



June 17, 2022

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

Dear Minister Thompson:

Inuvialuit Water Board 2021 – 2022 Annual Report and Financial Statements

As per the *Waters Act* Section 57 (1), the Inuvialuit Water Board is pleased to provide you with its 2021 – 2022 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,

Richard Binder
Chairperson

Attachments

cc: Dr. Erin Kelly, Deputy Minister - Environment and Natural Resources (ENR)
Jessica St. Arnaud, Director – Finance and Capital Planning - ENR



**Inuvialuit Water Board
Annual Report
April 1, 2021 – March 31, 2022**

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, 2022, 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

Outgoing members of the IWB were:

- Mr. Mark Cleveland – term ended June 19, 2021

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

Meeting #456	June 17, 2021	Teleconference
Meeting #457	August 23 - 25, 2021	Inuvik
Meeting #458	November 15, 2021	Teleconference
Meeting #459	February 11, 2022	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
- Freda Wilson – Office Administrator – retired July 31, 2021
- Bijaya Adhikari, PhD – Science and Regulatory Coordinator
- 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 2021 - 2022 the IWB received \$924,000 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 2021 - 2022 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 2021 – 2022

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, 2022, there were fourteen (14) active water licences. The active licences are within the following categories:

- Municipal: 5
- Industrial: 6
- Miscellaneous: 3

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 Licence N7L3-1525, was renewed and issued to the Hamlet of Ulukhaktok on November 15, 2021. 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 Ulukhaktok, toured the fresh-water intake and 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 also accompanied the Board and participated on the 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

- No Type A or Type B Water Licences expired during the fiscal year.

Licence Management Activities

In addition to processing licence applications, the IWB is charged with reviewing and approving management plans associated with licences, as well as reviewing water licence inspection reports and annual reports from licence holders. During the year the following activities related to this responsibility occurred.

Management Plan approvals

- N7L3-1525 – Hamlet of Ulukhaktok – Municipal Water Licence
 - Solid Waste Disposal Facilities Operation and Maintenance Plan
 - Sewage Waste Disposal Facilities Operation and Maintenance Plan
 - Spill Contingency Plan
 - Hazardous Waste Management Plan
- N7L8-1831 – Imperial Oil Resources – BAR-C / Tununuk Point, NWT
 - Dock Sheet Pile Removal Plan

- N5L8-1841 – Imperial Oil Environmental and Property Solutions – Tuk Base, NWT
 - Spill Contingency Plan
 - Reclamation, Closure and Monitoring Plan
 - Emergency Preparedness and Monitoring Plan

Annual and Sump Monitoring Reports Reviewed

- N5L3-0714 – Hamlet of Tuktoyaktuk – SNP Lab Results for Solid Waste Site and Water Quality – August 8, 2021
- N5L3-0714 – Hamlet of Tuktoyaktuk – SNP Lab Results for Sewage Lagoon – August 8, 2021 and October 25, 2021
- N7L3-1531 – Hamlet of Sachs Harbour – 2020 Annual Report
- N7L3-1619 – Hamlet of Paulatuk – SNP Lab Results – Sewage Disposal Facility Effluent
- N7L1-1835 – GNWT INF - ITH – 2019 - 2020 Annual Report
- N7L1-1835 – GNWT INF - ITH – 2020 - 2021 Annual Report
- N7L1-1834 – Shell Canada, Camp Farewell – 2020 Annual Report
- N7L1-1834 – Shell Canada, Camp Farewell – Notification of Work Activities
- N7L1-1834 – Shell Canada, Camp Farewell – 2021 Annual Report
- N7L1-1836 – Imperial Oil Resources, Tununuk Point / BAR-C - 2021 Annual Report
- N5L8-1837 – Repsol Oil and Gas Canada Inc. – 2021 Annual Report
- N5L8-1841 – Imperial Oil – Tuk Base Remediation Project – 2020 Annual Report
- N5L8-1841 – Imperial Oil – Tuk Base Remediation Project – 2021 Annual Report
- N5L8-1841 – Imperial Oil – Tuk Base Remediation Project – Spill Report

Inspection Reports Received

- N3L3-0570 – Hamlet of Aklavik – Municipal Water Licence
- N5L3-0714 – Hamlet of Tuktoyaktuk – Municipal Water Licence
- N7L3-1525 – Hamlet of Ulukhaktok – Municipal Water Licence
- N7L3-1531 – Hamlet of Sachs Harbour – Municipal Water Licence
- N7L1-1779 – Conoco Resources – Parsons Lake Winter 3D Seismic
- N7L1-1836 – Imperial Oil Resources – Tununuk Point / Bar C Remediation Project
- N7L1-1769 – Japex Canada Ltd. - Mackenzie Delta Gas Hydrate Project

5.0 Other IWB Activities

Although IWB activities and projects were limited again this year due to the COVID-19 Pandemic and the associated travel restrictions, 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 engaged in a partnership with Helen Kalvak School who hosted a World Water Day 2022 event with the staff and students in Ulukhaktok. The IWB assisted Helen Kalvak staff by providing Hazardous Waste Management and World Water Day pamphlets and Inuvialuit Water Board information and fact sheets to hand out to the students, staff and participants during the event. The IWB also provided reusable water bottles and reusable shopping bags to each of the students and staff for daily use.

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:

- Meetings with Stakeholders:
 - Inuvialuit Petroleum Corporation – Inuvialuit Energy Securities Project (IESP)
 - Fisheries and Oceans Canada – M18 and Gunghi Creek Bridge Construction
 - Imperial Oil Resources – Tununuk Point / Bar C Dock Removal activities
- Discussion of *Access to Information and the Protection of Privacy (ATIPP)* Act amendments
- Inuvialuit Regional Corporation – ISR Waste Sites and Sumps
- GNWT INF – ITH Working Group
- GNWT Finance – Fibre Optics line expansion to Tuktoyaktuk
- Arctic Energy and Resource Symposium

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

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 2022 - 2023.

6.0 Areas of Focus for 2022 / 2023

During the 2022 / 2023 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.

- 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.
- Planning for and completion of the 5 Year IWB Governance and Administrative Review by fiscal year end March 31, 2023.
- In advance of considering a renewal of the community of Sachs Harbour water licence (expiring in November 2022), 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.

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Inuvialuit Water Board

Financial Statements

March 31, 2022

Inuvialuit Water Board

Financial Statements

March 31, 2022

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Management's Responsibility for the Financial Statements

June 16, 2022

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 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



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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, 2022, 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, 2022, 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 16, 2022

Chartered Professional Accountants

Inuvialuit Water Board

Statement of Operations

For the year ended March 31,	Budget (Note 12)	2022	2021
Revenue			
Contributions from GNWT	\$ 924,000	\$ 924,000	\$ 924,000
Donation in-kind (Note 12)	61,693	61,693	61,693
Other revenue	-	1,209	-
Total revenues before repayable contributions	-	986,902	985,693
Repayable contributions (Note 7)	-	(344,372)	(283,890)
Total revenues	985,693	642,530	701,803
Expenses			
Advertising	2,000	1,560	1,956
Amortization	10,000	11,975	11,942
Board travel and training	18,000	3,867	439
Communications	30,500	22,572	35,146
Communication strategy implementation	50,000	8,512	638
Community capacity initiative	30,000	-	10
Community tour	20,000	11,351	9,863
Conferences (recovery)	4,000	3,060	(3,065)
Consulting	5,000	-	600
Equipment maintenance	5,500	5,668	2,457
Equipment rental	5,000	7,297	3,965
Honoraria	75,000	58,381	63,227
Hospitality	-	815	907
Interest and bank charges	1,000	67	335
Office supplies	3,200	2,117	1,162
Postage	2,000	260	159
Professional fees	71,800	49,130	56,657
Publications - French translation	20,000	-	-
Rent (Note 12)	61,693	61,693	61,693
Salaries and benefits	543,000	384,234	465,637
Implications of In House Staffing - Ph II	5,000	-	-
Staff travel	17,000	9,346	17
Staff training	4,000	-	-
Staff recruitment and relocation	2,000	-	-
Total expenses	985,693	641,905	713,745
Surplus (deficit) before other items	-	625	(11,942)
Loss on disposal of tangible capital assets	-	-	1,982
Operating surplus (deficit)	-	625	(13,924)
Transfer to (from) tangible capital assets	-	585	13,924
Surplus	\$ -	\$ 1,210	\$ -

Inuvialuit Water Board**Statement of Accumulated Surplus**

For the year ended March 31,	2022			2021
	Capital Asset Fund	Operating Fund	Total	Total
Balance, beginning of year	\$ 24,118	\$ 290,964	\$ 315,082	\$ 329,006
Operating surplus (deficit)	-	625	625	(13,924)
Acquisition of tangible capital assets	11,390	(11,390)	-	-
Amortization of tangible capital assets	(11,975)	11,975	-	-
Balance, end of year	\$ 23,533	\$ 292,174	\$ 315,707	\$ 315,082

Inuvialuit Water Board**Statement of Change in Net Financial Assets**

For the year ended March 31,	Budget (Note 12)	2022	2021
Operating surplus (deficit)	\$ -	\$ 625	\$ (13,924)
Acquisition of tangible capital assets	(11,390)	(11,390)	-
Amortization of tangible capital assets	10,000	11,975	11,942
Loss on disposal of tangible capital assets	-	-	1,982
Net change in financial assets	(1,390)	1,210	-
Net financial assets, beginning of year	290,964	290,964	290,964
Net financial assets, end of year	\$ 289,574	\$ 292,174	\$ 290,964

Inuvialuit Water Board

Statement of Financial Position

As at March 31, **2022** **2021**

Financial Assets

Cash	\$ 560,975	\$ 515,031
Temporary investments (Note 4)	201,200	200,000
Accounts receivable (Note 5)	3,008	3,084
	<hr/> 765,183	<hr/> 718,115

Liabilities

Accounts payable and accrued liabilities (Note 6)	128,637	143,261
Repayable contributions (Note 7)	344,372	283,890
	<hr/> 473,009	<hr/> 427,151

Net financial assets	<hr/> 292,174	<hr/> 290,964
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Non-Financial Assets

Tangible capital assets (Note 8)	<hr/> 23,533	<hr/> 24,118
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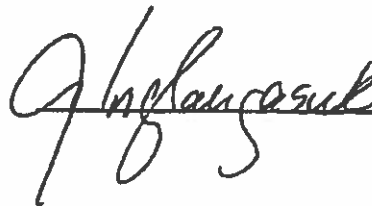
Accumulated surplus	<hr/> \$ 315,707	<hr/> \$ 315,082
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Commitments (Note 10)

Approved on behalf of the Board



Director



Director

Inuvialuit Water Board**Statement of Cash Flows**

For the year ended March 31,	2022	2021
Cash provided by (used in)		
Operating activities		
Operating surplus (deficit)	\$ 625	\$ (13,924)
Item not affecting cash:		
Amortization of tangible capital assets	11,975	11,942
Loss on disposal of tangible capital assets	-	1,982
Changes in non-cash operating working capital		
Accounts receivable	75	1,974
Accounts payable and accrued liabilities	(14,625)	11,700
Repayable contributions	60,483	162,402
	58,533	176,076
Investing activity		
Purchase of temporary investments	(201,200)	(200,000)
Maturity of temporary investments	200,000	-
	(1,200)	(200,000)
Capital activity		
Acquisition of tangible capital assets	(11,390)	-
Increase (decrease) in cash	45,943	(23,924)
Cash, beginning of year	515,032	538,956
Cash, end of year	\$ 560,975	\$ 515,032

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2022

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. 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 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) 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 8.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2022

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, 2022

3. Future Accounting Standards

(a) Asset Retirement Obligations, Section PS 3280

This Section will be effective for fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted. The Section 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 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. If any, the impact of the transition to this proposed accounting standard 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, 2023. Earlier adoption is permitted.

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

4. 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 0.45% per annum and mature on November 9, 2022.

5. Accounts Receivable

	2022	2021
Expense recoveries receivable	\$ -	\$ 175
Goods and Services Tax rebate	3,008	2,909
	<u>\$ 3,008</u>	<u>\$ 3,084</u>

As at March 31, 2022, the allowance for doubtful accounts is \$nil (2021 - \$nil).

6. Accounts Payable and Accrued Liabilities

	2022	2021
Government of the Northwest Territories - wages payable	\$ 94,324	\$ 126,536
Accrued liabilities	10,711	10,711
Credit card payable	20,585	1,747
Other accounts payable	3,017	4,267
	<u>\$ 128,637</u>	<u>\$ 143,261</u>

Inuvialuit Water Board

Notes to Financial Statements

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7. Repayable Contributions

	2022	2021
Government of the Northwest Territories:		
- Department of Environment and Natural Resources	\$ 344,372	\$ 283,890

8. Tangible Capital Assets

	Rate	Cost	Accumulated Amortization	2020 Net Book Value	2021 Net Book Value
Furniture and equipment	20%	\$ 52,597	\$ 34,625	\$ 17,972	\$ 18,035
Computer equipment	30%	47,907	42,346	5,561	6,083
Computer software	100%	-	-	-	-
		\$ 100,504	\$ 76,971	\$ 23,533	\$ 24,118

9. 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.

10. Commitments

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

2023	\$	4,945
2024		206
	\$	5,151

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.

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11. Risk Management (Continued)

The Board's maximum exposure to credit risk is represented by the balance of the financial assets of \$762,175 (2021 - \$715,031).

(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, 2022, 100% (2021 - 100%) of the Board's cash and temporary investments 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 meet all cash outflow obligations as they come due. The Board has a liquidity risk in accounts payable and accrued liabilities of \$473,009 (2021 - \$427,151). 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, 2022, 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

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.