

Giant Mine Oversight Body Society

Financial Statements

March 31, 2018

Financial Statements

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, 2018, 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, 2018, 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
July 6, 2018**



Chartered Professional Accountants

Giant Mine Oversight Body Society

Statement of Operations

For the period ended March 31,	2018	2017
Revenues		
Interest income	\$ 922	\$ 927
Contribution - Government of Canada - Operating	669,630	663,000
Contribution - Government of Canada - Research	180,285	178,500
Transfer from deferred revenue	37,146	37,146
Transfer to deferred revenue	-	(38,052)
Transfer to deferred capital contributions	(3,250)	(31,121)
Amortization of deferred capital contributions	22,314	21,097
Contribution repayable	(99,410)	(96,890)
	807,637	734,607
Expenses		
Accounting, audit, and legal	43,094	24,230
Advertising and promotion	8,003	12,921
Amortization	22,314	21,097
Contract and consulting fees	78,758	166,670
Equipment rental	235	91
Honoraria	189,674	127,447
Insurance	8,634	6,296
Interest and bank charges	3,541	1,033
Materials and supplies	12,022	9,225
Meeting expenses	18,207	5,051
Office and general	15,649	3,703
Programming	26,233	50,523
Rent	38,684	38,684
Research and development	59,805	-
Telephone and utilities	5,341	4,919
Travel	43,252	42,713
Wages and benefits	234,191	220,004
	807,637	734,607
Excess of revenues over expenses	\$ -	\$ -

Giant Mine Oversight Body Society

Statement of Changes in Net Assets

For the period ended March 31, 2018

	Operating Fund		Research Fund		Total 2018	Total 2017
Balance, beginning of period	\$	-	\$	-	\$ -	\$ -
Excess of revenues over expenses		-		-	-	-
Balance, end of period	\$	-	\$	-	\$ -	\$ -

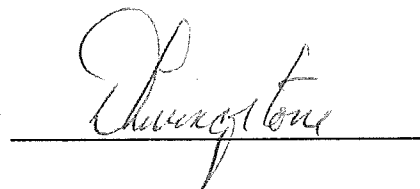
Giant Mine Oversight Body Society

Statement of Financial Position

March 31,	2018	2017
Assets		
Current		
Cash	\$ 105,878	\$ 22,159
Accounts receivable (note 3)	13,734	6,762
Prepaid expenses (note 4)	73,133	110,544
	192,745	139,465
Tangible capital assets (note 5)	51,570	70,633
	\$ 244,315	\$ 210,098
Liabilities		
Current		
Accounts payable and accrued liabilities (note 6)	\$ 112,414	\$ 23,667
Deferred revenue (note 7)	65,912	103,058
Contribution repayable (note 8)	14,419	12,740
	192,745	139,465
Deferred capital contributions (note 9)	51,570	70,633
	244,315	210,098
Net Assets		
Accumulated surplus	-	-
	\$ 244,315	\$ 210,098

Approved on behalf of the board:

 Director

 Director

Giant Mine Oversight Body Society

Statement of Cash Flows

For the period ended March 31,	2018	2017
Cash provided by (used for)		
Operating activities		
Excess of revenues over expenses	\$ -	\$ -
Items not affecting cash		
Amortization	22,314	21,097
Amortization of deferred capital contribution	(22,314)	(21,097)
	-	-
Change in non-cash working capital items		
Accounts receivable	(6,972)	(1,199)
Prepaid expenses	37,411	(3,480)
Accounts payable and accrued liabilities	88,747	(18,078)
Deferred revenue	(37,146)	906
Contribution repayable	1,679	(52,528)
	83,719	(74,379)
Financing activity		
Deferred capital contributions	3,251	31,121
Investing activity		
Purchase of tangible capital assets	(3,251)	(31,121)
Increase (decrease) in cash	83,719	(74,379)
Cash, beginning of period	22,159	96,538
Cash, end of period	\$ 105,878	\$ 22,159

Giant Mine Oversight Body Society

Notes to the Financial Statements

March 31, 2018

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.

Giant Mine Oversight Body Society

Notes to the Financial Statements

March 31, 2018

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) 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.

(d) 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.

(e) 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.

Giant Mine Oversight Body Society

Notes to the Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

(f) Fund and fund accounting

The Society follows the restricted fund method of accounting where restricted contributions are recognized as revenue of its 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 internally restricted funds to be used in conjunction with research activities.

3. Accounts receivable

	2018	2017
GST receivable	\$ 13,734	\$ 6,762

Allowances for doubtful accounts are \$ Nil (2017 - \$ Nil).

4. Prepaid expenses

	2018	2017
Prepaid insurance	\$ 6,231	\$ 6,590
Prepaid rent	66,042	103,185
Workers Compensation premium	860	769
	\$ 73,133	\$ 110,544

5. Tangible capital assets

				2018	2017
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Website	100%	\$ 12,654	\$ 12,654	\$ -	\$ 6,328
Leasehold improvements	5 years	8,626	3,451	5,175	6,901
Office equipment and furniture	5 years	39,097	14,970	24,127	31,792
Computer equipment and software	5 years	34,605	12,337	22,268	25,612
		\$ 94,982	\$ 43,412	\$ 51,570	\$ 70,633

Giant Mine Oversight Body Society

Notes to the Financial Statements

March 31, 2018

6. Accounts payable and accrued liabilities

	2018	2017
Accounts payable and accrued liabilities	\$ 64,485	\$ 12,965
Accrued salaries and wages	30,185	8,472
Government remittances	7,855	-
Vacation and VTA payable	9,889	2,230
	<u>\$ 112,414</u>	<u>\$ 23,667</u>

7. Deferred revenue

	2018	2017
Government of Canada - Indigenous and Northern Affairs	\$ 65,912	\$ 103,058

8. Contribution repayable

	2018	2017
Government of Canada - Indigenous and Northern Affairs	\$ 99,410	\$ 96,890
Less: holdback receivable	(84,991)	(84,150)
	<u>\$ 14,419</u>	<u>\$ 12,740</u>

9. Deferred capital contributions

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Government of Canada - Indigenous and Northern Affairs	\$ 72,667	\$ 21,097	\$ 51,570	\$ 70,633

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.

Giant Mine Oversight Body Society

Notes to the Financial Statements

March 31, 2018

10. Financial instruments (continued)

(a) Credit risk

The Society does have credit risk in accounts receivable of \$13,734 (2017 - \$6,762). 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 is recognized. There has been no change to this risk from the prior year.

(b) Liquidity risk

The Society does have a liquidity risk in the accounts payable and accrued liabilities and contribution repayable of \$126,833 (2017 - \$36,407). 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% (2017 - 100%) of its revenue through a funding agreement from the Government of Canada - Indigenous and Northern Affairs. The Society's continued operations are dependent on this funding agreement and on satisfying the terms of the agreement.

SCHEDULE A**Operating Fund**

For the year ended March 31,	2018	2017
Revenue		
Interest income	\$ 922	\$ 927
Contribution - Government of Canada - Operating	669,630	663,000
Transfer from deferred revenue	37,146	37,146
Transfer to deferred revenue	-	(38,052)
Transfer to deferred capital contributions	(3,250)	(31,121)
Amortization of deferred capital contributions	22,314	21,097
Contribution repayable	(31,614)	(38,828)
	695,148	614,169
Expenses		
Accounting, audit, and legal	\$ 43,094	\$ 24,230
Advertising and promotion	8,003	12,921
Amortization	22,314	21,097
Contract and consulting fees	57,149	46,232
Equipment rental	235	91
Honoraria	164,096	127,447
Insurance	8,634	6,296
Interest and bank charges	3,541	1,033
Materials and supplies	12,022	9,225
Meeting expenses	17,660	5,051
Office and general	15,650	3,703
Programming	26,233	50,523
Rent	38,684	38,684
Telephone and utilities	5,341	4,919
Travel	39,002	42,713
Wages and benefits	233,490	220,004
	695,148	614,169
Excess revenue over expenses	\$ -	\$ -

SCHEDULE B**Research Fund**

For the year ended March 31,	2018	2017
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Revenue

Contribution - Government of Canada - Research	\$ 180,285	\$ 178,500
Contribution repayable	(67,796)	(58,062)

	112,489	120,438
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Expenses

Professional services	21,608	120,438
Research workshop and other expenses	59,805	-
Honoraria	25,578	-
Office expenses	547	-
Travel and accommodations	4,250	-
Wages and benefits	701	-

	112,489	120,438
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Excess revenue over expenses	\$ -	\$ -
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