

Crowe MacKay LLP Copy
Please sign & return.

TD 10-19(1) TABLED ON DECEMBER 10, 2019

Inuvialuit Water Board

Financial Statements

March 31, 2019

Inuvialuit Water Board

Financial Statements

March 31, 2019

Page

Management's Responsibility for Financial Reporting	3
Independent Auditors' Report	4
Statement of Operations	6
Statement of Accumulated Surplus	7
Statement of Change in Net Financial Resources	8
Statement of Financial Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11 - 15

Management's Responsibility for Financial Reporting

June 06, 2019

To the Directors of Inuvialuit Water Board

The accompanying financial statements were prepared by management in accordance with Canadian Public Sector Accounting Standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, with the information contained in the financial statements.

Inuvialuit Water Board maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Board acts in accordance with the laws of the Northwest Territories. The Board's management recognizes its responsibility for conducting the Board's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an organization of this type.

The external auditors annually provide an independent, objective audit for the purposes of expressing an opinion on the financial statements. They also consider whether transactions which come to their notice in the course of this audit are, in all significant respect, in accordance with the specified legislation.



Mardy Semmler
Executive Director
Inuvialuit Water Board

Independent Auditors' Report

To the Directors of
Inuvialuit Water Board

We have audited the accompanying financial statements of the Inuvialuit Water Board, which comprise of the statement of financial position as at March 31, 2019, and the statements of operations, change in accumulated surplus, change in net financial resources and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Inuvialuit Water Board as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company 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 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 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.

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.



Independent Auditors' Report (continued)

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

Crowe Mackay LLP

Chartered Professional Accountants

Yellowknife, Northwest Territories
June 06, 2019

Inuvialuit Water Board

Statement of Operations

For the year ended March 31,	Budget (Unaudited)	2019	2018
Revenue			
Government of the Northwest Territories	\$ 913,000	\$ 913,000	\$ 913,000
Expense reimbursement - special project	-	-	11,047
Donation in kind	61,693	61,693	48,000
Other revenue	-	6	47
Total revenues before contribution repayable	-	974,699	972,094
Contribution repayable	-	(185,846)	(113,197)
Total revenues	974,693	788,853	858,897
Expenses			
Advertising	2,000	4,114	3,829
Amortization	3,000	12,870	15,144
Board review and evaluation	5,000	-	35,873
Board travel and training	26,000	5,032	21,954
Communications	25,500	30,819	25,321
Communication Strategy Implementation	50,000	20,020	8,809
Community Capacity Initiative	35,000	27,303	29,719
Community Tour	10,000	7,576	9,349
Conferences	2,000	2,173	7,210
Consulting	5,000	180	11,340
Equipment maintenance	1,000	2,128	1,861
Equipment rental	9,000	5,198	5,028
Honoraria	76,300	73,915	83,214
Hospitality	-	1,576	776
Interest and bank charges	1,000	561	561
Office supplies	15,200	10,798	44,122
Postage	2,000	1,879	1,786
Professional fees	55,000	39,651	41,873
Rent	61,693	61,693	48,000
Roles and Responsibilities Document	-	-	47
Salaries and benefits	530,000	472,505	419,376
Special project - Board Forum	-	-	11,046
Implications of In House Staffing - Ph II	30,000	-	-
Staff travel	30,000	14,889	22,699
Strategic Plan Updates	-	-	431
Total expenses	974,693	794,880	849,368
Surplus (deficit) before other items	-	(6,027)	9,529
Transfer to capital assets	-	6,034	(9,006)
Surplus	\$ -	\$ 7	\$ 523

Inuvialuit Water Board

Statement of Accumulated Surplus

For the year ended March 31,	2019			2018
	Capital Asset Fund	Operating Fund	Total	Total
Balance, beginning of year	\$ 37,871	\$ 290,957	\$ 328,828	\$ 319,299
Operating surplus (deficit)	-	(6,027)	(6,027)	9,529
Acquisition of tangible capital assets	6,836	(6,836)	-	-
Amortization	(12,870)	12,870	-	-
Balance, end of year	\$ 31,837	\$ 290,964	\$ 322,801	\$ 328,828

Inuvialuit Water Board

Statement of Change in Net Financial Resources

For the year ended March 31,	Budget (Unaudited)	2019	2018
Operating surplus	\$ -	\$ (6,027)	\$ 9,529
Acquisition of tangible capital assets	-	(6,836)	(24,150)
Amortization of tangible capital assets	-	12,870	15,144
Net change in financial resources	-	7	523
Net financial resources at beginning of year	290,957	290,957	290,434
Net financial resources at end of year	\$ 290,957	\$ 290,964	\$ 290,957

Inuvialuit Water Board

Statement of Financial Position

As at March 31, 2019 2018

Financial Assets

Cash	\$ 640,691	\$ 554,264
Accounts receivable (Note 4)	3,574	6,104
	644,265	560,368

Liabilities

Accounts payable and accrued liabilities	167,455	156,214
Repayable contributions (Note 5)	185,846	113,197
	353,301	269,411
Net financial resources	290,964	290,957

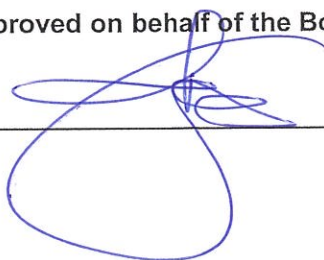
Non-Financial Assets

Tangible capital assets (Note 6)	31,837	37,871
	31,837	37,871

Accumulated surplus **\$ 322,801** **\$ 328,828**

Commitments (Note 8)

Approved on behalf of the Board



Director



Director

Inuvialuit Water Board

Statement of Cash Flows

For the year ended March 31,	2019	2018
Cash provided by (used in)		
Operating activities		
Surplus (deficit)	\$ (6,027)	\$ 9,529
Item not affecting cash		
Amortization	12,870	15,144
Change in non-cash operating working capital		
Accounts receivable	2,530	801
Accounts payable and accrued liabilities	11,241	42,570
Repayable contributions	72,649	(51,377)
	93,263	16,667
Capital activity		
Investment in tangible capital assets	(6,836)	(24,150)
Change in cash position	86,427	(7,483)
Cash position, beginning of year	554,264	561,747
Cash position, end of year	\$ 640,691	\$ 554,264

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2019

1. Organization and Jurisdiction

The Inuvialuit Water Board (the "Board") is established under the *Northwest Territories Waters Act* (Federal) and continued under the *Waters Act* (Territorial). It monitors and approves water use and disposal of waste in that portion of the Northwest Territories located in the Inuvialuit Settlement Region.

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

2. Accounting Policies

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS") as established by the Public Sector Accounting Board of the Canadian Chartered Professional Accountants. The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Financial Instruments

The Board classifies its financial instruments at cost or amortized cost. The Board's accounting policy for this financial instrument category is as follows:

This category includes cash, accounts receivable, accounts payable and accrued liabilities, and repayable contributions. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

(b) Tangible Capital Assets

Tangible capital assets are recorded in the capital asset fund at cost. Amortization is recorded in the capital asset fund using the declining balance method at the annual rates set out in Note 6.

(c) Fund Accounting

The Board uses fund accounting to segregate transactions between its Operating and Capital Asset Fund. The Operating Fund accounts for the Board's operating and administrative activities. The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to capital assets.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2019

2. Accounting Policies (continued)

(d) 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. Restricted contributions which are not used in the current year are set up as refundable contributions and must be repaid to the contributor.

Funding received for restricted purposes that has not been expended is required to be deferred.

The Board receives services in kind. The Board has estimated the value of these services and recognized them as donation in kind revenue.

Other revenue is recognized when services and goods are provided.

(e) Government Transfers

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(f) 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 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.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2019

3. Future Accounting Standards

(a) Asset Retirement Obligations, Proposed Section PS 3280

This section will be effective for fiscal years beginning on or after April 1, 2021 and is intended to enhance comparability of financial statements among public sector entities by establishing uniform criteria for recognition and measurement of asset retirement obligations, including obligations that may not have previously been reported. This section would require public sector entities to review existing contract, legislation, etc., to identify retirement activities associated with its controlled capital assets. The impact of the transition to this proposed accounting standard, if any, has not yet been determined.

(b) Revenue, Section PS 3400

This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions". This section applies to fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.

The impact of the transition to these accounting standards is not expected to be significant.

4. Accounts Receivable

	2019	2018
Accounts Receivable	\$ -	\$ 103
Goods and Services Tax	3,574	6,001
	<u>\$ 3,574</u>	<u>\$ 6,104</u>

As at March 31, 2019 allowance for doubtful accounts is nil (2018 - nil).

5. Repayable Contributions

	2019	2018
Government of Northwest Territories	\$ 185,846	\$ 113,197

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2019

6. Tangible Capital Assets

	Rate	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Furniture and equipment	20%	\$ 40,503	\$ 18,140	\$ 22,363	\$ 27,835
Computer equipment	30%	100,271	90,797	9,474	10,036
Computer software	100%	609	609	-	-
		\$ 141,383	\$ 109,546	\$ 31,837	\$ 37,871

7. Economic Dependence

The Board is dependent upon funding in the form of contributions from the Government of the Northwest Territories. Management is of the opinion that if the funding was reduced or altered, operations would be significantly affected.

8. Commitments

The Board's total commitments under various operating leases are as follows:

2020	\$ 4,955
2021	4,945
2022	4,945
2023	4,945
	\$ 14,845

9. Risk Management

The Board is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risk from the Board's financial instruments by type of risk is provided below:

(i) Credit risk

Credit risk is the risk of financial loss to the Board if a debtor fails to make payments of interest and principal when due. The Board is exposed to this risk relating to its cash and accounts receivable.

Accounts receivable are due from various governments, government agencies and corporations. Credit risk related to accounts receivable is mitigated by internal controls as well as policies and oversight over arrears for ultimate collection. Management has determined that no accounts receivable required impairment.

The Board's maximum exposure to credit risk is represented by the financial assets balance for a total of \$644,265 (2018 - \$560,368)

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2019

9. Risk Management (Continued)

(ii) Concentration of credit risk

Concentration risk is the risk that a customer(s) has a significant portion of the total accounts receivable balance and thus there is a higher risk to the Board in the event of a default. The Board does not have concentration of credit risk.

A significant portion of the Board's cash is held with one financial institution, exposing the Board to the risk that this institution may not have the liquidity to honour withdrawals of the Board's funds. At March 31, 2019, 100% (2018 - 100%) of the Board's cash were held within one of Canada's chartered banks. This risk has not changed from the prior year.

(iii) Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet all cash outflow obligations as they come due. The Board does have a liquidity risk in accounts payable and accrued liabilities \$353,301 (2018 - \$269,411). The Board mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. All of the Board's financial assets and financial liabilities at March 31, 2019 mature within the next six months. The Board has disclosed future financial liabilities and commitments in Note 8.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures, and methods used to measure the risk.

10. Related Party Transactions

During the year, honoraria and travel expenditures were paid to members of the Board of Directors. These expenditures were in the normal course of the Board's operations and were measured at the exchange amount.

The Board regularly transacts with the Government of the Northwest Territories including contribution funding, salaries and wages, donation in kind and rent expense. These transactions were in the normal course of the Board's operations and were measured at the exchange amount.

11. Budget Amounts

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