

Giant Mine Oversight Body Society

Financial Statements

March 31, 2016

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Financial Statements

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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, 2016, and the statements of operations and changes in net assets and cash flows for the period 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, 2016, and the results of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Crowe MacKay LLP

**Yellowknife, Canada
July 14, 2016**

Chartered Accountants

Giant Mine Oversight Body Society

Statement of Operations and Changes in Net Assets

For the period ended March 31, 2016

Revenues

Contribution - Government of Canada - Operating	\$ 261,000
Contribution - Government of Canada - Start up	175,000
Transfer to deferred capital contributions	(60,609)
Transfer to deferred revenue	(102,152)
Contribution repayable	(108,868)

164,371

Expenses

Accounting, audit, and legal	13,827
Advertising and promotion	7,738
Contract and consulting fees	24,195
Honoraria	65,390
Insurance	1,337
Interest and bank charges	71
Materials and supplies	5,666
Meeting expenses	1,934
Office and general	2,788
Rent	9,543
Telephone and utilities	5,569
Travel	10,230
Wages and benefits	16,083

164,371

Excess of revenues over expenses

-

Accumulated surplus, beginning of period

-

Accumulated surplus, end of period

\$ -

Giant Mine Oversight Body Society

Statement of Financial Position

March 31, 2016

Assets

Current

Cash	\$ 96,538
Accounts receivable (note 3)	5,563
Prepaid expenses (note 4)	107,064

209,165

Tangible capital assets (note 5) 60,609

\$ 269,774

Liabilities

Current

Accounts payable and accrued liabilities (note 6)	\$ 41,745
Deferred revenue (note 7)	102,152
Contribution repayable (note 8)	65,268

209,165

Deferred capital contributions 60,609

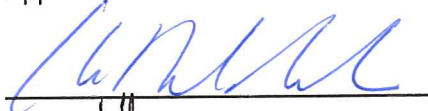
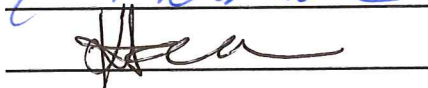
269,774

Net Assets

Accumulated surplus -

\$ 269,774

Approved on behalf of the board:

Member

Member

Giant Mine Oversight Body Society

Statement of Cash Flows

For the period ended March 31, 2016

Cash provided by (used for)

Operating activities

Excess of revenues over expenses	\$ -
Change in non-cash working capital items	
Accounts receivable	(5,563)
Prepaid expenses	(107,064)
Accounts payable and accrued liabilities	41,745
Deferred revenue	102,152
Contribution repayable	65,268

96,538

Financing activity

Deferred capital contributions	60,609
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Investing activity

Purchase of tangible capital assets	(60,609)
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Increase in cash 96,538

Cash, beginning of period -

Cash, end of period \$ 96,538

Giant Mine Oversight Body Society

Notes to the Financial Statements

March 31, 2016

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 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.

(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, 2016

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 equivalents

Cash and cash equivalents consist of cash on hand and bank deposits.

(d) Tangible capital assets

Tangible capital assets are recorded at cost. The Society provides for amortization using the straight line method 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.

(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.

Giant Mine Oversight Body Society

Notes to the Financial Statements

March 31, 2016

3. Accounts receivable

GST receivable	\$ 5,563
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Allowances for doubtful accounts are \$ Nil.

4. Prepaid expenses

Prepaid insurance	\$ 4,912
Prepaid rent	102,152
	\$ 107,064

5. Tangible capital assets

	Rate	Cost	Accumulated amortization	Net book value
Office equipment and furniture	5 years	\$ 34,554	\$ -	\$ 34,554
Computer equipment and software	5 years	26,055	-	26,055
		\$ 60,609	\$ -	\$ 60,609

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities	\$ 18,983
Accrued salaries and wages	12,507
Government of Canada - Payroll liabilities	8,624
Vacation and VTA payable	1,631
	\$ 41,745

7. Deferred revenue

Government of Canada - Indigenous Affairs and Northern Development	\$ 102,152
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8. Contribution repayable

Government of Canada - Indigenous Affairs and Northern Development	\$ 108,868
Less: holdback receivable	(43,600)
	\$ 65,268

Giant Mine Oversight Body Society

Notes to the Financial Statements

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9. 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 \$5,563 (2015 - \$-). 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 creating an allowance for bad debts when applicable. The Society maintains strict credit policies and limits in respect to counterparts. In the opinion of management the credit risk exposure to the Society is low.

(b) Liquidity risk

The Society does have a liquidity risk in the accounts payable and accrued liabilities of \$41,745 (2015 - \$-). 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. In the opinion of management the liquidity risk exposure to the Society is low.

10. Economic dependence

The Society receives 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.

11. Commencement of operations

The Society was incorporated on July 27, 2015 and commenced operations on November 18, 2015.