

**Inuvialuit Water Board**

**Financial Statements**

**March 31, 2015**

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## **Inuvialuit Water Board**

### **Financial Statements**

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## **Management's Responsibility for Financial Reporting**

**June 17, 2015**

**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**



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## **Independent Auditors' Report**

**To the Directors of  
Inuvialuit Water Board**

We have audited the accompanying financial statements of Inuvialuit Water Board, which comprise of the statement of financial position as at March 31, 2015, and the statements of operations and operating fund, net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian Generally Accepted Auditing Standards. Those standards require we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether to due fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinion.

### ***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of Inuvialuit Water Board as at March 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.

*Crowe MacKay LLP*

**Chartered Accountants**

**Yellowknife, Northwest Territories  
June 17, 2015**

# Inuvialuit Water Board

## Statement of Operations and Operating Fund

For the year ended March 31,	Budget	2015	2014
<b>Revenue</b>			
Government of Canada			
- Aboriginal Affairs and Northern Development			
Core funding	\$ -	\$ -	\$ 1,080,000
Core funding - Funding for Act amendment	-	-	5,000
Core funding - Tuktoyaktuk -			
Inuvik additional funding	-	-	52,000
Government of Northwest Territories	900,000	900,000	-
Donation in kind	-	48,000	-
Other revenue	8,400	8,743	5,400
Contribution repayable	-	(39,795)	-
	<b>908,400</b>	<b>916,948</b>	<b>1,142,400</b>
<b>Expenses</b>			
Advertising	2,000	1,981	-
Amortization	12,000	22,059	20,632
Board travel	43,000	31,251	38,287
Communications	45,000	44,175	45,039
Conferences	6,000	7,371	4,900
Consulting	30,000	38,772	8,475
Equipment maintenance	1,000	-	74
Equipment rental	12,000	17,273	12,520
Honoraria	210,000	187,609	215,063
Hospitality	-	993	402
HR and Financial Policy Development	20,000	-	-
Interest and bank charges	500	1,071	1,188
Municipal Wastewater Workshop	30,000	19,832	-
Office	36,500	8,909	9,464
Postage	2,000	2,073	1,503
Rent	-	48,000	-
Professional fees	55,000	53,630	39,809
Professional fees - interim Executive Director	-	-	132,120
Publications	2,000	1,438	2,039
Salaries and benefits	475,000	400,490	220,499
Staff training	10,000	518	-
Staff travel	24,000	27,324	13,674
Strategic Plan Updates	10,000	13,824	-
Tuktoyaktuk-Inuvik public hearings	-	-	406,111
	<b>1,026,000</b>	<b>928,593</b>	<b>1,171,799</b>
<b>Surplus (deficit) before other items</b>	<b>(117,600)</b>	<b>(11,645)</b>	<b>(29,399)</b>
<b>Loss on disposal of capital assets</b>	<b>-</b>	<b>(627)</b>	<b>-</b>
<b>Surplus (deficit) before capital asset additions</b>	<b>(117,600)</b>	<b>(12,272)</b>	<b>(29,399)</b>
<b>Capital asset additions</b>	<b>-</b>	<b>(1,671)</b>	<b>(29,867)</b>
<b>Surplus (deficit)</b>	<b>\$ (117,600)</b>	<b>\$ (13,943)</b>	<b>\$ (59,266)</b>

## Inuvialuit Water Board

### Statement of Net Assets

For the year ended March 31,			2015	2014
	Capital Asset Fund	Operating Fund	Total	Total
Balance, beginning of year	\$ 35,480	\$ 266,641	\$ 302,121	\$ 331,520
Surplus (deficit)	-	(12,272)	(12,272)	(29,399)
Acquisition of capital assets	1,671	(1,671)	-	-
Disposal of capital assets	(627)	627	-	-
Amortization	(22,059)	22,059	-	-
Balance, end of year	\$ 14,465	\$ 275,384	\$ 289,849	\$ 302,121

## **Inuvialuit Water Board**

### **Statement of Change in Net Financial Resources**

<b>For the year ended March 31,</b>	<b>2015</b>	<b>2014</b>
<b>Operating deficit</b>	<b>\$ (12,272)</b>	<b>\$ (29,399)</b>
<b>Acquisition of tangible capital assets</b>	<b>(1,671)</b>	<b>(29,867)</b>
<b>Amortization of tangible capital assets</b>	<b>22,059</b>	<b>20,632</b>
<b>(Gain)/ loss on sale of tangible capital assets</b>	<b>627</b>	<b>-</b>
<b>Decrease/ (increase) in prepaid expenses</b>	<b>379</b>	<b>(442)</b>
<b>Net remeasurement gains and (losses)</b>	<b>9,122</b>	<b>(39,076)</b>
<b>Net debt at beginning of year</b>	<b>265,037</b>	<b>304,113</b>
<b>Net debt at end of year</b>	<b>\$ 274,159</b>	<b>\$ 265,037</b>

# Inuvialuit Water Board

## Statement of Financial Position

As at March 31,	2015	2014	2013
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### Assets

Cash	\$ 475,212	\$ 278,299	\$ 819,863
Accounts receivable (Note 4)	8,734	25,940	5,359
	<b>481,946</b>	<b>304,239</b>	<b>825,222</b>

### Liabilities

Accounts payable and accrued liabilities	167,992	39,202	29,428
Repayable contributions (Note 6)	39,785	-	291,681
	<b>207,787</b>	<b>39,202</b>	<b>321,109</b>

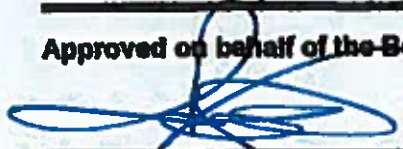
Net financial resources	<b>274,159</b>	<b>265,037</b>	<b>304,113</b>
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### Non-Financial Assets

Prepaid expenses	\$ 1,226	\$ 1,604	\$ 1,162
Tangible capital assets (Note 5)	14,465	35,480	26,245
	<b>15,690</b>	<b>37,084</b>	<b>27,407</b>

Accumulated surplus	\$ 289,849	\$ 302,121	\$ 331,520
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Approved on behalf of the Board

 Director

 Director



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## **Inuvialuit Water Board**

### **Statement of Cash Flows**

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<b>For the year ended March 31,</b>	<b>2015</b>	<b>2014</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Surplus (Deficit)	\$ (12,272)	\$ (29,399)
Amortization	22,059	20,632
Loss on disposal of assets	627	-
<b>Change in non-cash operating working capital</b>		
Accounts receivable	19,206	(20,581)
Prepaid expenses	379	(442)
Accounts payable and accrued liabilities	128,790	9,774
Repayable contributions	39,796	(291,681)
	<b>198,584</b>	<b>(311,697)</b>
<b>Investing activity</b>		
Investment in capital assets	<b>(1,671)</b>	<b>(29,667)</b>
<b>Change in cash position</b>	<b>196,913</b>	<b>(341,564)</b>
<b>Cash position, beginning of year</b>	<b>278,299</b>	<b>619,863</b>
<b>Cash position, end of year</b>	<b>\$ 475,212</b>	<b>\$ 278,299</b>

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# Inuvialuit Water Board

## Notes to Financial Statements

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March 31, 2015

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### 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*.

The schedules and the statement of operations have been adjusted to reflect that the capital assets are treated as expenses by the funding agency - Government of the Northwest Territories, devolution from Government of Canada - Aboriginal Affairs and Northern Development Canada (AANDC).

### 2. Accounting Policies

These financial statements have been prepared in accordance with Public Sector Accounting Standards as issued by the Public Sector Accounting Board (PSAB). 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 Institute of Chartered Accountants. The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

#### (a) Impact of the Change in the Basis of Accounting

These are the Board's first financial statements prepared in accordance with Canadian Public sector accounting standards ("PSAS"). The 2015 comparative financial statements include an opening statement of financial position as at March 31, 2015 that provides for the impact of the transition. There were no changes required to the comparative balances presented as a result of adoption of this new accounting framework.

The rules for transition to PSAS normally require that an organization prepare its opening statement of financial position using the standards that will be followed thereafter. However, certain elective exemptions are available. In preparing the opening statement of financial position referred to above, the Board has not elected to use any exemptions.

#### (b) 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 contributions repayable. 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.

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## **Inuvialuit Water Board**

### **Notes to Financial Statements**

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**March 31, 2015**

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#### **2. Accounting Policies (continued)**

##### **(c) Capital assets**

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 5.

##### **(d) 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.

##### **(e) Revenue recognition**

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and its collection is reasonably assured. Contributions which are not used in the current year are set up as refundable contributions and must be repaid to the contributor.

Under Public Sector Accounting Standards for Not-for-Profit Organizations, funding received for restricted purposes that has not been expended is required to be deferred.

Other revenue is recognized when services and goods are provided.

##### **(f) Allocation of expenses**

The Board allocates expenditures according to their function, and are classified as core expenditures.

##### **(g) Use of estimates**

The preparation of financial statements in conformity with 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.

##### **(h) 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.

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## Inuvialuit Water Board

### Notes to Financial Statements

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March 31, 2015

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#### 3. Future Accounting Standards

##### a) Related party disclosures, Section PS 2200

In December of 2014, PSAB approved Section PS 2200, Related Party Disclosures. The new section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The effective date for Section PS 2200 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

##### b) Inter-entity transactions, Section PS 3420

In December of 2014, PSAB approved Section PS 3420, Inter-entity Transactions. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section 2200.

The effective date for Section PS 3420 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

##### c) Liability for Contaminated Sites, Section PS 3260

PSAB released Section PS 3260 -- Liability for Contaminated Sites. This new Section establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the Canadian public sector accounting standards.

This Section is effective for fiscal periods beginning on or after April 1, 2015. The impact of the transition to these accounting standards has not yet been determined.

#### 4. Accounts Receivable

	2015	2014
Accounts Receivable	\$ 2,100	\$ 8,400
Goods and Services Tax	4,834	17,540
	<b>\$ 6,734</b>	<b>\$ 25,940</b>

No amount is considered doubtful.

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## Inuvialuit Water Board

### Notes to Financial Statements

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March 31, 2015

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#### 5. Capital Assets

	Rate		Cost	Accumulated Amortization	2015 Net Book Value	2014 Net Book Value
Furniture and equipment	20%	\$	9,714	\$ 6,289	\$ 3,425	\$ 2,789
Computer equipment	30%		88,289	75,229	11,040	24,747
Computer software	100%		809	809	-	-
Websites	5yr S/L		39,720	39,720	-	7,944
		\$	138,312	\$ 121,847	\$ 14,465	\$ 35,480

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#### 6. Repayable Contributions

	2015	2014
Government of Northwest Territories	39,795	-
	\$ 39,795	\$ -

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#### 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. Lease Commitments

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

2016	8,830
2017	4,746
2018	4,746
2019 and later	8,415
	\$ 24,737

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## **Inuvialuit Water Board**

### **Notes to Financial Statements**

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**March 31, 2015**

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#### **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.

The Board's maximum exposure to credit risk is represented by the financial assets balance for a total of \$481,946 (2014: \$304,239)

##### **(ii) Concentration risk**

Concentration risk is the risk that a customer(s) has a significant portion (more than ten percent) 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 risk.

##### **(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 \$ 207,787 (2014:\$ 39,202 ). 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, 2015 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.