3,896)	( 47,670)
Prepaid expenses	11,694	( 656)
Accounts payable and accrued liabilities	52,279	( 6,352)
Wages payable	( 8,520)	5,779
Vacation payable	19,366	( 9,013)
Employee deductions	23,274	( 26,929)
Deferred revenue	204,644	221,289
Reserve for education purposes	-	( 3,000)
	313,579	151,005
<b>Investing activities</b>		
Purchase of equipment	( 14,738)	( 17,557)
<b>Change in cash position</b>	298,841	133,448
<b>Cash and cash equivalents beginning of year</b>	1,108,168	974,720
Cash and cash equivalents end of year	1,407,009	1,108,168
<b>Represented by</b>		
<b>Cash in bank</b>	<b>1,407,009</b>	<b>1,108,168</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, 2021

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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, 2021**

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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, 2021**

#### **(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, 2021

#### (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>2021</b>	<b>2020</b>
	\$	\$
Goods and Services Tax	10,009	11,400
Reimbursements Receivable	62,787	57,500
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	72,796	68,900
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## Sahtu Land & Water Board

### Notes to Financial Statements

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**Year ended March 31, 2021**

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#### 4. Tangible capital assets

				<b>2021</b>	<b>2020</b>
	<b>Rate</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	
		\$	\$	\$	\$
Computer hardware	5 years	97,156	56,678	40,478	58,433
Furniture and fixtures	10 years	74,994	30,452	44,542	37,722
Satellite imagery	10 years	177,568	53,270	124,298	142,054
Storage facility	15 years	57,831	10,341	47,490	50,382
		<b>407,549</b>	<b>150,741</b>	<b>256,808</b>	<b>288,591</b>

#### 5. Deferred contributions

	<b>Opening Balance</b>	<b>Expensed</b>	<b>Current Year Addition</b>	<b>Closing Balance</b>
	\$	\$	\$	\$
Core funding	725,762	(725,765)	942,075	942,075
INAC – Consultation Funding	11,669	( 11,669)	-	-
	<b>737,431</b>	<b>(737,431)</b>	<b>942,075</b>	<b>942,075</b>

#### 6. Budget

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

#### 7. Reserve for education

The reserve of \$ 24,201 (2020: \$ 24,021) was created for education purposes. There were no scholarships approved in the year.

## Sahtu Land & Water Board

### Notes to Financial Statements

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#### Year-ended March 31, 2021

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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 Board's risk at March 31, 2021.

#### 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:

	\$
2022	3,793
2023	5,313
2024	5,313
2025	5,313
2026	<u>3,985</u>
Total	<u>25,237</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, 2021

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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 \$ 24,240 (2020: \$ 22,254).

Commitments

#### 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 \$ 31,738 (2020 - \$ 31,401) was transferred from Investment in Tangible Capital Assets Fund to Unrestricted Net Asset Fund.

## Sahtu Land & Water Board

### Schedule 1 – INAC Consultation Funding

<b>Year ended March 31,</b>	<b>2021 Budget (Unaudited)</b>	<b>2021 Actual</b>	<b>2020 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	-	11,669	26,000
Deferred contribution – current	-	-	( 11,669)
	-	11,669	14,331
<b>Expenditures</b>			
Professional Fees	-	11,669	14,331
Travel	-	-	-
	-	-	14,331
<b>Excess revenue (expenditures)</b>	-	-	-

## Sahtu Land & Water Board

### Schedule 2 – INAC Board Forum

<b>Year ended March 31,</b>	<b>2021 Budget (Unaudited)</b>	<b>2021 Actual</b>	<b>2020 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	-	-	33,731
<b>Expenditures</b>			
Travel, meals and accommodations	-	-	33,731
<b>Excess revenue (expenditures)</b>	-	-	-