



June 22, 2023

The Honourable Shane Thompson
Minister of Environment and Climate Change
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NT X1A 2L9

Dear Minister Thompson:

Inuvialuit Water Board 2022 – 2023 Annual Report and Financial Statements

As per the *Waters Act* Section 57 (1), the Inuvialuit Water Board is pleased to provide you with its 2022 – 2023 Annual Report and Financial Statements.

As outlined in our report, in addition to ongoing water licensing activities the IWB was active throughout the year in communicating and working with communities, GNWT departments and other regulatory bodies on issues of common interest or concern regarding the conservation, development and utilization of waters within the Inuvialuit Settlement Region.

The Board will be pleased to respond to any questions or concerns you may have regarding these documents.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard Binder', is written over a large, light blue circular scribble.

Richard Binder
Chairperson

Attachments

cc: Dr. Erin Kelly, Deputy Minister - Environment and Climate Change (ECC)
Hilda Balsillie, a/Director – Finance and Capital Planning - ECC



**Inuvialuit Water Board
Annual Report
April 1, 2022 – March 31, 2023**

1.0 Overview

The mandate of the Inuvialuit Water Board (IWB) is described in the *Waters Act* (s. 24) as being: *“To provide for the conservation, development and utilization of waters in a manner that will provide the optimum benefit for all Canadians in general and, in particular, for the residents of the portion of the Inuvialuit Settlement Region [ISR] located in the Northwest Territories for which the Board is authorized to issue licences.”*

While the IWB operates within the authority and direction of the *Waters Act* and *Waters Regulations*, its activities are also subject to the requirements of the *Inuvialuit Final Agreement* (IFA). The IWB may not issue a water licence unless the provisions of the IFA environmental impact screening and review process have been complied with. IWB members consider the results of this assessment process when reviewing and determining whether a water licence should be issued and, if so, the terms and conditions of the licence.

Once a water licence is issued, inspection and enforcement of the terms and conditions of the licence is the responsibility of the Government of the Northwest Territories (GNWT) Department of Environment and Natural Resources (ENR).

2.0 IWB Board Membership and Operations

The IWB is composed of a Board, made up of five members, including a Chairperson and an administrative structure established to support the IWB’s mandated activities. The GNWT Minister of ENR appoints board members. Two members of the Board are appointed based upon the nomination of the Inuvialuit Regional Corporation (IRC), and one member of the Board is appointed on the nomination of the federal Minister. All members of the Board hold office for a term of three years.

The Chairperson of the Board serves as the Chief Executive Officer of the IWB.

As of March 31, 2023, the members of the IWB were:

- Mr. Richard Binder, Chairperson
- Mrs. Elizabeth Arey, member
- Mr. Herbert Felix, member
- Mr. Gerald Inglangasuk, member
- Mr. Brian Chambers, member

During the year the Board met four (4) times as follows:

Meeting #460	June 16, 2022	Inuvik
Meeting #461	August 23 - 25, 2022	Inuvik
Meeting #462	November 15, 2022	Inuvik
Meeting #463	February 8, 2023	Teleconference

3.0 IWB Operations

Based in Inuvik, NT, the IWB administrative personnel are members of the GNWT Public Service. The staff members are:

- Mardy Semmler – Executive Director
- Bijaya Adhikari, PhD – Science and Regulatory Coordinator
- Delores Harley - IWB Office Administrator – casual from December 5, 2022
- Vacant – IWB Communications and Public Outreach Officer

The IWB operates based upon a fiscal year that matches that of the GNWT – April 1 through March 31 of the following calendar year. Core funding for IWB activities is provided through a contribution agreement between the GNWT (ENR) and the IWB. In addition, in any particular year, the IWB may also receive financial support from various organizations, governments or government departments and / or agencies for specific projects or activities. During 2022 - 2023 the IWB received \$939,000 under the contribution agreement with ENR. In addition, in-kind contribution for office facilities with a value of \$61,693 was provided by GNWT Infrastructure (INF).

Financial details related to IWB activities during the past year are outlined in the IWB's 2022 - 2023 audited financial statements. The IWB's external auditor for the fiscal year was Crowe MacKay LLP, chartered accountants, located in Yellowknife, NT. The financial statements are enclosed with this report.

In support of its mandate, the IWB has established standardized rules and procedures for the licensing process. These include documentation to guide administrative licensing matters as well as specific rules to guide the conduct of water licence application reviews and assessments. This information is publicly available through the IWB website (www.inuvwb.ca).

4.0 IWB Water Licensing Activities 2022 – 2023

Water Licensing

The IWB issues Type A and Type B Water Licences. A determination of the type of licence to be issued is largely dependent upon the volume of water used and the types of waste disposed of during a licenced activity.

In general terms:

- Type A Water Licences – are issued for larger scale industrial and commercial developments such as the Inuvik to Tuktoyaktuk Highway.
- Type B Water Licences – are issued for municipalities' water/waste services and smaller scale activities including most environmental clean-up projects.

As of March 31, 2023, there were twelve (12) active water licences. The active licences are within the following categories:

- Municipal: 5
- Industrial: 5
- Miscellaneous: 2

Type A or B Water Licences Issued (New)

- There were no new licences issued during this fiscal year.

Type A or B Water Licences Issued (Renewed):

- Type B Municipal Water Licence N7L3-1531, was renewed and issued to the Hamlet of Sachs Harbour on November 17, 2022. This licence renewed a prior licence and authorized the use of water and the deposit of waste for municipal services in the community. The terms and conditions of the licence allow for the use of the existing water treatment plant and the solid and sewage waste disposal facilities operated by the Hamlet for a five-year period.

Prior to licence renewal the IWB Board and senior staff members visited the community of Sachs Harbour, toured the fresh-water intake and water treatment plant, solid and sewage waste disposal facilities and met with the Hamlet Mayor and councillors as well as the Hamlet's operations staff to discuss a broad range of issues related to the provision of water and waste services in their community. The ENR Water Resources Officer sent his regrets as he could not participate in the annual community tour.

Type A or B Water Licence Assignment, Cancellation or Amendment

- The IWB did not assign, cancel, or amend any water licences during this reporting period.

Type A or B Water Licences Expiring During the Year

- N3L1-1839 – Hamlet of Aklavik – Bridge and Culvert Project
- N3L8-1838 – NTPC – Aklavik old Power Plant Site – Remediation Project

Licence Management Activities

In addition to processing licence applications, the IWB is charged with reviewing and approving management plans associated with licences and reviewing annual reports for completeness from licence holders. The IWB also receives water licence inspection reports submitted by the ENR Water Resources Officer and places the reports on the Public Register. During the year the following activities related to this responsibility occurred.

Management Plan approvals

- N5L8-1841 – Imperial Oil Environmental and Property Solutions – Tuk Base, NWT
 - Spill Contingency Plan;
 - Dock Repair and Removal Monitoring Plan;
 - Reclamation, Closure and Monitoring Plan; and
 - Emergency Preparedness & Response Plan.
- N7L1-1834 – Shell Canada – Camp Farewell Remediation Project
 - Emergency Response and Spill Contingency Plan (updated); and
 - Barge Waste Management Plan (updated)

Annual and Sump Monitoring Reports Reviewed

- N7L3-0570 – Hamlet of Aklavik – 2020 Annual Report
- N7L3-0570 – Hamlet of Aklavik – 2021 Annual Report
- N7L3-0570 – Hamlet of Aklavik – 2022 Annual Report
- N7L3-1619 – Hamlet of Paulatuk – 2021 Annual Report

- N7L3-1525 – Hamlet of Ulukhaktok – 2021 Annual Report
- N7L1-1835 – GNWT INF - ITH – 2021 - 2022 Annual Report
- N7L1-1834 – Shell Canada, Camp Farewell – 2021 Annual Report
- N7L1-1834 – Shell Canada, Camp Farewell – 2022 Annual Report
- N7L1-1836 – Imperial Oil Resources, Tununuk Point / BAR-C 2022 Annual Report
- N5L8-1837 – Repsol Oil and Gas Canada Inc. – 2022 Annual Report
- N7L1-1815 – MGM Energy Corporation – Unipkat M-45/Kumak 1-25 2021 Annual Report
- N5L8-1841 – Imperial Oil – Tuk Base Remediation Project 2022 Annual Report

Inspection Reports Received

- No Inspection Reports were received during the fiscal year.

5.0 Other IWB Activities

During this fiscal year, the IWB engaged in additional activities in support of its mandate. These included:

World Water Day

Initiatives identified in the IWB's Communications Strategy included public education and awareness projects dealing with water and waste management. The IWB presented information regarding World Water Day to the Mayor and Council of Sachs Harbour during their visit in August 2022. The IWB were not able to engage with students and staff of the Unualthuyak School in Sachs Harbour this fiscal year as the school was undergoing remediation projects due to mold issues. The IWB anticipates engaging with students and staff of the Unualthuyak School in Sachs Harbour during the upcoming fiscal year.

Involvement in Meetings and Conferences

IWB Board members and staff are regularly asked to participate in meetings and conferences related to the IWB mandate. During the COVID-19 Pandemic, numerous meetings were held to ensure staff safety and return to work initiatives. Some of the meetings and conferences attended in the past year include:

- Inuvik Arctic Expo Development Workshop – June 2022
- GNWT INF – ITH Working Group – October 2022
- Pan Territorial Board Forum – November 2022
- NWT Board Forum – February 2023
- Arctic Energy and Resource Symposium – March 2023

Activities with other Regulatory Boards within the NWT

The IWB has continued to communicate and collaborate with other regulatory boards within the Mackenzie Valley and the ISR on areas of common interest related to water and waste licencing.

Other Administrative and Board Activities

The IWB held its 7th Municipal Water and Waste Management Workshop in Inuvik March 1 – 2, 2023. Participants included Mayors, Senior Administration Officers and Water and Waste Management Staff from the Hamlets of Aklavik, Tuktoyaktuk, Paulatuk, Ulukhaktok and Sachs Harbour. Other participants included representatives from GNWT Departments of Municipal and Community Affairs and Environment and Natural Resources who have a role providing

assistance and / or information to municipal governments for water and waste management. The IWB also invited the Inuvialuit Land Administration Director who provided information regarding municipal water and waste management facility locations on Inuvialuit Private Lands. He also clarified ongoing discussions with the respective government departments regarding the transfer of these lands to municipal governments.

As required by the GNWT Planning and Accountability Framework (PAF) and the *Finance Administration Act* SNWT 2015 c.13, the IWB is mandated to complete an independent Review and Evaluation of the Activities, Roles and Decision-Making processes every five years. The first independent review was completed in March 2018 by Avery Cooper. Through a Request for Proposal (RFP) process, Avery Cooper was again contracted to complete this responsibility on behalf of the IWB. Avery Cooper provided a final report on March 31, 2023. The Review and Evaluation of the Activities, Roles and Decision Making of the IWB Final Report including Recommendations was submitted to the Minister of ENR on April 21, 2023

As required under the *Waters Act*, the IWB maintains a Public Register (all documents related to all water licence applications, licensing and reporting). The Public Register is housed in the Inuvik IWB office. A copy of the Public Register can be accessed on-line through the IWB website (www.inuvwb.ca).

Throughout the year, in addition to fulfilling its core-mandated responsibilities, the IWB channelled significant time and effort in communicating with and discussing issues of shared interest or concern with communities and other regional and territorial bodies holding contributing responsibilities in the overall management of the regional and territorial environment. This beneficial sharing of information and broad coordination of approach and effort will continue throughout 2023 - 2024.

6.0 Areas of Focus for 2023 / 2024

During the 2023 / 2024 year the IWB will focus on the following priorities:

- As per Goal 1 of the IWB Strategic Plan, the IWB will continue its efforts to monitor and improve the efficiency, effectiveness and timeliness of all licensing processes; will develop or update policies and procedures that reflect best practices and are generally consistent with other jurisdictions; and will engage in regulatory improvement processes and discussions related to water and waste management.
- As per Goal 2 of the IWB Strategic Plan, the IWB will continue to implement its Communications Strategy to ensure all parties are aware of the IWB's processes, decisions and actions and the responsibilities of applicants and licence holders – including, but not limited to, the development of information fact sheets, pamphlets and brochures for general distribution. The IWB will also host the 8th Municipal Water and Waste Management Workshop for ISR municipal governments to ensure Mayors and Hamlet Staff are aware of their collective roles and responsibilities regarding municipal water licences.
- As per Goal 3 of the IWB Strategic Plan, the IWB will continue to work in partnership with government, resource management boards and communities with the aim of collaboratively enhancing community awareness and capacity in effective water use and waste management.
- As per Goal 4 of the IWB Strategic Plan, the IWB will review its staffing requirements to ensure the IWB is functioning efficiently and effectively.

- In advance of considering a renewal of the community of Tuktoyaktuk municipal water licence (expiring November 2023), Board members and senior staff will tour the community's municipal water and waste management facilities and meet with the Mayor, Council members and senior operations staff to discuss issues related to the provision of water and waste services in their community. The IWB will also present the water licence terms and conditions in detail to give the community leadership and staff the opportunity to ask questions and get clarification on any aspects of the licence.

XXXXXXXX

Inuvialuit Water Board

Financial Statements

March 31, 2023

Inuvialuit Water Board

Financial Statements

March 31, 2023

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 Assets	8
Statement of Financial Position	9
Statement of Cash Flows	10
Notes to Financial Statements	11 - 15

Management's Responsibility for the Financial Statements

June 20, 2023

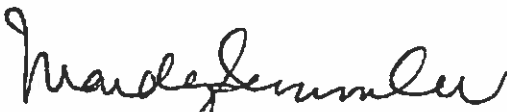
**To the Directors of
Inuvialuit Water Board**

The financial statements have been 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 for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Directors of the Board are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements yearly. The Board also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, Crowe Mackay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.



**Mardy Semmler
Executive Director
Inuvialuit Water Board**



Crowe MacKay LLP
PO Box 727
5103 51st Street
Yellowknife, NWT X1A 2N5
Main +1 (867) 920-4404
Fax +1 (867) 920-4135
www.crowemackay.ca

Independent Auditors' Report

To the Directors of Inuvialuit Water Board

We have audited the accompanying financial statements of the Inuvialuit Water Board, which comprises the statement of financial position as at March 31, 2023, and the statements of operations, accumulated surplus, change in net financial assets 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, 2023, 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 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 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

**Yellowknife, Northwest Territories
June 20, 2023**

Chartered Professional Accountants

Inuvialuit Water Board

Statement of Operations

For the year ended March 31,	Budget (Note 12)	2023	2022
Revenue			
Contributions from GNWT	\$ 939,000	\$ 939,000	\$ 924,000
Donation in-kind (Note 12)	61,693	61,693	61,693
Other revenue	-	4,160	1,209
Total revenues before repayable contributions	-	1,004,853	986,902
Repayable contributions (Note 8)	-	(239,442)	(344,372)
Total revenues	1,000,693	765,411	642,530
Expenses			
Advertising	2,000	1,802	1,560
Amortization	10,000	10,025	11,975
Board review and evaluation	-	33,825	-
Board travel and training	26,500	14,503	3,867
Communications	33,000	27,952	22,572
Communication strategy implementation	10,000	-	8,512
Community capacity initiative	30,000	21,850	-
Community tour	20,000	10,343	11,351
Conferences (recovery)	4,000	8,366	3,060
Equipment maintenance	16,000	4,003	5,668
Equipment rental	6,000	5,961	7,297
Honoraria	81,500	82,857	58,381
Hospitality	-	533	815
Interest and bank charges	500	179	67
Office supplies	3,500	1,482	2,117
Postage	2,000	296	260
Professional fees	136,500	67,908	49,130
Publications - French translation	10,000	-	-
Rent (Note 12)	61,693	61,693	61,693
Salaries and benefits	514,000	391,586	384,234
Staff travel	19,500	15,986	9,346
Staff training	2,000	-	-
Staff recruitment and relocation	12,000	-	-
Total expenses	1,000,693	761,150	641,905
Operating surplus	-	4,261	625
Transfer to (from) tangible capital assets	-	(102)	585
Surplus	\$ -	\$ 4,159	\$ 1,210

Inuvialuit Water Board**Statement of Accumulated Surplus**

For the year ended March 31,	2023			2022
	Capital Asset Fund	Operating Fund	Total	Total
Balance, beginning of year	\$ 23,533	\$ 292,174	\$ 315,707	\$ 315,082
Operating surplus	-	4,261	4,261	625
Acquisition of tangible capital assets	10,127	(10,127)	-	-
Amortization of tangible capital assets	(10,025)	10,025	-	-
Balance, end of year	\$ 23,635	\$ 296,333	\$ 319,968	\$ 315,707

Inuvialuit Water Board

Statement of Change in Net Financial Assets

For the year ended March 31,	Budget (Note 12)	2023	2022
Operating surplus	\$ -	\$ 4,261	\$ 625
Acquisition of tangible capital assets	(10,500)	(10,127)	(11,390)
Amortization of tangible capital assets	10,000	10,025	11,975
Net change in financial assets	(500)	4,159	1,210
Net financial assets, beginning of year	292,174	292,174	290,964
Net financial assets, end of year	\$ 291,674	\$ 296,333	\$ 292,174

Inuvialuit Water Board

Statement of Financial Position

As at March 31,

2023

2022

Financial Assets

Cash	\$ 507,395	\$ 560,975
Temporary investments (Note 5)	205,352	201,200
Accounts receivable (Note 6)	4,587	3,008
	<hr/>	<hr/>
	717,314	765,183

Liabilities

Accounts payable and accrued liabilities (Note 7)	181,539	128,637
Repayable contributions (Note 8)	239,442	344,372
	<hr/>	<hr/>
	420,981	473,009

Net financial assets

296,333

292,174

Non-Financial Assets

Tangible capital assets (Note 9)	23,635	23,533
----------------------------------	--------	--------

Accumulated surplus

\$ 319,968

\$ 315,707

Approved on behalf of the Board



Director



Director

Inuvialuit Water Board

Statement of Cash Flows

For the year ended March 31,	2023	2022
Cash provided by (used in)		
Operating activities		
Operating surplus (deficit)	\$ 4,261	\$ 625
Item not affecting cash:		
Amortization of tangible capital assets	10,025	11,975
Changes in non-cash operating working capital		
Accounts receivable	(1,559)	75
Accounts payable and accrued liabilities	52,902	(14,625)
Repayable contributions	(104,929)	60,483
	(39,300)	58,533
Investing activities		
Purchase of temporary investments	(206,259)	(201,200)
Maturity of temporary investments	202,106	200,000
	(4,153)	(1,200)
Capital activity		
Acquisition of tangible capital assets	(10,127)	(11,390)
Increase (decrease) in cash	(53,580)	45,943
Cash, beginning of year	560,975	515,032
Cash, end of year	\$ 507,395	\$ 560,975

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2023

1. Organization and Jurisdiction

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

The Board is exempt from income tax under paragraph 149(1)(c) of the *Income Tax Act* (Canada).

2. Impact of the Change in the Basis of Accounting

Section PS 3280, Asset Retirement Obligations, was issued by the Public Sector Accounting Standards Board ("PSAB") August 2018. It is effective for fiscal years beginning on or after April 1, 2022. The standard provides guidance on how to account for and report a liability for asset retirement obligations ("AROs"). The adoption of this new standard had no impact on the financial statements.

3. Significant 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 Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies used by management in preparing 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, temporary investments, 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) Cash

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities of three months or less from acquisition that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(c) 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 9.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2023

2. Accounting Policies (continued)

(d) Fund Accounting

The Board uses fund accounting to segregate transactions between the Operating Fund and the 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 tangible capital assets.

(e) Revenue Recognition

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

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.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable, and are presented as non-financial assets in the statement of financial position.

Donation in kind for rent are recognized as contribution at their estimated fair market value at the date of the donation.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(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. Significant accounts subject to measurement uncertainty include allowances for doubtful accounts, and the useful lives of tangible capital assets.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2023

4. Future Accounting Standards

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, 2023. Earlier adoption is permitted.

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

5. Temporary Investments

Temporary investments include two one-year guaranteed investment certificates with the Canadian Imperial Bank of Commerce. These investments generate interest at a rate of 4.15% (2022 - 0.45%) per annum and mature on November 9, 2023.

6. Accounts Receivable

	2023	2022
Goods and Services Tax Rebate	\$ 4,567	\$ 3,008

7. Accounts Payable and Accrued Liabilities

	2023	2022
Government of the Northwest Territories - wages payable	\$ 158,695	\$ 94,324
Accrued liabilities	13,314	10,711
Credit card payable	2,575	20,585
Other accounts payable	6,949	3,017
	\$ 181,533	\$ 128,637

8. Repayable Contributions

	2023	2022
Government of the Northwest Territories Department of Environment and Natural Resources	\$ 239,442	\$ 344,372

9. Tangible Capital Assets

	Rate	Cost	Accumulated Amortization	2020 Net Book Value	2022 Net Book Value
Furniture and equipment	20%	\$ 52,597	\$ 38,603	\$ 13,994	\$ 17,972
Computer equipment	30%	58,034	48,393	9,641	5,561
		\$ 110,631	\$ 86,996	\$ 23,635	\$ 23,533

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2023

10. Economic Dependence

The Board depends on funding as contributions from the Government of the Northwest Territories ("GNWT"). Management is of the opinion that if the funding were reduced or altered, operations would be significantly affected.

11. 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 and policies and oversight over arrears for the ultimate collection. Management has determined that no accounts receivable required impairment.

The Board's maximum exposure to credit risk is represented by the balance of the financial assets of \$712,747 (2021 - \$762,175).

(ii) Concentration of credit risk

Concentrations of credit 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 a concentration of credit risk.

At March 31, 2023, 100% (2022 - 100%) of the Board's cash and temporary investments were held within one of Canada's chartered banks who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Board's cash is insured up to \$100,000. This risk has not changed from the prior year.

(iii) Liquidity risk

Liquidity risk is the risk that the Board will not meet all cash outflow obligations as they come due. The Board has a liquidity risk in accounts payable and accrued liabilities of \$420,981 (2022 - \$473,009). 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 the Board's financial assets and financial liabilities at March 31, 2023, mature within the next six months.

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

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2023

12. Related Party Transactions

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

The Board is controlled by, and regularly transacts with, the Government of the Northwest Territories. Transactions include contribution funding and donation in-kind related to rent. These transactions were in the normal course of the Board's operations. Transactions were measured at the exchange amount, which is the amount of consideration paid and agreed to by related parties.

13. Budget Amounts

The budget figures presented are those approved by the Board.