

**Giant Mine Oversight Body Society**

**Financial Statements**

**March 31, 2020**

**Giant Mine Oversight Body Society  
Financial Statements**

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**Year ended March 31, 2020**

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**INDEPENDENT AUDITOR'S REPORT**

**FINANCIAL STATEMENTS**

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YELLOWKNIFE  
ACCOUNTING  
PROFESSIONAL CORPORATION

CHARTERED PROFESSIONAL  
ACCOUNTANTS

P.O. Box 20072,  
4910 – 50th Street  
2nd Floor  
EPR Yellowknife Building  
Yellowknife, NT X1A 3X8

Phone: (867) 669-0242  
Fax: (867) 669-7242

[www.epryellowknife.ca](http://www.epryellowknife.ca)

## Independent Auditor's Report

To the members of:  
**Giant Mine Oversight Body Society:**

### *Opinion*

We have audited the accompanying financial statements of the **Giant Mine Oversight Body Society (the Society)**, which comprise the statement of financial position as at March 31, 2020, 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 the **Society** as at March 31, 2020, 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 the **Society** 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.

### *Emphasis of Matter*

We draw attention to Note 14 in the audited financial statements, which indicates that due to the Covid-19 Pandemic, the society had to close its office to the public and is adjusting its operation to cope with the existing social distancing rules and travel restrictions. As stated in Note 14, management has determined that there is no going concern issues for the Society. Our opinion is not modified in respect to this matter.

### *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 **Society'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 **Society** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the **Society's** financial reporting process.

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## **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 **Society'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 **Society'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 the **Society** 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.

### **Other matters**

The prior year financial statements were audited by another auditor. The auditor has provided an opinion without any modification on August 22, 2019.

*EPR Yellowknife Accounting Prof. Corp.*


**EPR Yellowknife Accounting Professional Corporation**  
**Chartered Professional Accountants**  
Yellowknife, NT  
July 15, 2020

Giant Mine Oversight Body Society  
**STATEMENT OF FINANCIAL POSITION**  
As at March 31, 2020

Statement I

	2020	2019 Restated-see Note 15
<b>ASSETS</b>		
<b>Current assets</b>		
Cash (Note 5)	\$ 397,460	\$ 536,833
Accounts receivable (Note 6)	12,777	5,205
Prepaid expenses (Note 7)	8,615	36,768
	418,852	578,806
Tangible capital assets (Note 8)	23,362	41,273
Intangible capital assets	769	769
<b>TOTAL ASSETS</b>	<b>442,983</b>	<b>620,848</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	21,124	24,836
Wages and benefit payable (Note 9)	21,489	23,020
Payroll taxes payable	7,500	7,874
Deferred revenue (Note 10)	168,519	314,561
	<b>218,632</b>	<b>370,291</b>
DEFERRED CAPITAL CONTRIBUTIONS (Note 11)	24,647	42,042
	243,279	412,333
<b>NET ASSETS</b>		
Operating Fund	(8,811)	-
Research Fund	208,515	208,515
<b>TOTAL NET ASSETS</b>	<b>199,704</b>	<b>208,515</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 442,983</b>	<b>\$ 620,848</b>

APPROVED BY:

 \_\_\_\_\_, Director

 \_\_\_\_\_, Director

**Giant Mine Oversight Body Society**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended March 31, 2020**

**Statement II**

	<b>2020</b>	<b>2019</b>
		<b>Restated-see Note 15</b>
<b>REVENUES</b>		
Contribution-Government of Canada-Operating	\$ 691,218	\$ 777,076
Contribution-Government of Canada-Research	265,854	388,206
Transferred To Deferred Revenue	(168,519)	(293,868)
Transferred from Prior Year Deferred Revenue (Office rent)	28,766	37,146
Interest Earned	-	1
Transferred from deferred revenue-Research fund	285,795	-
Amortization of deferred capital contribution	17,394	17,601
<b>TOTAL REVENUES</b>	<b>1,120,508</b>	<b>926,162</b>
<b>EXPENSES</b>		
Accounting, audit and legal	49,946	68,915
Advertising and promotion	12,480	20,465
Amortization	17,394	17,601
Contracts and consulting fees	527,036	92,607
Honoraria	198,310	175,933
Insurance	10,561	8,110
Interest and bank charges	2,612	2,771
Meetings expenses	20,061	20,417
Office and general	17,356	12,582
Programming	1,374	2,670
Research and development	6,973	11,563
Rent	39,368	38,911
Telephone and utilities	5,884	5,638
Training	341	2,818
Travel	52,904	42,634
Wages and benefits	166,719	194,012
<b>TOTAL EXPENSES</b>	<b>1,129,319</b>	<b>717,647</b>
<b>Excess of revenues over expenses from operations</b>	<b>(8,811)</b>	<b>208,515</b>
<b>Excess of revenues over expenses for the year</b>	<b>\$ (8,811)</b>	<b>\$ 208,515</b>

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

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**Giant Mine Oversight Body Society**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the Year Ended March 31, 2020**

**Statement III**

	<b>Operating Fund</b>	<b>Research Fund</b>	<b>Total 2020</b>	<b>Total 2019</b>
Balance, beginning of year	\$ -	\$ 208,515	\$ 208,515	\$ -
Excess of revenues over Expenditure	(8,811)	-	(8,811)	208,515
<b>Balance, end of year</b>	<b>\$ (8,811)</b>	<b>\$ 208,515</b>	<b>\$ 199,704</b>	<b>\$ 208,515</b>

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

**Giant Mine Oversight Body Society**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2020**

**Statement IV**

	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	\$ (8,811)	\$ 208,515
Amortization	17,394	17,601
Amortization of deferred capital contribution	(17,394)	(17,601)
	(8,811)	208,515
Changes in non-cash working capital balances		
Increase (Decrease) in accounts receivable	(7,572)	8,529
Increase in prepaid expenses	28,153	36,364
Increase (Decrease) in accounts payable and accrued liabilities	(3,712)	(37,237)
Increase (Decrease) in payroll tax payable	(374)	-
Increase (Decrease) in wages payable	(1,015)	(19,446)
Increase in deferred revenue	(146,042)	248,649
Decrease (increase) in contribution repayable	-	(14,419)
Net change in non-cash working capital balances	(130,562)	222,440
Net cash provided by (used in) operating activities	(139,373)	430,955
<b>Investing activity</b>		
Purchase of capital assets	-	(8,072)
Net cash provided by (used in) investing activities	-	(8,072)
<b>Financing activity</b>		
Deferred Capital Contribution	-	8,072
Net cash provided by (used in) financing activities	-	8,072
<b>NET INCREASE IN CASH POSITION</b>	<b>(139,373)</b>	<b>430,955</b>
<b>CASH, AT BEGINNING OF YEAR</b>	<b>536,833</b>	<b>105,878</b>
<b>CASH, AT END OF YEAR</b>	<b>397,460</b>	<b>536,833</b>
Cash consists of :		
Cash	397,460	536,833
	<b>\$ 397,460</b>	<b>\$ 536,833</b>



## **1. ORGANIZATION AND JURISDICTION**

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) (I) of the Income Tax Act.

## **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 Society follows the restricted fund method of accounting. Under this method, operations are separated between unrestricted and restricted activities with a set of self-balancing accounts for each fund. The Society uses the following funds:

- i) The operating Fund accounts for the Society's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants. Surpluses are transferred to the Research Fund in accordance with INAC agreement.
- ii) The Research Fund reports only internally restricted funds to be used in conjunction with research activities.

Contributions and other revenues are recognized in the fund corresponding to the purpose for which they were contributed or raised. Restricted contributions and other revenues contributed to or raised for the general fund are deferred and recognized in the year in which the related expenses are incurred.

### **b) Tangible capital assets**

Tangible Capital Assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. 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 assets was acquired in March, in which no case of amortization is recorded. No amortization is recorded in the year of disposal. Amortization is calculated over their estimated useful lives at the following rates:

Furniture and Equipment	5 years
Computer equipment and software	5 years
Website	100%
Leasehold improvement	5 years

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD...)**

#### **c) Financial instruments - recognition and measurement**

The Society measures its financial assets and financial liabilities at fair value. The Society 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 Society'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) Transfers**

In accordance with the grants with the Government of Canada, any surpluses that are generated in the operating fund are transferred to the Research Fund.

#### **f) Revenue recognition**

The Society follows the deferred method of accounting for grants and contributions. Restricted grants and contributions are recognized as revenue in the year in which related expenses occur. Unrestricted grants and 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.

#### **h) Employee future benefits policy**

Provision has been made for the Society's liability for employee future benefits arising from services rendered by employees at date of statement of financial position. Accordingly, the Society has provided for obligations related to unused vacation entitlement. The accrued amounts have been classified under salaries payable.

**Giant Mine Oversight Body Society**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended March 31, 2020**

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**4. NEW ACCOUNTING POLICY**

On April 1, 2019, the Society adopted 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 its acquisition, including installing at the location and the condition necessary for its intended use.

**Section 4441, Collections held by Not-for-Profit Organizations** which 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.

Society has assessed the implication of these standards on their operations and has determined that these policy have no impact on their financial statement.

**5. CASH**

	<b>2020</b>	<b>2019</b>
General Bank	143,494	161,275
Research Bank	253,966	375,558
<b>Cash</b>	<b>\$ 397,460</b>	<b>\$ 536,833</b>

**6. ACCOUNTS RECEIVABLE**

	<b>2020</b>	<b>2019</b>
GST Receivable	\$ 12,777	\$ 5,205

**7. PREPAID EXPENSES**

	<b>2020</b>	<b>2019</b>
Prepaid insurance	\$ 8,048	\$ 8,229
Prepaid rent	-	28,539
Workers compensation premium	567	-
	<b>\$ 8,615</b>	<b>\$ 36,768</b>

Giant Mine Oversight Body Society  
**NOTES TO FINANCIAL STATEMENTS**  
For The Year Ended March 31, 2020

**8. TANGIBLE CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2020 Net Book Value</b>	<b>2019 Net Book Value</b>
Furniture & Equipment	\$ 45,884	\$ 33,324	\$ 12,560	\$ 22,150
Computer Equipment and software	34,605	25,528	9,077	15,673
Website	12,654	12,654	-	-
Leasehold improvement	8,626	6,901	1,725	3,450
<b>Year end Balance</b>	<b>\$101,769</b>	<b>\$ 78,407</b>	<b>\$ 23,362</b>	<b>\$ 41,273</b>

**9. WAGES PAYABLE**

	<b>2020</b>	<b>2019</b>
Salary payables	\$ 17,540	\$ 15,129
Vacation and pension payables	3,949	7,891
	<b>\$ 21,489</b>	<b>\$ 23,020</b>

**10. DEFERRED REVENUE**

	<b>2020</b>	<b>2019</b>
Government of Canada-Indigenous and Northern Affair	<b>\$168,519</b>	<b>\$314,561</b>

**11. DEFERRED CAPITAL CONTRIBUTIONS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2020 Net Book Value</b>	<b>2019 Net Book Value</b>
Govt of Canada-Indigenous and Northern Affair	\$ 103,055	\$ 78,408	\$ 24,647	\$ 42,042

**12. COMMITMENTS**

The Society's total commitment for a consulting contract related to Giant Mine water Licence review is as follows:

<b>2021</b>	<b>\$ 91,000</b>
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**13. ECONOMIC DEPENDENCE**

The Society receives all 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.

**14. SUBSEQUENT EVENTS**

In January 2020, the World Health Organization declared a public health emergency due to the spread of the COVID-19. By March 2020, a series of outbreaks in Canada, led the federal government to implement various restrictive measures designed to curb the spread of the virus. Following suit, the Territorial Government of Northwest Territories enacted measures of similar intent. The impact of the measures has led to widespread economic uncertainty.

Management has assessed the impact of the COVID-19 and the impact of the Federal and Territorial Government's restrictive measures, and has determined that there is no impact on the amounts and information reported in the financial statements as at March 31, 2020 and that subsequent to year end, the impact of the measures to combat the spread of the virus have not caused a significant change to the assets and liabilities of the company. Management does not think there will be any going concern issue as the Society is fully funded by the Government of Canada and is bound by the enabling agreement between Government of Canada, Government of Northwest Territories, Yellowknife's Dene First Nations, North Slave Metis Alliance, Alternatives North and the City of Yellowknife.

**15. PRIOR PERIOD RESTATEMENT**

During the fiscal year March 31, 2019, the excess surplus of \$ 285,795 from the research fund was not deferred to the next fiscal year as it was supposed to be. This error has been corrected by restating the prior year financial statement. The result of the restatement is as follows:

	2019 Prior	2019 Restated	Diff
Income tfd to deferred revenue	\$ (8,073)	\$ (293,868)	\$ 285,795
Deferred revenue	28,766	314,561	(285,795)
	\$ 20,693	\$ 20,693	\$ -

**16. 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 Society 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 Society is exposed to credit risk from its cash and account receivables.

**FINANCIAL INSTRUMENTS (CONTD..)**

**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 Society minimizes its credit risk by limiting the amount held at entities other than reputable and high quality financial institutions.

**ii) Accounts Receivable**

The Society is exposed to credit risk from its accounts receivable in the amount of \$12,777, 2019 ( \$5,205). The accounts receivable are established based on specific credit risk associated with individual clients and other relevant information. However, since all of its accounts receivable are from federal governmental departments, the credit risk is minimized.

**(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 Society 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 Society's reputation. The Society has determined that the risk is not significant.

**Giant Mine Oversight Body Society**  
**OPERATING FUND**  
**For The Year Ended March 31, 2020**

**SCHEDULE 1**

	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Contribution-Government of Canada-Operating	\$ 691,218	\$ 777,076
Transfer from deferred funding (Office rent)	28,766	37,146
Transfer to deferred capital contribution	-	(8,073)
Amortization of deferred capital contribution	17,394	17,601
Interest income	-	1
	<b>737,378</b>	<b>823,751</b>
<b>Expenditures</b>		
Accounting, audit and legal	37,053	60,499
Advertising and promotion	12,480	20,465
Amortization	17,394	17,601
Contract and consulting fees	178,258	46,149
Honoraria	184,100	151,684
Insurance	8,302	8,110
Materials and supplies	12,908	6,141
Interest and bank charges	2,615	2,771
Meeting expenses	20,061	16,090
Office and general	13,918	12,507
Programming	1,374	2,670
Rent	37,831	38,911
Telephone and utilities	5,884	5,638
Training	-	2,818
Travel	40,287	28,442
Wages and benefits	173,724	194,741
	<b>746,189</b>	<b>615,237</b>
<b>Excess Expenditures</b>	<b>\$ (8,811)</b>	<b>\$ 208,514</b>

	<b>2020</b>	<b>2019</b>
<b>Revenue</b>		<b>Restated ( see Note 15)</b>
Contribution-Government of Canada-Research	265,854	388,206
Transferred to Deferred Revenue	(168,519)	(285,795)
Transferred from Deferred Revenue	285,795	
	-	-
	<b>383,130</b>	<b>102,411</b>
<b>Expenditure</b>		
Contract services	350,077	-
Honoraria	14,210	25,654
Professional fees	12,895	46,153
Meeting expenses	-	4,327
Research workshop and other expenses	-	12,469
Travel and accommodation	2,931	13,808
Wages and benefits	3,017	-
	<b>383,130</b>	<b>102,411</b>
<b>Excess revenues (expenditures)</b>	<b>-</b>	<b>-</b>