

SAHTU LAND AND WATER BOARD
Financial Statements
Year Ended March 31, 2023

SAHTU LAND AND WATER BOARD
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Year Ended March 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Sahtu Land and 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, 2023, and the statements of changes in accumulated surplus, operations, changes in net financial assets and cash flows 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, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations (PSAS-NPO).

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 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 these 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 PSAS-NPO, 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 related 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:

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Independent Auditor's Report to the Members of Sahtu Land and Water Board (*continued*)

- 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.

Hay River, Northwest Territories
August 2, 2023

The logo for Ashton Chartered Professional Accountants, featuring the word "Ashton" in a stylized, handwritten-style font.

Ashton Chartered Professional Accountants


SAHTU LAND AND WATER BOARD**Statement of Financial Position****March 31, 2023**

	2023	2022
Financial assets		
Cash	\$ 2,032,855	\$ 1,472,342
Accounts receivable	74,787	644
Goods and services tax recoverable	22,643	11,889
	2,130,285	1,484,875
Liabilities		
Accounts payable	52,211	32,528
Wages payable	84,242	97,151
Employee deductions payable	34,745	32,871
Deferred income (Note 5)	1,612,886	967,860
Education reserve	21,701	24,201
	1,805,785	1,154,611
Net financial assets	324,500	330,264
Non-financial assets		
Prepaid expenses	15,066	9,301
Capital assets (Note 4)	233,648	263,942
	248,714	273,243
Net assets	\$ 573,214	\$ 603,508
Net assets consists of:		
Unrestricted net assets	\$ 339,566	\$ 339,566
Invested in capital assets	233,648	263,942
	\$ 573,214	\$ 603,508

COMMITMENTS (Note 7)

ON BEHALF OF THE BOARD



Director

Director

SAHTU LAND AND WATER BOARD
Statement of Changes in Accumulated Surplus
Year Ended March 31, 2023

	2023	2022
Accumulated surplus - beginning of year	\$ 603,508	\$ 596,375
Annual surplus	-	-
	603,508	596,375
Transfer to capital fund	(30,294)	7,133
Accumulated surplus - end of year	\$ 573,214	\$ 603,508

SAHTU LAND AND WATER BOARD

Statement of Operations

Year Ended March 31, 2023

	Budget 2023 <i>(Unaudited)</i>	2023 <i>Actual</i>	2022 <i>Actual</i>
Revenues			
CIRNAC Funding			
Core funding	\$ 1,478,766	\$ 2,028,766	\$ 1,432,082
Deferred revenue, opening	-	967,860	942,075
Deferred revenue, closing	-	(1,612,886)	(967,860)
Other			
Rent recovery	75,147	75,147	75,147
Interest income	-	31,692	-
	1,553,913	1,490,579	1,481,444
Expenses			
Board			
Honoraria	91,750	126,375	113,563
Benefits	9,048	10,476	7,244
Travel, meals, and accomodation	32,000	46,540	8,753
Training	-	16,826	11,851
Staff			
Salaries and wages	1,018,837	930,472	796,123
Training / professional development	5,000	7,678	11,071
Meals & accomodation	29,448	41,956	18,845
Travel	42,386	57,573	14,696
Recruitment/relocation	-	-	33,713
General and Administration			
Audit fees	12,951	18,951	15,026
Capital assets	26,116	14,604	76,272
Freight, postage and courier	3,697	6,730	4,306
Insurance	3,634	7,534	4,557
Shared services	26,407	(33,306)	78,160
Office	40,665	53,211	46,515
Rent	92,400	128,400	128,400
Professional fees	17,255	36,538	104,943
Public engagement program	20,676	17,903	-
Security	4,260	2,118	7,406
Core funding expenses	1,476,530	1,490,579	1,481,444
	1,476,530	1,490,579	1,481,444
Annual Surplus	\$ 77,383	\$ -	\$ -

See notes to financial statements

SAHTU LAND AND WATER BOARD
Statement of Changes in Net Financial Assets
Year Ended March 31, 2023

	2023	2022
Annual Surplus	\$ -	\$ -
Increase in prepaid expenses	(5,765)	(3,169)
Decrease in net financial assets	(5,765)	(3,169)
Net financial assets - beginning of year	330,265	333,434
Net financial assets - end of year	\$ 324,500	\$ 330,265

SAHTU LAND AND WATER BOARD**Statement of Cash Flows****Year Ended March 31, 2023**

	2023	2022
Operating activities		
Annual surplus	\$ -	\$ -
Changes in non-cash working capital:		
Accounts receivable	(74,143)	62,143
Accounts payable	19,684	(38,306)
Deferred income	645,026	25,785
Prepaid expenses	(5,765)	(3,169)
Goods and services tax payable	(10,754)	(1,880)
Education reserve	(2,500)	-
Wages payable	(12,909)	15,537
Employee deductions payable	1,874	5,223
	560,513	65,333
Increase in cash flow	560,513	65,333
Cash - beginning of year	1,472,342	1,407,009
Cash - end of year	\$ 2,032,855	\$ 1,472,342

See notes to financial statements

SAHTU LAND AND WATER BOARD

Notes to Financial Statements

Year Ended March 31, 2023

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. Basis of presentation

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards for Not-For-Profit Organizations (PSAS-NPO).

3. Summary of significant accounting policies

Cash and cash equivalents

Cash represents cash on hand and cash in the bank.

Financial instruments policy

Financial instruments are recorded at cost when acquired or issued. In subsequent periods, financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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.

Fund accounting

Sahtu Land and Water Board follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Capital Fund reports the assets, liabilities, revenues, and expenses related to Sahtu Land and Water Board's capital assets and building improvements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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.

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SAHTU LAND AND WATER BOARD

Notes to Financial Statements

Year Ended March 31, 2023

3. Summary of significant accounting policies *(continued)*

Capital assets

Capital assets are presented at cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Computer equipment	5 years
Furniture and fixtures	10 years
Motor vehicles	10 years
Other machinery and equipment	10 years
Buildings	20 years

The board regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Employee future benefits

The Board has a defined contribution plan providing pension and post-employment benefits for its employees. The cost of the defined contribution plan is recognized based on the required contribution

by the Board during each period. The Pension Plan is a contributory multi-employer defined benefit plan covering employees eligible to participate.

A provision has been made for the Board's liability for employee future benefits arising from services rendered by employees to the Statement of Financial Position date. A provision has also been made for the Board's obligation relating to unused vacation and lieu time. This amount is not separately funded.

Revenue recognition

The board follows the deferral method of accounting for contributions and grants. Under this method, restricted contributions and grants are deferred and recognized as revenue when the expenses are incurred. Unrestricted contributions and grants are recognized as received or receivable if the amount to be received is reasonably estimable and collection is reasonably assured.

Comparative figures

Certain comparative amounts have been reclassified to conform to the current year's presentation.

4. Property and equipment

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	\$ 67,313	\$ 53,585	\$ 13,728	\$ 17,189
Furniture and fixtures	93,394	41,706	51,688	53,155
Motor vehicles	47,176	9,435	37,741	42,458
Other machinery and equipment	177,568	88,784	88,784	106,541
Buildings	57,831	16,124	41,707	44,599
	\$ 443,282	\$ 209,634	\$ 233,648	\$ 263,942

SAHTU LAND AND WATER BOARD

Notes to Financial Statements

Year Ended March 31, 2023

5. Deferred income

	Opening balance	Expensed	Additions	Closing balance
Core funding	\$ 967,860	\$ (967,860)	\$ 1,612,886	\$ 1,612,886

6. Education reserve

The reserve of \$21,701 (2022: \$24,021) was created for education purposes.

7. Commitments

The board has entered into lease agreements for office equipment. Future minimum lease payments as at March 31, 2023, are as follows:

2024	\$ 5,313
2025	5,313
2026	3,985
	<u>\$ 14,611</u>

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

8. Pension plan

The Board maintains a defined contribution pension plan for its employees. Employees make contributions at 8% of their annual salary. The Board makes matching contributions to these amounts.

During the year, the Organization made required matching contributions under this plan of \$50,667 (2022 – \$40,245).

9. Interfund transfers

During the year (\$30,294) (2022 - \$7,132) was transferred from Investment in Tangible Capital Assets Fund to Unrestricted Net Asset Fund.

10. Budget

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

11. Financial instruments

The board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the board's risk exposure and concentration as of March 31, 2023.

Credit risk

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SAHTU LAND AND WATER BOARD

Notes to Financial Statements

Year Ended March 31, 2023

11. Financial instruments (*continued*)

Credit risk arises from the potential that a counter party will fail to perform its obligations. The board is exposed to credit risk from its customers and its funder. In order to reduce its credit risk, the board only extends credit to reputable customers. The funder is a government organization which reduces its credit risk to an acceptable level.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Sufficient liquidity is maintained by regular monitoring of cash flow requirements. The Board believes it has low liquidity risk given the composition of its accounts payable and accrued liabilities and the fact that Board holds a large amount of cash.

Unless otherwise noted, it is management's opinion that the board is not exposed to significant other price risks arising from these financial instruments.