

Wek'eezhii Land and Water Board

Financial Statements

March 31, 2023

Wek'eezhii Land and Water Board

Financial Statements

March 31, 2023

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Management Responsibility Statement

The management of Wek'eezhii Land and Water Board is responsible for preparing the financial statements, the notes to the financial statements and other financial information contained in this annual report.

Management prepares the financial statements in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations. The financial statements are considered by management to present fairly the management's financial position and results of operations.

The board, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the financial statements.

The financial statements have been reported on by Crowe MacKay LLP, Chartered Professional Accountants. Their report outlines the scope of their examination and their opinion on the financial statements.

Executive Director
July 6, 2023

Independent Auditors' Report

To the members of Wek'eezhii Land and Water Board

Opinion

We have audited the financial statements of Wek'eezhii Land and Water Board, which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the 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 for Government Not-for-Profit Organizations.

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 for Government Not-for-Profit Organizations, 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.

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:

Independent Auditors' Report (continued)

- ◆ 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.

Yellowknife, Canada
July 6, 2023

Chartered Professional Accountants

Wek'eezhii Land and Water Board

Statement of Financial Position

March 31, 2023 2022

Assets

Current

Cash	\$ 674,454	\$ -
Accounts receivable (note 4)	205,468	34,453
Prepaid expenses	14,572	35,939

894,494 70,392

Capital assets (note 5) **184,897** **183,746**

\$ 1,079,391 **\$ 254,138**

Liabilities

Current

Bank indebtedness (note 6)	\$ -	\$ 20,364
Accounts payable and accrued liabilities (note 7)	339,545	448,093
Deferred contributions (note 8)	762,835	78,016
Loan payable	-	60,000

1,102,380 **606,473**

Net Assets (Deficit)

Invested in capital assets **184,897** **183,746**

Unrestricted net deficit **(207,886)** **(536,081)**

(22,989) **(352,335)**

\$ 1,079,391 **\$ 254,138**

Commitments (note 9)

Approved on behalf of the Board:



Member



Member

Wek'eezhii Land and Water Board

Statement of Operations

	2023	2023	2022
For the year ended March 31,	Budget	Actual	Actual
Revenues			
Crown-Indigenous Relations and Northern Affairs Canada (note 10)	\$ 2,166,940	\$ 3,560,734	\$ 2,467,346
Government of the Northwest Territories	-	196,175	6,755
Other	-	15,840	15,840
Transfer from deferred revenue	747,088	78,016	316,377
Transfer to deferred revenue	-	(762,835)	(78,016)
	2,914,028	3,087,930	2,728,302
Expenses			
Administration	136,000	282,623	211,448
Amortization	-	42,597	64,050
Board - Honoraria	235,403	110,314	208,104
Board - Meeting Costs	214,533	109,688	194,907
Board - Travel	88,146	43,176	83,993
Office rent	158,000	170,363	156,486
Office supplies and equipment	111,100	154,458	142,486
Outreach and engagement	-	11,068	6,766
Professional fees	431,006	340,521	319,051
Staff - Salaries and related benefits	1,539,840	1,501,482	1,632,419
Staff - Training	-	589	12,693
Staff - Travel	-	35,453	15,181
	2,914,028	2,802,332	3,047,584
Excess (deficiency) of revenues over expenses before other item	-	285,598	(319,282)
Transfer of tangible capital assets	-	(43,748)	(5,716)
Excess (deficiency) of revenues over expenses	\$ -	\$ 329,346	\$ (313,566)

Wek'eezhii Land and Water Board

Statement of Changes in Net Assets

For the year ended March 31, 2023

	Invested in capital assets	Unrestricted net deficit	Total 2023	Total 2022
Balance, beginning of year	\$ 183,746	\$ (536,081)	\$ (352,335)	\$ (38,769)
Excess (deficiency) of revenues over expenses	-	329,346	329,346	(313,566)
Purchase of capital assets	43,748	(43,748)	-	-
Amortization of capital assets	(42,597)	42,597	-	-
Balance, end of year	\$ 184,897	\$ (207,886)	\$ (22,989)	\$ (352,335)

Wek'eezhii Land and Water Board

Statement of Cash Flows

For the year ended March 31,	2023	2022
Cash provided by (used for)		
Operating activities		
Excess (deficiency) of revenues over expenses	\$ 329,346	\$ (313,566)
Item not affecting cash		
Amortization	42,597	64,050
	371,943	(249,516)
Change in non-cash working capital items		
Accounts receivable	(171,015)	68,649
Prepaid expenses	21,367	(1,016)
Accounts payable and accrued liabilities	(108,548)	96,802
Deferred contributions	684,819	(238,361)
	798,566	(323,442)
Financing activity		
Proceeds (repayment) of loan payable	(60,000)	60,000
Investing activity		
Purchase of capital assets	(43,748)	(21,626)
Decrease (increase) in bank indebtedness	694,818	(285,068)
Cash (bank indebtedness), beginning of year	(20,364)	264,704
Cash (bank indebtedness), end of year	\$ 674,454	\$ (20,364)

Wek'eezhii Land and Water Board

Notes to the Financial Statements

March 31, 2023

1. Nature of operations

Wek'eezhii Land and Water Board (the "Board") was established under the *Mackenzie Valley Resource Management Act* with a mandate to regulate land and water use, conservation and review of development proposals throughout the settlement area as defined in the *Tlicho Land Claims and Self-Government Agreement*. The Board is exempt from income tax under Section 149(1)(l) of the *Income Tax Act*.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations. The significant accounting policies are detailed as follows:

(a) Financial instruments

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

Cash and cash equivalents, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and loan payable 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) Revenue recognition

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

(c) Fund accounting

The Board uses fund accounting to segregate transactions between the funds. The unrestricted fund reports the assets, liabilities, revenues and expenses related to the Board's program delivery and administrative activity. The invested in capital assets fund reports the assets, liabilities, revenues and expenses related to capital assets.

Wek'eezhii Land and Water Board

Notes to the Financial Statements

March 31, 2023

2. Significant accounting policies (continued)

(d) Employee future benefits policy

The Board participates in a multi-employer defined benefit pension plan covering employees eligible. The cost of the pension plan is recognized based on the required contributions by the Board during each period.

A provision has been made for the Board's liability for employee future benefits arising from services rendered by employees to the statement of financial position date. A provision has also been made for the Board's obligation relating to unused vacation and lieu time. This amount is not separately funded.

(e) Capital assets

Capital assets are recorded in the invested in capital assets fund at cost. Amortization is recorded in the invested in capital assets fund using the declining balance method and the straight-line method at the annual rates set out in Note 5.

When capital assets are sold or retired, the related cost and accumulated amortization are removed from the accounts and any gain or loss is charged against earnings in the period.

(f) Allocation of expenses

The Board allocates expenses according to the contribution agreement to which the expense relates. The expenses are any direct cost related to the fulfillment of the contribution agreement. The costs are then allocated to the contribution agreement based on the actual amount of the expenditure.

Wages and benefits are allocated to contribution agreements based on the time spent working on the fulfillment of the agreement. The percentage of individual staff wages and benefits that are allocated to each project range from 0-100%.

Office administrative costs are allocated to contribution agreements that allow such costs to be allocated. Office administrative costs are allocated based on the percentage of staff time required to fulfill that contribution agreement.

(g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

Wek'eezhii Land and Water Board

Notes to the Financial Statements

March 31, 2023

3. Future changes to significant accounting policies

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 is effective for fiscal periods beginning on or after April 1, 2023. The impact of the transition to these accounting standards is being reviewed by management.

4. Accounts receivable

	2023	2022
Contributions receivable	\$ 118,987	\$ 10,062
Goods and Services Tax	47,393	24,391
Accounts receivable	39,088	-
	\$ 205,468	\$ 34,453

5. Capital assets

		2023	2022		
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	SL/2-5	\$ 249,981	\$ 249,981	\$ -	\$ 1,094
Furniture and fixtures	20%	90,962	45,468	45,494	50,916
Computer equipment	44/55%	114,896	97,900	16,996	19,394
Computer software	100%	10,138	10,138	-	-
Developed software	SL/10	167,290	44,883	122,407	112,342
		\$ 633,267	\$ 448,370	\$ 184,897	\$ 183,746

6. Bank indebtedness

A demand operating loan has been authorized to a maximum of \$100,000. It bears interest at CIBC's prime lending rate plus 1.5% per annum and is secured by a general security agreement, an assignment of insurance and all capital assets.

Wek'eezhii Land and Water Board

Notes to the Financial Statements

March 31, 2023

7. Accounts payable and accrued liabilities

	2023	2022
Trade payable	\$ 176,588	\$ 192,663
Wages and benefits payable	59,628	119,597
Government remittances payable	54,582	62,725
Vacation and time in lieu payable	48,747	73,108
	\$ 339,545	\$ 448,093

8. Deferred contributions

	2023	2022
Crown-Indigenous Relations and Northern Affairs Canada - Night Hawk Amendment	\$ -	\$ 78,016
Crown-Indigenous Relations and Northern Affairs Canada - Core	129,634	-
Crown-Indigenous Relations and Northern Affairs Canada - Ekati Renew	103,715	-
Crown-Indigenous Relations and Northern Affairs Canada - DDMI Amendment	103,673	-
Crown-Indigenous Relations and Northern Affairs Canada - Closure Workshops	285,631	-
Government of Northwest Territories - Department of Environmental and Natural Resource - Closure Guidelines	25,651	-
Government of Northwest Territories - Department of Environmental and Natural Resource - ORS Expansion	77,000	-
Government of Northwest Territories - Department of Environmental and Natural Resource - Dam Safety Reviews	27,606	-
Government of Northwest Territories - Department of Environmental and Natural Resource - Water Use Fee Procedures	9,925	-
	\$ 762,835	\$ 78,016

9. Commitments

The Board has entered into contracts for lease of office premises with the following future minimum payments:

2024	\$ 19,008
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Wek'eezhii Land and Water Board

Notes to the Financial Statements

March 31, 2023

10. Crown-Indigenous Relations and Northern Affairs Canada Revenue

	2023	2022
Core funding	\$ 2,166,940	\$ 2,079,386
Ekati Renew	352,988	-
Closure Workshops	318,347	-
DDMI amendment	199,100	-
Diavik amendment	195,000	188,860
Night Hawk amendment	-	199,100
Deficit funding	328,359	-
	\$ 3,560,734	\$ 2,467,346

11. Budget amounts

The budget figures presented are those approved by the Board.

12. Pension plan

Participating employers in the Plan, including the Board, are required to make contributions to the plan of 8% (2022 - 8%) of pensionable earnings, and to remit employee contributions of 8% (2022 - 8%). These contributions cover current service costs and a provision for adverse deviation.

These contributions cover current service costs and a provision for adverse deviation.

The Plan is governed by the Northern Employee Benefits Services (NEBS) Pension Plan Act (in force October 1, 2015) (the Act) and a Plan text document maintained by the administrator of the Plan. Both the Act and the Plan text document provide that participating employers are liable for their share of any funding shortfalls in the Plan as determined on a going concern basis, and on Plan windup. The Act and the Plan text document provide that any going concern shortfalls, should they arise, are to be paid down over no more than 15 years and that contribution rates may be increased if necessary to do so.

Pursuant to the Act, the Plan is exempt from compliance with the Pension Benefits Standards Act, 1985 (PBSA) and is not required to be funded on a solvency basis.

As of January 1, 2023, the excess (deficiency) of actuarial value of net assets over actuarial present value of defined benefits is estimated to be \$81,300,000 (2022 - \$65,900,000) on a solvency basis and a funded ratio of 127% (2022 - 124%). The Plan serves 3,789 (2022 - 3,655) employee members.

The solvency ratio was not performed in the January 1, 2023, valuation report.

During the year contributions made by the Board to the NEBS pension plan totaled \$87,286 (2022 - \$89,731).

Wek'eezhii Land and Water Board

Notes to the Financial Statements

March 31, 2023

13. Interfund transfers

During the year \$43,748 (2022 - \$21,626) was transferred to the Invested in Capital Assets Fund from the Unrestricted Net Deficit Fund.

14. Financial instruments

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:

(a) Liquidity risk

Liquidity risk is the risk that the Board cannot repay its obligations when they become due to its creditors. The Board does have a liquidity risk in the accounts payable and accrued liabilities, bank indebtedness and loan payable of \$339,545 (2022 - \$508,092). The Board reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due.

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.

(b) 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 cash equivalents and accounts receivable balance.

Accounts receivable are from government agencies. Credit risk related to accounts receivable is mitigated by internal controls as well as policies and oversight over arrears for ultimate collection. Management has determined that no accounts receivable are impaired. These amounts are as disclosed in Note 4.

The Board has concentration of credit risk, as 58% (2022 - 100%) of total outstanding accounts receivable is from one organization. The Board reduces this risk by monitoring overdue balances.

The Board has additional concentration risk in its cash and cash equivalents as the full balance of cash and cash equivalents is held at one federally regulated chartered bank in excess of the limits established by the Canadian Deposit Insurance Corporation.

The Board's maximum exposure to credit risk is represented by the financial assets for a total of \$205,468 (2022 - \$34,452).

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.

Wek'eezhii Land and Water Board

Notes to the Financial Statements

March 31, 2023

15. Related party transactions

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

16. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

17. Contractual rights

The Board has signed a multi-year contribution agreement with the Government of Canada - Department of Crown-Indigenous Relations and Northern Affairs Canada for \$2,079,386 annually from April 1, 2023 to March 31, 2027.

Summary of Operations

Wek'eezhii Land and Water Board

Schedule 1 Summary of Operations

For the year ended March 31,

	CORE	Closure Guidelines	Closure Workshops	Diavik Amendment	Dams Project	DDMI Amendment Ctd. (Fortune)	Ekati Renew
Revenues							
Crown Indigenous Relations and Northern Affairs Canada	\$ 2,495,299	\$ -	\$ 318,347	\$ 195,000	\$ -	\$ 199,100	\$ 352,988
Other	-	40,250	-	-	40,250	-	-
Other revenues	15,840	-	-	-	-	-	-
Transfer from Deferred Revenue	-	-	-	-	-	-	-
Transfer to Deferred Revenue	(129,634)	(25,651)	(285,631)	-	(27,606)	(103,673)	(103,715)
Total Revenues	2,381,505	14,599	32,716	195,000	12,644	95,427	249,273
Expenses							
Administration	130,523	-	341	59,567	-	25,573	51,730
Amortization	42,597	-	-	-	-	-	-
Board honoraria	92,163	-	995	-	-	-	-
Board meeting costs	13,809	-	729	54,864	-	2,537	17,887
Board travel	30,924	-	-	-	-	-	12,252
Office supplies and equipment	90,014	-	13,904	1,698	-	11,487	23,471
Office rent	157,968	-	-	3,928	-	667	7,800
Outreach and engagement	-	5,323	4,203	-	-	1,542	-
Professional fees	40,001	9,276	12,544	70,440	12,644	53,621	125,716
Salaries, wages and benefits	1,468,633	-	-	1,379	-	-	6,610
Training	-	-	-	-	-	-	589
Travel	29,111	-	-	3,124	-	-	3,218
Total Expenses	2,095,743	14,599	32,716	195,000	12,644	95,427	249,273
Excess (deficiency) of revenues over expenses before other item	285,762	-	-	-	-	-	-
Transfer of tangible capital assets	43,748	-	-	-	-	-	-
Excess (deficiency) of revenues over expenses	\$ 329,510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Summary of Operations

Wek'eezhii Land and Water Board

Schedule 1 Summary of Operations

For the year ended March 31,

					2023	2022
	Night Hawk Amendment	ORS Expansion	SNP Intern	Water Use Fee Procedures	Total	Total
Revenues						
Crown Indigenous Relations and Northern Affairs Canada	\$ -	\$ -	\$ -	\$ -	3,560,734	2,467,346
Other	-	77,000	28,750	9,925	196,175	6,755
Other revenues	-	-	-	-	15,840	15,840
Transfer from Deferred Revenue	78,016	-	-	-	78,016	316,377
Transfer to Deferred Revenue	-	(77,000)	-	(9,925)	(762,835)	(78,016)
Total Revenues	78,016	-	28,750	-	3,087,930	2,728,302
Expenses						
Administration	14,889	-	-	-	282,623	211,448
Amortization	-	-	-	-	42,597	64,050
Board honoraria	17,156	-	-	-	110,314	208,104
Board meeting costs	19,862	-	-	-	109,688	194,907
Board travel	-	-	-	-	43,176	83,993
Office supplies and equipment	9,994	-	3,890	-	154,458	142,486
Office rent	-	-	-	-	170,363	156,486
Outreach and engagement	-	-	-	-	11,068	6,766
Professional fees	16,279	-	-	-	340,521	319,051
Salaries, wages and benefits	-	-	24,860	-	1,501,482	1,632,419
Training	-	-	-	-	589	12,693
Travel	-	-	-	-	35,453	15,181
Total Expenses	78,180	-	28,750	-	2,802,332	3,047,584
Excess (deficiency) of revenues over expenses before other item	(164)	-	-	-	285,598	(319,282)
Transfer of tangible capital assets	-	-	-	-	43,748	5,716
Excess (deficiency) of revenues over expenses	\$ (164)	\$ -	\$ -	\$ -	\$ 329,346	\$ (313,566)