



**Snap Lake Environmental
Monitoring Agency**

**300-5120 49 Street Yellowknife NT X1A 1P8
Website: www.slema.ca**

2018-2019 ANNUAL REPORT OF ACTIVITIES

MESSAGE FROM THE CHAIRPERSON

It is my pleasure to present this report of activities carried out by the Snap Lake Environmental Monitoring Agency during the 2018-19 period. As an environmental watchdog created pursuant to the Snap Lake Environmental Agreement, SLEMA has proven to be very effective in ensuring the fulfillment of environmental agreement requirements and other regulatory requirements by providing its Aboriginal signatories with sound monitoring and oversight capabilities.

Through its membership on the SLEMA Board, the four Aboriginal partners have benefitted from SLEMA's expertise and advice not only when the mine was in operation but more importantly now and in the years to come during the closure and reclamation phase of the mine. SLEMA's continued involvement both at the technical and TK level is extremely important for the communities, and we firmly expect its role will continue as the mine goes into its final closure.

The closure and reclamation of the Snap Lake mine is likely the first one to be carried out under a modern regulatory regime in the NBWT, and the Aboriginal communities want to ensure the company will do a good job in restoring the site as we agreed when the Agreement was signed. In light of De Beers' continued

commitment over the years to be transparent and open and to continue honoring its commitments under the Snap Lake Environmental Agreement, we are confident this goal will be achieved, and the site will revert to its natural state once the process has been completed.

Johnny Weyallon, Chairperson
Tłıchǫ Government

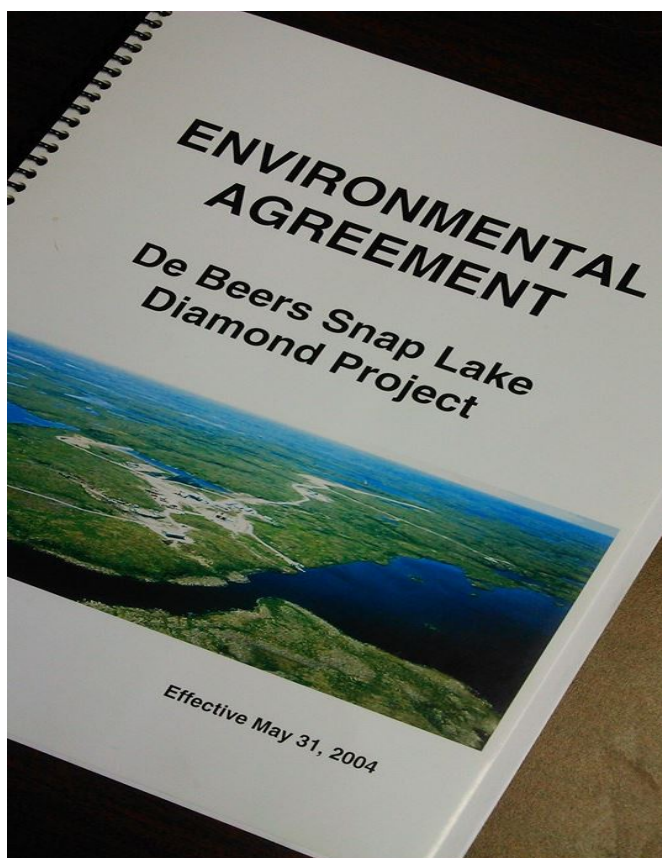
ABOUT SLEMA

The Snap Lake Environmental Monitoring Agency (SLEMA) is an independent environmental watchdog responsible for monitoring the environmental performance of the Snap Lake Mine and to support the Aboriginal parties throughout the life of the mine.

WHAT IS THE SNAP LAKE ENVIRONMENTAL AGREEMENT?

The Snap Lake Environmental Agreement is a binding contract between De Beers Canada, the proponent of the Snap Lake Mine De Beers, the Government of Canada, the Government of the Northwest Territories and four affected Aboriginal Organizations:

- Tłıchǫ Government,
- Yellowknives
Dene First Nation,
- North Slave Metis
Alliance
- Łutselk'e
Dene First Nation.



WHO WE ARE?

SLEMA is directed by a Core Group made up of eight board members appointed for an indefinite term at the discretion of the four Aboriginal groups. Four of these members make up the Executive Committee and are appointed annually at the Annual General Meeting.

REGULAR MEMBERS (EXECUTIVE)



James Marlowe

Lutselk'e Dene First Nation



Greg Empson

Yellowknives Dene First Nation



Johnny Weyallon

Tłchq Government



Arnold Enge

North Slave Metis Alliance

ALTERNATE MEMBERS



Beth Keats

Yellowknives Dene First Nation



Adrian D'Hont

North Slave Metis Alliance



Noel Drybones

Tłıchų Government



Charlie Catholique

Łutselk'e Dene First Nation

SLEMA also relies on two panels:

- The Science Panel has not met during the fiscal year. All technical reviews and recommendations to the SLEMA Board were done by staff, with assistance from consultants when needed;
- The Traditional Knowledge Panel, made up of eight Elders selected by the Aboriginal communities, met once to discuss issues of concerns to the Aboriginal membership as they related to mine closure. The TK Panel is currently made up of:

Joe Rabesca and Noel Drybones, Tlicho Government

Wayne Langenham, North Slave Metis Alliance. One vacant seat.

Albert Boucher and Madeline Drybones, Łutselk'e Dene First Nation

Mike Francis and Napoleon Mackenzie, Yellowknives Dene First Nation



OUR STAFF

SLEMA is managed by an Executive Director who administers the agency and liaise with the Board and external stakeholders, and an Environmental Analyst who is responsible for reviewing the operational performance of the mine as it relates to all regulatory approvals, including the requirements of the Environmental Agreement. Together, the staff provides advice and recommendations to the Core Group in all aspects of its mandate.



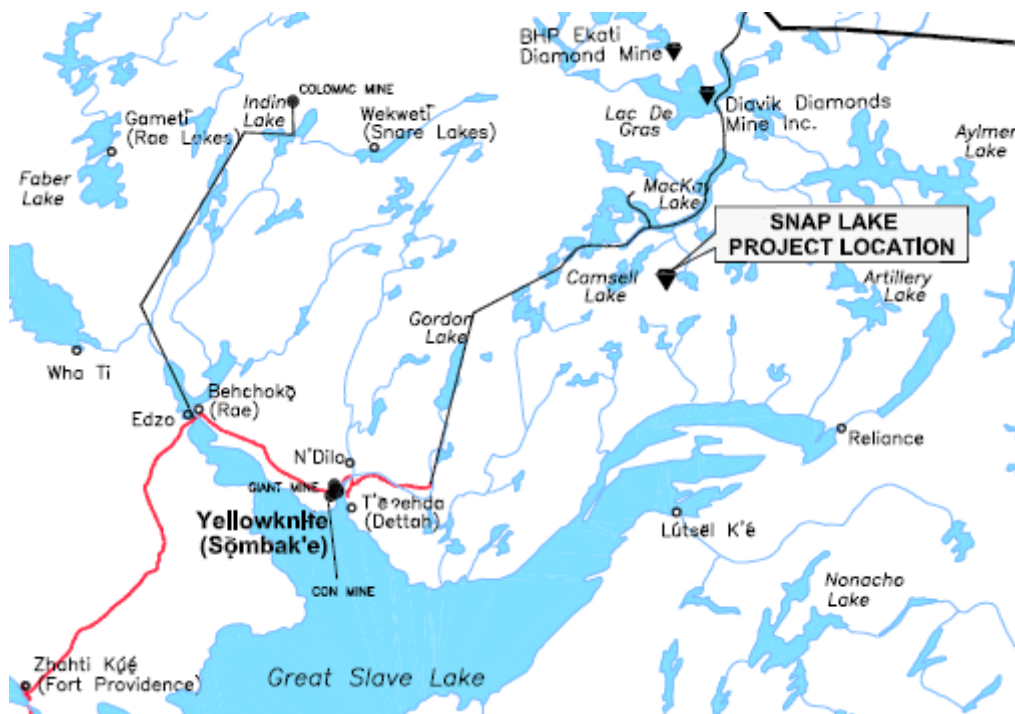
Sonia Aredes
Environmental Analyst



Philippe di Pizzo
Executive Director
(currently part-time)

THE SNAP LAKE MINE

The Snap Lake Mine is a diamond mine owned and operated by De Beers Canada. The mine is located about 220 kilometers northeast of Yellowknife, Northwest Territories. Mining began in 2007 and was expected to continue for 22 years until De Beers announced on December 4, 2015 that the mine was indefinitely being placed under care and maintenance. Flooding of the underground workings was completed, and a Final Closure and Reclamation Plan is being prepared.



Location of Snap Lake Diamond Mine

SNAP LAKE MINE

- 1..... Air Strip
- 2..... Crusher/Waste Management
- 3..... AN Storage
- 4..... Emulsion Plant
- 5..... Starter Cell (North Pile)
- 6..... East Cell (North Pile)
- 7..... Fuel Storage
- 8..... Tire Shop
- 9..... Fresh/Fire Water Pump
- 10..... Cement Storage
- 11..... Satellite Mobile Shop
- 12..... Fresh Air Raise (FAR)
- 13..... Satellite Welding Shop
- 14..... Satellite Mine Shop
- 15..... Mine Portal
- 16..... Ore Conveyor
- 17..... Diffuser
- 18..... WTP Power House
- 19..... Heated Storage
- 20..... Main Shops/Warehouse
- 21..... Mine Dry/Admin
- 22..... Accommodation Facility
- 23..... Water Management Pond
- 24..... Lay Down/Cold Storage
- 25..... Organic Waste Collection
- 26..... Process Plant

DE BEERS
GROUP OF COMPANIES



Aerial View of the Mine Site

HIGHLIGHTS OF ACTIVITIES IN 2018-2019

- The SLEMA Board met in Yellowknife on June 18 and December 10, 2018. De Beers and the Lands Inspector provided updates to the Board.
- SLEMA's Executive Committee met on September 5, 2018 to discuss the closure of the mine and prepare a budget for the following fiscal period, and on December 10, 2018 to appoint its executive members.
- SLEMA staff participated in the Mackenzie Valley Land and Water Board's Snap Lake Mine Working Group Meeting on November 6, 2018.

- The 2018 Annual General Meeting was held in Yellowknife on December 10, 2018.
- SLEMA Staff participated and assisted the Tlicho Government with the organization and funding of a Traditional Knowledge Workshop was held in Yellowknife on November 7, 2018. SLEMA Staff attended follow-up workshops on December 17 and 18, 2018.
- SLEMA staff conducted mine site visit along with Aboriginal Elders on July 13, 2018.
- Fish Tasting with Elders and SLEMA took place at the mine on September 6, 2018. Six lake trout were captured and prepared. Elders were satisfied with the quality and taste of the fish.
- SLEMA Staff attended meetings with De Beers and GNWT-ENR to discuss the updated Air Quality and Emission Monitoring Management Plan (AQEMMP) in February and March 2019.
- SLEMA Staff participated in workshops organized by De Beers on their Type A Water License Renewal in Yellowknife in March 2019.
- SLEMA Staff participated in a workshop on Guidelines for Hydrocarbon-contaminated Soil Treatment organized by the Mackenzie Valley Land and Water Board in Yellowknife in March 2019.

- Monthly Environmental Updates are prepared and published on the SLEMA's website (www.slema.ca) and distributed to all signatories of the Environmental Agreement. These reports are also submitted to the Aboriginal Parties to the Snap Lake Environmental Agreement.
- SLEMA reviewed and commented on De Beers' annual environmental reports, monitoring programs and management plans, and study reports throughout the year, listed in the following section.

REPORTS AND DOCUMENTS REVIEWED BY SLEMA

During the year, SLEMA reviewed several documents and reports submitted by De Beers, required under the Snap Lake Environmental Agreement, the Snap Lake Water License, and the Snap Lake land use permits. Comments relating to the Agreement were submitted to the GNWT Department of Environment and Resources and those required under a water license or land-use permit were submitted to the Mackenzie Valley Land and Water Board.

- **Monthly Surveillance Network Programme (SNP) Reports**
The SNP is the totality of the sampling requirements detailed in the Water License and is submitted monthly to the MVLWB and stakeholders.
- **Land Use Permit and Water License Inspection Reports**
Inspectors designated by the Minister under subsection 65(1) of the Act perform regular inspections and submits their reports to the Minister and SLEMA. In 2018-19, the Inspector conducted inspections as follows:

Water License:

April 13, 2018

April 27, 2018

May 11, 2018

May 25, 2018

June 8, 2018

July 6, 2018

August 3, 2018

September 26, 2018

October 19, 2018

November 23, 2018

Land Use Permit:

August 3, 2018

- Extended Care and Maintenance Water Management Supplemental Information
- 2017 Water License Annual Report
The Annual Report is required under Part B, Item 7 of the Water License
- Preliminary Data Analysis for Water Quantity of Seepage and Runoff from the North Pile
- Request to Amend Land Use Permit MV2017D0032
- Preliminary Data Analysis for Water Quality at the North Pile and Water Management Pond
- 2017 Annual Closure and Reclamation Plan Progress Report
- Aquatic Effect Management Plan (AEMP) Response Plan for Plankton
- 2017 Aquatic Effect Management Plan (AEMP) Annual Report
- Technical Memo – Instrumentation and Water Level Monitoring Frequencies for the North Pile and Water Management Pond Dams
- Water Management during Extended Care and Maintenance

- Review of Securities held against the Environmental Agreement
- Snap Lake Mine Air Quality Monitoring Frequency Adjustment for Extended Care and Maintenance (ECM)
- 2017 Environmental Agreement Annual Report
- 2017 Air Quality Meteorological Monitoring and Emissions Report

Detailed information on these documents is available upon request. In addition, all reviews conducted by SLEMA as well as all monthly environmental updates prepared by SLEMA are available at www.slema.ca or upon request.

ASSESSMENT OF DE BEERS

Based on its reviews of the mine's environmental record, including findings from Water Licenses and Land-Use Permit inspections, SLEMA concludes De Beers ran the Snap Lake Diamond Mine during the care and maintenance phase in a way that upheld the its environmental commitments during the reporting period of 2018-2019. Regular communication with SLEMA take place both at the staff level and during SLEMA board meetings. SLEMA is also satisfied with De Beers' s community engagement activities and events and participation in workshops and meetings organized by the Aboriginal signatories of the Snap Lake Environmental Agreement.

ASSESSMENT OF REGULATORS

SLEMA not only monitors the environmental performance of De Beers Snap Lake Diamond Mine, but also the government agencies that regulate the Mine. In general, the regulators remain effective in making sure that De Beers runs the Mine in a way that maintains its environmental commitments.

Mackenzie Valley Land and Water Board (MVLWB):

The MVLWB ran well managed processes for the review of updated management plans, annual reports, and De Beers' requests and applications during the period of April 2018 to March 2019.

SLEMA appreciated the MVLWB holding the Snap Lake Mine Working Group Meetings, which allowed for open discussion and clarification of current topics related to Snap Lake Mine.

Environment and Climate Change Canada (ECCC): ECCC has been actively involved in the review of related requests, study reports, annual reports and plans within its jurisdiction.

Department of Fisheries and Oceans (DFO): DFO contributed to the review of related requests, study reports, annual reports and plans within its jurisdiction.

Department of Lands: The GNWT-Lands Inspector, Mr. Tracy Covey, conducted ten Water License inspections and one Land Use Permit inspection during the period of April 2018 to March 2019. Mr. Covey also made comments on related management plans, De Beers' requests and applications, and provided updates to the SLEMA Staff and Board on a regular basis.

Department of Environment and Natural Resources (GNWT-ENR): ENR has been actively involved in the review of Environmental Agreement Annual Reports, wildlife issues, waste management issues, air quality issues, Water License and Land Use Permit related issues.

Overall SLEMA is satisfied with the regulators' actions and responses in regard to their respective responsibilities for the Snap Lake Mine.

HOW TO REACH US

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In person (by appointment)

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Snap Lake Environmental Monitoring Agency

Financial Statements

March 31, 2019

**Snap Lake Environmental Monitoring Agency
Financial Statements**

Year ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

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Canadian Member
of AGN International



Independent Auditor's Report

To the directors of **Snap Lake Environmental Monitoring Agency**:

Opinion

We have audited the accompanying financial statements of **Snap Lake Environmental Monitoring Agency (SLEMA)**, which comprise the statement of financial position as at March 31, 2019, and the statement of operations, statement of 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **SLEMA** as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of **SLEMA** 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 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 **SLEMA'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 **SLEMA** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing **SLEMA'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:

- 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 **SLEMA'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 **SLEMA'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 **SLEMA** 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 Professional Corporation
June 19, 2019
Yellowknife, NWT

Snap Lake Environmental Monitoring Agency
STATEMENT OF FINANCIAL POSITION
As at March 31, 2019

Statement I

	2019	2018
ASSETS		
Current assets		
Cash	\$ 108,761	\$ 455,463
Accounts receivable	2,750	-
Prepaid expenses	6,455	10,063
	117,966	465,526
Tangible capital assets (<i>Note 5</i>)	1,963	2,654
TOTAL ASSETS	119,929	468,180
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (<i>Note 6</i>)	24,492	20,745
Wages and benefit payable	10,957	25,015
Payroll taxes payable	6,940	8,357
Deferred revenue (<i>Note 7</i>)	-	372,644
	42,389	426,761
NET ASSETS		
Investment in capital assets	1,963	2,654
Unrestricted net assets	75,577	38,765
TOTAL NET ASSETS	77,540	41,419
TOTAL LIABILITIES AND NET ASSETS	\$ 119,929	\$ 468,180

APPROVED BY:

_____, Director

_____, Director

Snap Lake Environmental Monitoring Agency
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2019

Statement II

	2019	2018
REVENUES		
De Beers Canada Mining Inc	372,644	380,076
Transferred To Deferred Revenue	-	74,000
Interest Earned	476	398
TOTAL REVENUES	373,120	454,474
EXPENSES		
Accounting and legal	8,149	8,362
Amortization	691	1,244
Bookkeeping	10,800	10,800
Honoraria	105,956	110,623
Insurance	2,384	2,067
Interest and bank charges	674	885
Meetings-catering, translation and rentals	3,080	6,374
Meetings-travel and accommodation	19,336	13,182
Office and administration	6,551	6,558
Program expenses	8,398	60,000
Rent	1,260	4,043
Wages and benefits	169,720	193,201
TOTAL EXPENSES	336,999	417,339
Excess of revenues over expenses from operations	36,121	37,135
Transfer to investment in capital assets	691	1,244
Purchase of Capital Assets	-	(536)
Excess of revenues over expenses for the year	\$ 36,812	\$ 37,843

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

Snap Lake Environmental Monitoring Agency
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2019

Statement III

	Unrestricted net assets	Investment in capital assets	Total 2019	Total 2018
Balance, beginning of year	\$ 38,765	\$ 2,654	\$ 41,419	\$ 4,284
Excess of revenues over Expenditure	36,812	-	36,812	37,843
Amortization	-	(691)	(691)	(1,244)
Additions	-	-	-	536
Balance, end of year	\$ 75,577	\$ 1,963	\$ 77,540	\$ 41,419

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

Snap Lake Environmental Monitoring Agency
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2019

Statement IV

	2019	2018
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ 36,121	\$ 37,135
Amortization	691	1,244
	36,812	38,379
Changes in non-cash working capital balances		
Increase (Decrease) in accounts receivable	(2,750)	1,223
Increase in prepaid expenses	3,608	(3,391)
Increase (Decrease) in accounts payable and accrued liabilities	3,747	12,297
Increase (Decrease) in payroll tax payable	(1,417)	(2,306)
Increase (Decrease) in wages payable	(14,058)	186
Increase in deferred revenue	(372,644)	298,644
Net change in non-cash working capital balances	(383,514)	306,653
Net cash provided by (used in) operating activities	(346,702)	345,032
Investing activity		
Purchase of capital assets	-	(536)
Net cash provided by (used in) investing activities	-	(536)
NET INCREASE IN CASH POSITION	(346,702)	344,496
CASH, AT BEGINNING OF YEAR	455,463	110,967
CASH, AT END OF YEAR	108,761	455,463
Cash consists of :		
Cash	108,761	455,463
	\$ 108,761	\$ 455,463

Snap Lake Environmental Monitoring Agency
NOTES TO FINANCIAL STATEMENTS
For The Year Ended March 31, 2019

1. ORGANIZATION AND JURISDICTION

Snap Lake Environmental Monitoring Agency ("the Agency") is a not-for-profit organization incorporated under the Societies Act of the Northwest Territories. It is exempt from income tax under Section 149(1)(i) of the Income Tax Act.

The mission of the Agency is to oversee environmental management of the De Beers Snap Lake Diamond Project.

The Agency was incorporated and commenced operations on December 10, 2004.

2. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the significant accounting policies set out below. These financial statements are prepared in accordance with Canadian Accounting Standards for not-for-profit organizations.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is the summary of the significant accounting policies used by management in the preparation of these financial statements.

a) Fund accounting

The accounts of the Agency are maintained in accordance with the principle of fund accounting. A fund is a set of accounts established to classify resources according to specific activities. The following funds are maintained and are internally restricted by the Agency.

Unrestricted Fund - to record the general activities of the Agency.

Investment in Equipment - to record the historical cost of equipment acquired less accumulated amortization and disposal.

b) Tangible capital assets

Capital Assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is applied as a reduction to both the asset and net assets invested in Equipment. Amortization is calculated by the declining balance method over their estimated useful lives at the following rates:

Furniture and Fixtures	20%
Computer Equipment	30%
Computer Equipment-New	55%
Computers Software	100%

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD...)

c) Financial instruments - recognition and measurement

Snap Lake Environment Agency measures its financial assets and financial liabilities at fair value. The Agency subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investment in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at cost include cash, trade and other receivables, grant receivables and other short term investments. Financial liabilities that are measured at cost include cash, trade accounts payable and accrued liabilities. The Agency's financial assets measured at fair value include investment in quoted shares.

d) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income to a maximum of the accumulated impairment loss recorded in respect of the particular financial asset.

e) Deferred revenue

Deferred revenue is the unexpended contribution amounts received during the fiscal year that are transferred by agreement into the subsequent year. It is reported as a current liability as it is expected that the program will be completed or funds be repaid within the next fiscal year.

f) Revenue recognition

The Agency follows the deferred method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses occur. Unrestricted contributions are recognized as revenue when they are received or receivable or If the amount can be reasonably estimated and its collection is reasonably assured. Management fees and other sources of revenue are recognized when the services have been provided.

g) Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Snap Lake Environmental Monitoring Agency
NOTES TO FINANCIAL STATEMENTS
For The Year Ended March 31, 2019

4. FUTURE ACCOUNTING CHANGES

In March 2018, the Accounting standards Board (AcSB) issued the following new standards in part III (Accounting Standards for Not-for-Profit Organizations) of the CPA Canada Hand Book.

Section 4433 Tangible Capital Assets Held by Not-for-Profit Organizations and Section 4434 Intangibles Assets Held by Not-for-Profit Organizations states that the cost of contributed tangible capital assets is deemed to be fair value at the date of contribution plus all cost directly attributable to it acquisition, including installing at the location and the condition necessary for its intended use. Previously, there was no guidance on how to determine the cost of a contributed tangible asset.

Section 4441, Collections held by Not-for-Profit Organizations states that collections (which includes work of arts, historical treasures or similar assets) are recorded on the statement of financial position at either cost or nominal value on the statement of financial position. All collections are accounted for using the same method.

Section 4433, 4434 and 4441 (the new standards) replace Section 4431, 4432 and 4440 **respectively**. The new standards are effective for annual periods beginning on or after January 1, 2019. Earlier Application is permitted.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Furniture & Equipment	\$ 11,822	\$ 10,427	\$ 1,395	\$ 1,753
Computer Equipment	8,204	7,636	568	901
Computer Software	5,556	5,556	-	-
Year end Balance	\$ 25,582	\$ 23,619	\$ 1,963	\$ 2,654

6. ACCOUNTS PAYABLE

	2019	2018
Trade Payables	\$ 24,492	\$ 20,745

7. DEFERRED REVENUE

	2019	2018
De Beers Mining Inc.	\$ -	\$372,644

8. ECONOMIC DEPENDENCE

The Agency receives all of its contribution funding from De Beers Canada Mining Inc.. Management is of the opinion that operations would be significantly affected if the funding was substantially curtailed or ceased. In December 2015, DeBeers announced that the mine ceased operations and entered care and maintenance.,

9. CAPITAL DISCLOSURE

The Agency's objectives when managing capital is:

- (a) To safeguard the Agency's ability to continue as a going concern, so that it can continue to provide service for its members.

The Agency manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Agency monitors capital on the basis of the working capital which is calculated as current assets minus liabilities as follows:

	2019	2018
Current Assets	\$ 119,929	\$468,180
Current Liabilities	42,389	426,761
	\$ 77,540	\$ 41,419

10. FINANCIAL INSTRUMENTS

Financial instruments consist of recorded amounts of cash, accounts receivable, contributions receivable, holdbacks receivable which will result in future cash receipts, as well as accounts payable and accrued liabilities, deferred revenue, and contributions repayable which will result in future cash outlays.

The Agency is exposed to the following risks in respect of certain of the financial instruments held:

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The agency is exposed to credit risk from its cash and account receivables.

i) Cash

Cash is held in a Canadian Chartered Bank except for small amounts of cash that are held on a temporary basis at the office premises until such time as a deposit can be made, generally on a weekly basis. The Agency minimizes its credit risk by limiting the amount held at entities other than reputable and high quality financial institutions.

ii) Accounts Receivable

The Agency is exposed to credit risk from clients in the amount of \$2,750 in the normal course of business. The accounts receivable are established based on specific credit risk associated with individual clients and other relevant information. However, since the majority of its customers are territorial or federal governmental departments, the credit risk is minimized.

Snap Lake Environmental Monitoring Agency
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended March 31, 2019

(b) Liquidity risk

Liquidity risk arises from the potential that an entity will have difficulty in meeting its obligation associated with the financial liabilities. The Agency manages liquidity risk by continually monitoring actual and forecasted cash flows from operations to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Agency's reputation. The Agency has determined that the risk is not significant.

As of March 31, 2019, none of accounts payable and accrued liabilities were over 60 days due.

