

**Giant Mine Oversight Body Society**

**Financial Statements**

**March 31, 2017**

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**Financial Statements**

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**For the year ended March 31,****Page**

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## **Independent Auditors' Report**

### **To the Members of Giant Mine Oversight Body Society**

We have audited the accompanying financial statements of Giant Mine Oversight Body Society, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Giant Mine Oversight Body Society as at March 31, 2017, 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.

**Yellowknife, Canada  
June 9, 2017**

  
**Chartered Professional Accountants**

# Giant Mine Oversight Body Society

## Statement of Operations

	April 1, 2016 to March 31, 2017	November 18, 2015 to March 31, 2016
<b>For the period ended March 31,</b>		
<b>Revenues</b>		
Interest income	\$ 927	\$ -
Contribution - Government of Canada - Operating	663,000	261,000
Contribution - Government of Canada - Research	178,500	-
Contribution - Government of Canada - Start up	-	175,000
Transfer from deferred revenue	37,146	-
Transfer to deferred revenue	(38,052)	(102,152)
Transfer to deferred capital contributions	(31,121)	(60,609)
Amortization of deferred capital contributions	21,097	-
Contribution repayable	(96,890)	(108,868)
	<b>734,607</b>	<b>164,371</b>
<b>Expenses</b>		
Accounting, audit, and legal	24,230	13,827
Advertising and promotion	12,921	7,738
Amortization	21,097	-
Contract and consulting fees	166,670	24,195
Equipment rental	91	-
Honoraria	127,447	65,390
Insurance	6,296	713
Interest and bank charges	1,033	71
Materials and supplies	9,225	5,666
Meeting expenses	5,051	1,934
Office and general	3,703	2,787
Programming	50,523	-
Rent	38,684	10,168
Telephone and utilities	4,919	5,569
Travel	42,713	10,230
Wages and benefits	220,004	16,083
	<b>734,607</b>	<b>164,371</b>
<b>Excess of revenues over expenses</b>	<b>\$ -</b>	<b>\$ -</b>

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## Giant Mine Oversight Body Society

### Statement of Changes in Net Assets

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For the period ended March 31, 2017

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	Operating Fund	Research Fund	Total April 1, 2016 to March 31, 2017	Total November 18, 2015 to March 31, 2016
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -
Excess of revenues over expenses	-	-	-	-
Balance, end of period	\$ -	\$ -	\$ -	\$ -

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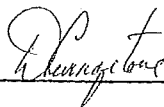
# Giant Mine Oversight Body Society

## Statement of Financial Position

March 31,	April 1, 2016 to March 31, 2017	November 18, 2015 to March 31, 2016
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 22,159	\$ 96,538
Accounts receivable (note 3)	6,762	5,563
Prepaid expenses (note 4)	110,544	107,064
	139,465	209,165
<b>Tangible capital assets (note 5)</b>	<b>70,633</b>	<b>60,609</b>
	<b>\$ 210,098</b>	<b>\$ 269,774</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (note 6)	\$ 23,667	\$ 41,745
Deferred revenue (note 7)	103,058	102,152
Contribution repayable (note 8)	12,740	65,268
	139,465	209,165
<b>Deferred capital contributions (note 9)</b>	<b>70,633</b>	<b>60,609</b>
	<b>210,098</b>	<b>269,774</b>
<b>Net Assets</b>		
<b>Accumulated surplus</b>		
	<b>\$ 210,098</b>	<b>\$ 269,774</b>

Approved on behalf of the board:

 Member

 Member

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## Giant Mine Oversight Body Society

### Statement of Cash Flows

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	April 1, 2016 to March 31, 2017	November 18, 2015 to March 31, 2016
For the period ended March 31,		
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Excess of revenues over expenses	\$ -	\$ -
Items not affecting cash		
Amortization	21,097	-
Amortization of deferred capital contribution	(21,097)	-
	-	-
Change in non-cash working capital items		
Accounts receivable	(1,199)	(5,563)
Prepaid expenses	(3,480)	(107,064)
Accounts payable and accrued liabilities	(18,078)	41,745
Deferred revenue	906	102,152
Contribution repayable	(52,528)	65,268
	(74,379)	96,538
<b>Financing activity</b>		
Deferred capital contributions	31,121	60,609
<b>Investing activity</b>		
Purchase of tangible capital assets	(31,121)	(60,609)
<b>Increase (decrease) in cash</b>	<b>(74,379)</b>	<b>96,538</b>
<b>Cash, beginning of period</b>	<b>96,538</b>	<b>-</b>
<b>Cash, end of period</b>	<b>\$ 22,159</b>	<b>\$ 96,538</b>

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# Giant Mine Oversight Body Society

## Notes to the Financial Statements

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March 31, 2017

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### 1. Nature of operations

Giant Mine Oversight Body Society is a not-for-profit organization incorporated under the Northwest Territories' *Societies Act*. The Society was formed to fulfil the mandate and carry out the roles and responsibilities of the independent oversight body of the Giant Mine Remediation Project, in accordance with and in furtherance of the Giant Mine Remediation Project Environmental Agreement, as that agreement may be amended from time to time.

The Society 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 accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

#### (a) Revenue recognition

The Society 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.

Restricted contributions related to the acquisition of tangible capital assets are deferred and recognized into the statement of operation at the same rate as the amortization for the related tangible capital asset.

Interest revenue is recognized when it is earned.

#### (b) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Society subsequently measures the following financial assets and financial liabilities at amortized cost:

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and contribution repayable.

The Society subsequently measures no financial assets and financial liabilities at fair value.



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# Giant Mine Oversight Body Society

## Notes to the Financial Statements

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March 31, 2017

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### 2. Significant accounting policies (continued)

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

#### (c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### (d) Tangible capital assets

Tangible capital assets are recorded at cost. The Society provides for amortization using the declining balance and straight-line methods at rates designed to amortize the cost of the assets over their estimated useful lives, as set out in note 5.

When tangible 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.

Tangible capital assets acquired or constructed during the year are not amortized until they are put into use.

One half of the year's amortization is recorded in the year of acquisition unless the tangible capital asset was acquired in March, in which case no amortization is recorded. No amortization is recorded in the year of disposal.

#### (e) Employee future benefits policy

Provision has been made for the Society's liability for employee future benefits arising from services rendered by employees to the balance sheet date. Accordingly, the Society has provided for obligations related to unused vacation entitlement. The accrued amounts have been classified under accounts payable and accrued liabilities.

#### (f) Use of estimates

The preparation of the 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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## Giant Mine Oversight Body Society

### Notes to the Financial Statements

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March 31, 2017

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**2. Significant accounting policies (continued)**

**(g) Fund and fund accounting**

The Society follows the restricted fund method of accounting where restricted contributions are recognized as revenue of its appropriate appropriate fund.

The Operating Fund accounts for the Society's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Research Fund reports only interally restricted funds to be used in conjunction with research activities.

**3. Accounts receivable**

	<b>April 1, 2016 to March 31, 2017</b>	November 18, 2015 to March 31, 2016
GST receivable	<b>\$ 6,762</b>	<b>\$ 5,563</b>

Allowances for doubtful accounts are \$ Nil (2016 - \$ Nil).

**4. Prepaid expenses**

	<b>April 1, 2016 to March 31, 2017</b>	November 18, 2015 to March 31, 2016
Prepaid insurance	<b>\$ 6,590</b>	<b>\$ 4,912</b>
Prepaid rent for next three years	<b>103,185</b>	<b>102,152</b>
Workers Compensation premium	<b>769</b>	<b>-</b>
	<b>\$ 110,544</b>	<b>\$ 107,064</b>

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## Giant Mine Oversight Body Society

### Notes to the Financial Statements

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March 31, 2017

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#### 5. Tangible capital assets

				April 1, 2016 to March 31, 2017	November 18, 2015 to March 31, 2016
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Website	100%	\$ 12,654	\$ 6,326	\$ 6,328	\$ -
Leasehold improvements	5 years	8,626	1,725	6,901	-
Office equipment and furniture	5 years	39,097	7,305	31,792	34,554
Computer equipment and software	5 years	31,353	5,741	25,612	26,055
		\$ 91,730	\$ 21,097	\$ 70,633	\$ 60,609

#### 6. Accounts payable and accrued liabilities

	April 1, 2016 to March 31, 2017	November 18, 2015 to March 31, 2016
Accounts payable and accrued liabilities	\$ 12,965	\$ 18,983
Accrued salaries and wages	8,472	12,507
Government of Canada - Payroll liabilities	-	8,624
Vacation and VTA payable	2,230	1,631
	\$ 23,667	\$ 41,745

#### 7. Deferred revenue

	April 1, 2016 to March 31, 2017	November 18, 2015 to March 31, 2016
Government of Canada - Indigenous Affairs and Northern Development	\$ 103,058	\$ 102,152

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## Giant Mine Oversight Body Society

### Notes to the Financial Statements

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March 31, 2017

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#### 8. Contribution repayable

	April 1, 2016 to March 31, 2017	November 18, 2015 to March 31, 2016
Government of Canada - Indigenous Affairs and Northern Development	\$ 96,890	\$ 108,868
Less: holdback receivable	(84,150)	(43,600)
	<b>\$ 12,740</b>	<b>\$ 65,268</b>

#### 9. Deferred capital contributions

			April 1, 2016 to March 31, 2017	November 18, 2015 to March 31, 2016		
			Cost	Accumulated amortization	Net book value	Net book value
Government of Canada - Indigenous Affairs and Northern Development		\$ 91,730	\$ 21,097	\$ 70,633	\$ 60,609	

#### 10. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

##### (a) Credit risk

The Society does have credit risk in accounts receivable of \$6,762 (2016 - \$5,563). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Society reduces its exposure to credit risk by reviewing its account receivable listing for balances outstanding for more than 90 days and following up with the funding agency for payment. When it is determined that that collection is doubtful an allowance for bad debts. The Society maintains strict credit policies and limits in respect to counterparts. There has been no change to this risk from the prior year.

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## **Giant Mine Oversight Body Society**

### **Notes to the Financial Statements**

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**March 31, 2017**

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#### **10. Financial instruments (continued)**

##### **(b) Liquidity risk**

The Society does have a liquidity risk in the accounts payable and accrued liabilities and contribution repayable of \$37,995 (2016 - \$107,013). Liquidity risk is the risk that the Society cannot repay its obligations when they become due to its creditors. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors. There has been no change to this risk from the prior year.

#### **11. Economic dependence**

The Society receives 100% (2016 - 100%) of its revenue through a funding agreement from the Government of Canada - Indigenous Affairs and Northern Development. The Society's continued operations are dependent on this funding agreement and on satisfying the terms of the agreement.

**SCHEDULE A****Operating Fund**

<b>For the year ended March 31,</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Interest income	\$ 927	\$ -
Contribution - Government of Canada - Operating	663,000	261,000
Contribution - Government of Canada - Start up	-	175,000
Transfer from deferred revenue	37,146	-
Transfer to deferred revenue	(38,052)	(102,152)
Transfer to deferred capital contributions	(31,121)	(60,609)
Amortization of deferred capital contributions	21,097	-
Contribution repayable	(38,828)	(108,868)
	<b>614,169</b>	<b>164,371</b>
<b>Expenses</b>		
Accounting, audit, and legal	\$ 24,230	\$ 13,827
Advertising and promotion	12,921	7,738
Amortization	21,097	-
Contract and consulting fees	46,232	24,195
Equipment rental	91	-
Honoraria	127,447	65,390
Insurance	6,296	713
Interest and bank charges	1,033	71
Materials and supplies	9,225	5,666
Meeting expenses	5,051	1,934
Office and general	3,703	2,787
Programming	50,523	-
Rent	38,684	10,168
Telephone and utilities	4,919	5,569
Travel	42,713	10,230
Wages and benefits	220,004	16,083
	<b>614,169</b>	<b>164,371</b>
<b>Excess revenue over expenses</b>	<b>\$ -</b>	<b>\$ -</b>

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**SCHEDULE B****Research Fund**

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For the year ended March 31,	2017	2016
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**Revenue**

Contribution - Government of Canada - Research	\$ 178,500	\$ -
Contribution repayable	(58,062)	-
	<b>120,438</b>	-

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**Expenses**

Contract and consulting fees	120,438	-
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**Excess revenue over expenses**

\$ -	\$ -
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