Inuvialuit Water Board

Financial Statements

March 31, 2016

Page

Management's Responsibility for Financial Reporting

June 17, 2016

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

Mardy Semmler
Executive Director
Inuvialuit Water Board

Crowe MacKay LLP
Member Crowe Horwath International
PO Box 727, 5103-51st Street
Yellowknife, NT X1A 2N5
+1.867.920.4404 Tel
+1.867.920.4135 Fax
+1.866.920.4404 Toll Free
www.crowemackay.ca

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, 2016, and the statements of operations, change in 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 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, 2016, 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

Yellowknife, Northwest Territories
June 15, 2016

Chartered Accountants

Inuvialuit Water Board

Statement of Operations

For the year ended March 31,	Budget	2016	2015
Revenue			
Government of Northwest Territories	$ 913,000	$ 913,000	$ 900,000
Donation in kind	48,000	48,000	48,000
Other revenue	8,400	9,549	8,743
Total revenues before contribution repayable	-	**970,549**	956,743
Contribution repayable	-	(25,407)	(39,795)
Total revenues	**969,400**	**945,142**	916,948
Expenses			
Advertising	3,000	5,658	1,981
Amortization	12,000	7,623	22,059
Board travel and training	41,000	16,371	31,251
Communications	40,000	37,447	44,175
Conferences	1,000	4,770	7,371
Consulting	10,000	3,659	38,772
Equipment maintenance	4,500	1,108	-
Equipment rental	9,000	15,950	17,273
Honoraria	186,000	165,593	187,609
Hospitality	-	216	993
Interest and bank charges	1,000	566	1,071
Community Capacity Initiative	10,000	34,537	-
Municipal Wastewater Workshop	-	-	19,832
Office	6,000	15,911	8,909
Postage	3,000	1,761	2,073
Rent	48,000	48,000	48,000
Professional fees	57,000	58,182	53,630
Publications	2,000	359	1,438
Salaries and benefits	491,000	477,776	400,490
Staff training	-	5,098	518
Staff travel	24,900	17,071	27,324
Strategic Plan Updates	20,000	25,558	13,824
Total expenses	**969,400**	**943,214**	928,593
Surplus (deficit) before other items	-	**1,928**	(11,645)
Loss on disposal of capital assets	-	-	(627)
Surplus (deficit) before capital asset additions	-	**1,928**	(12,272)
Capital asset additions	-	-	(1,671)
Surplus (deficit)	**$ -**	**$ 1,928**	$ (13,943)

Inuvialuit Water Board

Statement of Net Assets

For the year ended March 31,			2016	2015
	Capital Asset Fund	Operating Fund	Total	Total
Balance, beginning of year	$ 14,465	$ 275,384	$ 289,849	$ 302,121
Surplus (deficit)	-	1,928	1,928	(12,272)
Acquisition of capital assets	-	-	-	-
Disposal of capital assets	-	-	-	-
Amortization	(7,623)	7,623	-	-
Balance, end of year	$ 6,842	$ 284,935	$ 291,777	$ 289,849

Inuvialuit Water Board

Statement of Change in Net Financial Resources

For the year ended March 31,		2016		2015
Operating surplus (deficit)	$	1,928	$	(12,272)
Acquisition of tangible capital assets		-		(1,671)
Amortization of tangible capital assets		7,623		22,059
(Gain)/ loss on sale of tangible capital assets		-		627
Decrease/ (increase) in prepaid expenses		1,225		379
Net change in financial resources		**10,776**		9,122
Net financial resources at beginning of year		**274,159**		265,037
Net financial resources at end of year	**$**	**284,935**	$	274,159

Inuvialuit Water Board

Statement of Financial Position

As at March 31,	2016	2015
Assets		
Cash	$ 455,650	$ 475,212
Accounts receivable (Note 4)	7,372	6,734
	463,022	481,946
Liabilities		
Accounts payable and accrued liabilities	152,680	167,992
Repayable contributions (Note 6)	25,407	39,795
	178,087	207,787
Net financial resources	**284,935**	274,159
Non-Financial Assets		
Prepaid expenses	$ -	$ 1,225
Tangible capital assets (Note 5)	6,842	14,465
	6,842	15,690
Accumulated surplus	**$ 291,777**	$ 289,849

Approved on behalf of the Board

_______________ Director

_______________ Director

Inuvialuit Water Board

Statement of Cash Flows

For the year ended March 31,	2016	2015
Cash provided by (used in)		
Operating activities		
Surplus (deficit)	$ 1,928	$ (12,272)
Item not affecting cash		
Amortization	7,623	22,059
Loss on disposal of assets	-	627
Change in non-cash operating working capital		
Accounts receivable	(638)	19,206
Prepaid expenses	1,225	379
Accounts payable and accrued liabilities	(15,312)	128,790
Repayable contributions	(14,388)	39,795
	(19,562)	198,584
Investing activity		
Investment in capital assets	-	(1,671)
Change in cash position	**(19,562)**	196,913
Cash position, beginning of year	**475,212**	278,299
Cash position, end of year	**$ 455,650**	$ 475,212

1. Organization and Jurisdiction

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

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

2. Accounting Policies

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

(a) Financial Instruments

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

> This category includes cash, accounts receivable, accounts payable and accrued liabilities, and 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.

2. Accounting Policies (continued)

(b) Tangible Capital assets

Tangible capital assets are recorded in the capital asset fund at cost. Amortization is recorded in the capital asset fund using the declining balance method at the annual rates set out in Note 5.

(c) Fund accounting

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

(d) Revenue recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and its collection is reasonably assured. 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.

(e) Allocation of expenses

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

(f) 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.

(g) 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.

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) Assets, Section PS 3210

PSAB approved Section PS 3210, Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section provides guidance on how to apply the definition of assets as set out in Section PS 1000, and establishes standards for disclosure of assets except certain specific types of assets, which are dealt with in other Sections.

The impact of the transition to this accounting standard has not yet been determined.

d) Contingent Assets, Section PS 3320

PSAB approved Section PS 3320, Contingent Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of contingent assets except certain specific types of contingent assets.

The impact of the transition to this accounting standard has not yet been determined.

3. Future Accounting Standards (Continued)

e) Contractual Rights, Section PS 3380

PSAB approved Section PS 3380, Contractual Rights. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future except certain specific types of contractual rights.

The impact of the transition to this accounting standard has not yet been determined.

f) Restructuring Transactions, Section PS 3430

PSAB approved Section PS 3430, Restructuring Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2018. Earlier adoption is permitted. This Section establishes standards on how to account for and report restructuring transactions such as but not limited to amalgamations of entities or operations within the government entity, amalgamation of local governments, and shared service arrangements entered into by local governments in a region, by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

The impact of the transition to this accounting standard has not yet been determined.

4. Accounts Receivable

	2016	2015
Accounts Receivable	$ 2,370	$ 2,100
Goods and Services Tax	5,002	4,634
	$ 7,372	$ 6,734

No amount is considered doubtful.

5. Tangible Capital Assets

	Rate	**Cost**	**Accumulated Amortization**	**2016 Net Book Value**	2015 Net Book Value
Furniture and equipment	20%	$ 9,714	$ 7,257	$ 2,457	$ 3,425
Computer equipment	30%	86,269	81,884	4,385	11,040
Computer software	100%	609	609	-	-
Website	5yr S/L	39,720	39,720	-	-
		$ 136,312	$ 129,470	**$ 6,842**	$ 14,465

6. Repayable Contributions

	2016	2015
Government of Northwest Territories	$ 25,407	$ 39,795
	$ 25,407	$ 39,795

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:

2017	$ 5,908
2018	4,993
2019	4,746
2020	3,669
	$ 13,408

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 $463,022 (2015: $481,946)

7. Risk Management (Continued)

(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 $178,087 (2015 - $207,787). 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, 2016 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.