

July 4, 2022

Honourable Shane Thompson
Minister
Department of Lands
Government of the Northwest Territories
BOX 1320 4923-52 Street
Yellowknife, NT X1A 2L9

By Electronic Mail: Shane_Thompson@gov.nt.ca

NWT SRB 2021/22 Annual Report and 2021/22 Audited Financial Statements

The NWT Surface Rights Board (Board or SRB) is pleased to enclose its 2021/22 Audited Financial Statements in compliance with s.28 of the *Surface Rights Board Act (Act)* as prepared by the auditor you approved; and below is a summary of this years' achievements and challenges.

The GNWT established the SRB *Act* to resolve disputes about access to Gwich'in lands, Sahtu lands, and Tłı̄chq̄ lands, and the waters overlying those lands, and Inuvialuit lands and non-designated land. The Minister of Lands, Government of the NWT (GNWT) appoints SRB Members to a five-year term, and there cannot be less than five (5) and no more than nine (9) Members including the Chairperson. The *Act* also calls for you to appoint five (5) alternate Members if a Member is absent or incapacitated, or the position is vacant. One new Member joined the SRB, Tyson Pertschy Inuvialuit Region (resident of the Inuvik Region); and there is no Member or alternate Member for the Gwich'in Region.

SRB Members, staff and legal counsel are:

- Louie Azzolini, Chairperson and Member, M̄q̄whì Gogha Dè N̄jìtlèè
- Mike Vaydik, Member, Vice-Chairperson, Member, Non-regional
- Ian McCrea, Alternate Member, M̄q̄whì Gogha Dè N̄jìtlèè
- Robert Tanche, Alternate Member, Non-regional
- Harvey Pierrot, Alternate Member, Sahtu Region
- Danny Bayha, Member, Sahtu Region
- Tyson Pertschy, Member. Inuvialuit Region
- Doug Rankin, Executive Director
- Larry Reynolds, Legal Counsel

In consideration that the NWT SRB *Act* reads that, "The Board is to consist of no fewer than five and no more than nine Members, including the Chairperson," and whereas the Board currently only has four Members, the Board previously recommended that Robert Tanche, Alternate Member (Non-regional) be appointment as a Member (Non-regional). Mr. Tanche is aware of and supported this request.

The SRB received no Applications for Orders this year; and this is consistent with similar boards in the Yukon and Nunavut territories. There were challenges however that could impact the SRB's operations and public interest. Namely:

- 1) Board member vacancies
- 2) low public awareness of the SRB; and the
- 3) SRB's inability to become a member of the northern Employee Benefits Services (NEBS).

Achievements this year include:

- 1) significant Member training
- 2) a commitment to developing guidance documents for the inclusion and application of Traditional Knowledge (TK) into the Board's primary work; and
- 3) initiating development of a Members' only handbook to support current and future Members.

Members received professional development and training from Dr. Larry Reynolds. It included:

- 1) Legal issues associated with matters of evidence in NWT SRB decision-making processes.
- 2) Addressing the legal requirement of consultation with Indigenous Peoples of Canada in NWT SRB decision-making processes in the context of s. 35 of the *Constitution Act*, including such concepts as meaningful consultation and reconciliation.
- 3) Application of Traditional Knowledge in NWT SRB decision-making processes.
- 4) Compensation awards resulting from applications for access to land which is both subject to and not subject to land claims and self-government agreements, including such concepts as indigenous perspectives on compensation and environmental economics.
- 5) Cost awards associated with NWT SRB decision-making processes, including such issues as costs following the cause, advance costs, and punitive costs.
- 6) Review of administrative law as it applies to the operation of the NWT SRB, including statutory delegation, duty of fairness, judicial review vs. appeal, the rule against bias and standard of review by the judiciary.

The SRB updates its strategic plan, business plan and five-year budget every year based on known multi-year funding amounts and reviews it regularly to ensure it reflects Board priorities and accomplishments.

Operationally, the NWT SRB has a permanent half-time Executive Director whose pay is comparable to similar positions in the GNWT; however, the position's benefits are not comparable to a similar GNWT position because of the SRB's inability to join NEBS. The executive director manages the day-to-day operations of the Board and oversees the SRB's annual budget, information technology, communications, and website platforms.

The SRB's insurance providers are:

- 1) the NWT Workers' Safety and Compensation Commission (WSCC) and
- 2) the Totten Group for commercial general liability insurance.

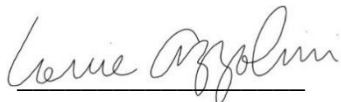
Contracted service providers are:

- 1) Bookkeeping – Office Compliments.
- 2) Auditing – ERP Yellowknife Accounting Professional Corporation.
- 3) Webhost – Kellett Communications Inc., Information Technology (non-website) – Tamarack Computers.
- 4) Legal counsel and professional development – Dr. Larry A. Reynolds of Cliffe Tobias Barristers & Solicitors.

Financially the SRB operated within budget, banks with the Royal Bank of Canada, and as confirmed by the auditor, maintains appropriate 'checks and balances' to safeguard its financial integrity with the Executive Director managing the SRB's approved budget.

The SRB is ready and capable to do its work in all areas of the NWT except for the Gwich'in Settlement region and welcomes your attention to address this gap.

Respectfully,



Louie Azzolini,
Chairperson

Copy: Deputy Minister, Jamie Koe Jamie_Koe@gov.nt.ca

**NORTHWEST TERRITORIES
SURFACE RIGHTS BOARD**

Financial Statements

March 31, 2022

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Financial Statements
Year ended March 31, 2022

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Independent Auditor's Report

Board of Directors, Northwest Territories Surface Rights Board

Opinion

We have audited the accompanying financial statements of Northwest Territories Surface Rights Board., which comprise the statement of financial position as at March 31, 2022, the statement of changes in net financial asset, statement of operations, statements of accumulated surplus and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northwest Territories Surface Rights 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Northwest Territories Surface Rights 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 Northwest Territories Surface Rights 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 Northwest Territories Surface Rights Board. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Northwest Territories Surface Rights Board's financial reporting process.

Auditor's 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 auditor's 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:

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- 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 Northwest Territories Surface Rights 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 Northwest Territories Surface Rights 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 auditor's 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 auditor's report. However, future events or conditions may cause Northwest Territories Surface Rights 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.

EPR Yellowknife Accounting Prof. Corp.

EPR Yellowknife Accounting Professional Corporation
Yellowknife, Northwest Territories
June 6, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Northwest Territories Surface Rights Board are the responsibility of management and have been approved by the Board.

The financial statements have been prepared by management in accordance with Public Sector Accounting Standards (PSAS) as recommended by the board of the Canadian Institute of Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, EPR Yellowknife Accounting Professional Corporation, 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 Northwest Territories Surface Rights Board and meet when required.

On behalf of Northwest Territories Surface Rights Board

A handwritten signature in black ink, appearing to read 'Doug Rankin', written in a cursive style.

Doug Rankin, Executive Director
Northwest Territories Surface Rights Board
June 6, 2022

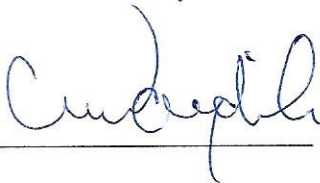
NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Statement of Financial Position
As At March 31, 2022

Statement I

	2022	2021
FINANCIAL ASSETS		
Cash & cash equivalents	\$ 185,586	\$ 182,008
Accounts receivable (Note 4)	-	52
TOTAL FINANCIAL ASSETS	185,586	182,060
LIABILITIES		
Current liabilities		
Accounts Payable (Note 5)	31,143	132,975
Deferred Revenue (Note 6)	156,573	51,116
	187,716	184,089
NET FINANCIAL ASSETS	(2,130)	(2,029)
NON FINANCIAL ASSETS		
Prepaid Expenses	2,130	2,029
	2,130	2,029
ACCUMULATED SURPLUS	\$ -	\$ -

APPROVED ON BEHALF OF BOARD

 Director

 Director

The accompanying notes and schedules form an integral part of the financial statements.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Statement of Operations
For the Year Ended March 31, 2022

Statement II

	2022	2021
REVENUE		
Government of NWT Contributions	317,645	313,189
Prior year surplus	51,117	18,372
Interest revenue	205	325
Transferred to deferred revenue	(156,573)	(51,117)
TOTAL REVENUE	212,394	280,769
OPERATING EXPENSES		
Advertising and external communication	-	900
Bank charges and interest	550	531
Board travel and other costs	368	2,024
Honorarium	35,861	54,429
Insurance	2,421	2,008
Information technology and computer costs	1,972	995
Office and other supplies	10,184	29,723
Professional fees	61,867	74,511
Rent	28,122	51,604
Staff Travel and training	-	3,423
Telephone, fax and Internet	3,514	2,723
Wages and Benefits	67,535	57,898
TOTAL EXPENSES	212,394	280,769
OPERATING SURPLUS FOR THE YEAR	-	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	-
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ -

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Statement of Changes in Net Financial Assets
For The Year Ended March 31, 2022

Statement III

	2022		2021
NET FINANCIAL ASSETS, BEGINNING OF YEAR	\$ (2,029)	\$	(1,643)
Items Affecting Net Financial Asset:			
Operating surplus for the year	-		-
Acquisition of Prepaid	(101)		(386)
NET FINANCIAL ASSETS, END OF YEAR	\$ (2,130)	\$	(2,029)

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Statement of Cash Flows
For the Year Ended March 31, 2022

Statement IV

	2022		2021
CASH PROVIDED BY (USED IN)			
OPERATING ACTIVITIES			
Operating surplus (deficit) for the year	\$ -	\$	-
Items not involving cash:			
Amortization of deferred capital contributions	-		-
Deferred capital contributions recognized as revenue in the year	-		-
	-		-
Net change in non-cash working capital balances:			
Decrease in accounts receivable	52		6
Increase in prepaid expenses	(101)		(387)
Increase in accounts payable	(101,830)		33,352
Increase in deferred revenue	105,457		32,745
	3,578		65,716
Net increase (decrease) in cash and equivalents	3,578		65,716
Cash and equivalents, beginning of year	182,008		116,292
CASH AND EQUIVALENTS, END OF YEAR	185,586		182,008
Cash consists of :			
Cash in bank	\$ 185,586	\$	182,008

The accompanying notes and schedules form an integral part of the financial statements.

1. NATURE OF ORGANIZATION

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD (The “Board”) is an institution of public government established pursuant to the Surface Right Board (SRB) Act of the NWT. The purpose of the Board is to fairly resolve matters in dispute regarding access to lands in the NWT and waters overlying those lands in the Mackenzie Valley and the compensation to be paid for that access. These lands include Gwich'in Land Claim Settlement lands, Sahtu land claim settlement lands, Tlicho land claim settlements lands, as well as private, commissioner's and crown lands. It also includes Inuvialuit land claim settlement lands.

The Board is exempt from income taxes under Section 149 of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Public Sector Accounting Standards (PSAS).

2a) Use of Estimates

The preparation of financial statements necessarily involves the use of estimates, which have been made using careful judgment. Actual results could differ from these estimates and any differences will be reflected in the financial statements in the period in which they are known. The financial statements have, in the opinion of management, been properly prepared within the reasonable limits of materiality and the framework of the significant accounting policies summarized below.

2b) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contributions. The minimum threshold for capitalization of assets is \$50,000. Amortization is calculated and recorded on a monthly basis, on a straight line basis in accordance with the asset categories. When a tangible capital asset belongs to a category that offers a range of useful lives, the board shall determine the useful life in a rational and systematic manner, appropriate to the nature and use of the tangible capital assets.

When a tangible capital asset no longer contributes to the Board’s ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset’s fair value or replacement cost.

2c) Revenue Recognition

Government Contracts and Contribution Agreements:

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 collection is reasonably assured.

2d) Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the organization are either recognized or disclosed in the Financial Statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable, the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

i) Interest Rate Risk

The Board is exposed to Interest rate risk on its fixed and floating rate financial instruments. Fixed interest financial instruments subject the Board to a fair value risks while the floating rate instruments subject it to cash flow risk. The Board is not subject to significant interest rate risk as it does not have any long term debt or interest bearing liabilities.

ii) Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they become due. The Board manages liquidity risk by reviewing forecasted cash flows from operating activities, forecasted financing activities and forecasted investing activities including budgeted capital expenditures and related financing.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Notes to the Financial Statements
For the Year Ended March 31, 2022

Financial Instruments (Contd...)

iii) Fair Values

The methods and assumptions followed to disclose fair value are inherently matters of judgment. Accordingly, fair values do not necessarily reflect the amounts that would be recovered or paid under the circumstances that immediate settlement of the financial instruments were required. The use of different methods of estimating and different assumptions could have a material effect on the estimated fair value amounts. Due to the short-term nature of accounts receivable, accounts payable and accrued liabilities the carrying amounts approximate fair value.

2e) Risk Management

The Board reviews financial risks and sets appropriate limits and controls when necessary.

3. FUTURE ACCOUNTING CHANGES

PS 3400-Revenue: This new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. This section is effective for fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.

4. ACCOUNTS RECEIVABLE

	2022	2021
Interest Receivable	-	52
	\$ -	\$ 52

5. ACCOUNTS PAYABLE

	2022	2021
Trades payable	\$ 10,765	\$ 88,481
Wages and honoraria fee payable	16,533	28,639
Vacation payable	1,935	321
WCB payable	108	211
Payroll remittances payable	1,619	14,374
GNWT payroll tax payable	183	947
	\$ 31,143	\$ 132,973

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Notes to the Financial Statements
For the Year Ended March 31, 2022

6. DEFERRED REVENUE

Pursuant to Contribution Agreement Paragraph 7.3, any unspent amount of the Contribution, or amount repayable in accordance with the Agreement, shall be recorded as a liability in the accounts and records of the Board until the amounts have been spent in accordance with the Agreement or repaid to the GNWT, as applicable. The deferred revenue amount of \$156,573 is repayable to GNWT.

	2022	2021
Balance, beginning of year	\$ 51,116	\$ 18,371
Deferred Revenue recognized as revenue during for the year	(51,116)	(18,371)
Deferred revenue for general operating expenses	156,573	51,116
Balance, end of year	\$ 156,573	\$ 51,116

7. ECONOMIC DEPENDENCE

Revenues

The Board derives a material amount of its revenues from contribution agreements with the Government of the Northwest Territories. Interruption of this funding would materially affect the operations of the Board.

Supplies and Expenditures

The Board may purchase all of the resources necessary for its operations at fair market values from available vendors deemed to provide best value to the Board.

The Board does not engage in the employment services of skilled individuals who could not be replaced in the labour market.

8. CONTINGENT LIABILITIES

The Board has determined that there have been no events that confirm that an asset has been impaired or liability incurred as at the financial statement date. The continued operations of the Board is dependent upon the Board securing financing by maintaining a volume of contribution funding. The Board has entered into a long term funding agreement with the Government of the Northwest Territories ending on March 31, 2026.

9. COMMITMENTS

The Board is committed to estimated annual payments under rental lease agreement over the next five years as follows.

2023	\$26,430
2024	\$26,430
2025	\$26,430
2026	\$26,430

	\$105,720