

THE SASKATCHEWAN FIRST NATIONS WATER ASSOCIATION INC.

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

for the year ended March 31, 2023

The Saskatchewan First Nations Water Association Inc.

Management's Responsibility

To the Members of

The Saskatchewan First Nations Water Association Inc.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting standards and ensuring that all the information in the annual report is consistent with the statements. The responsibility includes selecting appropriate accounting standards and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed of elected officials. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfills these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the external auditors.

Gabriel Ng CPA P.C. Inc., an independent firm of Chartered Professional Accountants, is appointed by the Board to audit the financial statements and report directly to them. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.



Director

Leonard Lewko



Director

Treena Cottingham

The Saskatchewan First Nations Water Association Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Members of The Saskatchewan First Nations Water Association Inc.:

Opinion

I have audited the financial statements of **The Saskatchewan First Nations Water Association Inc.** (the "Organization"), which comprise the statement of financial position as at **March 31, 2023**, and the statement of operations and changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at **March 31, 2023**, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNFPPO).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis of my audit opinion.

Other Matters

The financial statements of **The Saskatchewan First Nations Water Association Inc.** for the year ended March 31, 2022 was audited by another accounting firm, and the report was issued on August 23, 2022.

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 accounting standards for 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 Organization'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 Organization's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Organization 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.

I 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 I identify during my audit.

Gabriel Ng CPA P.C. Inc.

Saskatoon, Saskatchewan
September 8, 2023

Chartered Professional Accountant
Licensed Professional Accountant

The Saskatchewan First Nations Water Association Inc.

Statement of Financial Position as at March 31

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,027,282	\$ 538,444
GST refundable	3,708	-
Prepaid expenses	1,550	-
	<u>\$ 1,032,540</u>	<u>\$ 538,444</u>
LIABILITIES AND FUND BALANCES		
Current Liabilities		
Accounts payable and accruals	\$ 13,999	\$ 2,000
Deferred revenue (Note 3)	1,018,254	536,999
	<u>1,032,253</u>	<u>538,999</u>
Net Assets		
Cumulative surplus (deficit)	287	(555)
	<u>287</u>	<u>(555)</u>
	<u>\$ 1,032,540</u>	<u>\$ 538,444</u>

Economic Dependence (Note 4)

Approved on Behalf of the Board:

_____	Director
_____	Director

The Saskatchewan First Nations Water Association Inc.

Statement of Operations and Changes in Net Assets for the Year Ended March 31

	2023	2022
Revenue		
Indigenous Services Canada - Fixed contribution	\$ 801,408	\$ -
Indigenous Services Canada - Flexible contribution	-	550,000
Other revenue	224	63
	801,632	550,063
 Deferred Revenue (Note 3)		
Current Year	536,999	-
Prior Year	(1,018,254)	(536,999)
	320,377	13,064
 Expenses		
Salaries and benefits	141,761	-
Contracted services	57,197	3,000
Office expenses and supplies	46,418	2,552
Professional fees	20,676	-
Travel and meals	19,893	-
Advertising and promotions	17,165	-
Rent	6,353	2,000
Insurance	3,606	-
Meetings	2,387	-
Awards	1,501	-
Telephone and security	1,262	-
Bank charges	498	51
Membership fees	431	-
Other interest	387	-
Honorarium	-	10,200
	319,535	17,803
 Net Surplus (Loss) for the year	842	(4,739)
 Cumulative surplus, beginning of the year	(555)	4,184
 Cumulative surplus, end of the year	\$ 287	\$ (555)

The Saskatchewan First Nations Water Association Inc.

Statement of Cash Flows for the Year Ended March 31

	<u>2023</u>	<u>2022</u>
Cash was provided by (used in):		
Operating activities:		
Net surplus (loss)	\$ 842	\$ (4,739)
Net Changes in non-cash operating working capital balances		
Increase (decrease) in accounts payable and accruals	11,999	2,000
Increase (decrease) in deferred revenue and contributions	481,255	536,999
Decrease (increase) in receivables	(3,708)	-
Decrease (increase) in prepaids	<u>(1,550)</u>	<u>-</u>
Net Increase (decrease) in cash and cash equivalents	488,838	534,260
Cash and cash equivalents, beginning of the year	<u>538,444</u>	<u>4,184</u>
Cash and cash equivalents, end of the year	<u><u>\$ 1,027,282</u></u>	<u><u>\$ 538,444</u></u>

The Saskatchewan First Nations Water Association Inc.

Notes to the Financial Statements

March 31, 2023

1. Description of Operations

The Saskatchewan First Nations Water Association Inc. ("SFNWA") was incorporated as a membership corporation on November 5, 1997 without share capital under *The Non-Profit Corporations Act of Saskatchewan*. SFNWA provides an opportunity for education, training, networking and skills enhancement to the staff involved in the day-to-day operations and maintenance of water and wastewater systems. Management of SFNWA also reports to a Board of Directors.

These financial statements reflect the activities of SFNWA. SFNWA is exempt from income tax due to its status as a not-for-profit organization under section 149 of the Income Tax Act.

2. Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the deferral method of accounting for contributions.

Going Concern

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to assess whether there are any events or conditions that may cast significant doubt upon SFNWA's ability to continue as a going concern. Management is not aware of any such material uncertainties; accordingly, these financial statements have been prepared using the going concern assumption.

Revenue recognition

SFNWA follows the deferral method of accounting for contributions.

Donations

Unrestricted donations and planned gifts are recognized as revenue when received. Donations receivable are only recorded when the amount to be received can be identified prior to the year-end, and ultimate collection has occurred subsequent to the year-end. Restricted donations and planned gifts, which have donor stipulations on use, are recognized as revenue when the related expenses are incurred.

Funding contributions

The Organization uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which 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.

Other income, memberships and course fees

Other income, memberships and course fees are recognized as earned.

Contributed services

Members of the Board of Directors contribute a significant amount of time each year to assist SFNWA in carrying out its mission. Members of the Board of Directors are not compensated for their services, but will be compensated for their out-of-pocket costs such as mileage and reimbursements. Due to the difficulty in determining their fair value, contributed services are not recognized in these financial statements.

The Saskatchewan First Nations Water Association Inc.

Notes to the Financial Statements

March 31, 2023

2. Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses during the reporting period, as well as contingent assets and liabilities as of the date of the financial statements. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Significant estimates include the payable accrual valuation.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash on deposit with banking institutions less cheques written but not cleared, and short-term investments. These are held for the purposes of meeting short-term cash commitments. Short-term investments are classified as held for trading and stated at fair market value.

Capital Assets

SFNWA adopted a financial policy to expense the cost of items where the cost of each individual item is less than \$500. Other items may be expensed on a case-by-case basis.

Income Taxes

As SFNWA is a non-profit organization, it is exempted from income taxes per the Income Tax Act of Canada.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in net income. All other financial instruments are reported at amortized costs, and tested for impairment at each reporting date. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial instruments reported in these financial statements include cash and cash equivalents, accounts receivable, accounts payable which are carried at amortized cost, and short-term investments which are reported at fair value.

The Saskatchewan First Nations Water Association Inc.

Notes to the Financial Statements

March 31, 2023

3. Deferred Revenue

The contribution agreement between SFNWA and Indigenous Services Canada allows for unexpended funding to be deferred into the following year.

4. Economic Dependence

A significant portion of the SFNWA's operating funding comes from the contribution agreements between SFNWA and the Department of Indigenous Services. As the Organization's ability to generate sufficient self-funding to maintain operations is limited, any reduction of the funding provided by these agreements will have an adverse impact to the overall services that can be provided by the SFNWA.

5. Risk Management

Risks and concentrations

The SFNWA does not believe it is subject to any significant concentration of interest, market, credit or currency risk. Cash and cash equivalents and short-term investments are in place with major financial institutions. The following analysis provides a measure of the SFNWA's risk exposure as at March 31, 2023.

Liquidity risk

Liquidity risk is the risk that the SFNWA will encounter difficulty in meeting obligations associated with financial liabilities. The SFNWA is exposed to this risk mainly in respect of its accounts payable. The SFNWA manages liquidity risk by forecasting cash flows from operations to maintain an adequate cash balance.

6. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.