

Giant Mine Oversight Body Society

Financial Statements

March 31, 2021

**Giant Mine Oversight Body Society
Financial Statements**

Year ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

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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, 2021, 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, 2021, 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.

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.

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.

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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.

EPR Yellowknife Accounting Prof. Corp.


EPR Yellowknife Accounting Professional Corporation
Chartered Professional Accountants
June 14, 2021
Yellowknife, NWT

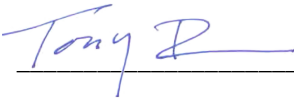
Giant Mine Oversight Body Society
STATEMENT OF FINANCIAL POSITION
As at March 31, 2021

Statement I

	2021	2020
ASSETS		
Current assets		
Cash (<i>Note 4</i>)	\$ 339,008	\$ 397,460
Term deposits (<i>Note 5</i>)	300,000	-
Accounts receivable (<i>Note 6</i>)	14,781	12,777
Prepaid expenses (<i>Note 7</i>)	9,848	8,615
	663,637	418,852
Tangible capital assets (<i>Note 8</i>)	6,880	23,362
Intangible capital assets	769	769
TOTAL ASSETS	671,286	442,983
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	23,401	21,124
Wages and benefit payable (<i>Note 9</i>)	24,934	21,489
Payroll taxes payable	10,417	7,500
Deferred revenue (<i>Note 10</i>)	350,648	168,519
	409,400	218,632
DEFERRED CAPITAL CONTRIBUTIONS (<i>Note 11</i>)	7,149	24,647
	416,549	243,279
NET ASSETS		
Operating fund	-	(8,811)
Research fund	254,737	208,515
TOTAL NET ASSETS	254,737	199,704
TOTAL LIABILITIES AND NET ASSETS	\$ 671,286	\$ 442,983

APPROVED BY:

 _____, Chair

 _____, Director

Giant Mine Oversight Body Society
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2021

Statement II

	2021	2020
REVENUES		
Contribution-Government of Canada-Operating	\$ 702,551	\$ 691,218
Contribution-Government of Canada-Research	269,832	265,854
Transferred to deferred revenue	(350,648)	(168,519)
Transferred from prior year deferred revenue	168,519	314,561
Interest earned	1,851	-
Amortization of deferred capital contribution	17,498	17,394
TOTAL REVENUES	809,603	1,120,508
EXPENSES		
Accounting, audit and legal	52,428	49,946
Advertising and promotion	8,078	12,480
Amortization	17,498	17,394
Contracts and consulting fees	267,323	527,036
Honoraria	124,676	198,310
Insurance	10,165	10,561
Interest and bank charges	2,144	2,612
Meetings expenses	2,988	20,061
Office and general	16,685	17,017
Programming	9,525	8,347
Rent	38,684	39,707
Telephone and utilities	7,439	5,884
Training	-	341
Travel	4,540	52,904
Wages and benefits	192,398	166,719
TOTAL EXPENSES	754,571	1,129,319
Excess (deficit) of revenues over expenses from operations	55,032	(8,811)
Excess (deficit) of revenues over expenses for the year	\$ 55,032	\$ (8,811)

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

Giant Mine Oversight Body Society
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended March 31, 2021

Statement III

	Operating Fund	Research Fund	Total 2021	Total 2020
Balance, beginning of year	\$ (8,811)	\$ 208,515	\$ 199,704	\$ 208,515
Excess (deficit) of revenues over expenses	55,033	-	55,033	(8,811)
Transfer from (to) research fund	(46,222)	46,222	-	-
Balance, end of year	\$ -	\$ 254,737	\$ 254,737	\$ 199,704

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, 2021

Statement IV

	2021	2020
Cash provided by (used in)		
Operating activities		
Excess (deficit) of revenues over expenses	\$ 55,032	\$ (8,811)
Amortization	17,498	17,394
Amortization of deferred capital contribution	(17,498)	(17,394)
	55,032	(8,811)
Changes in non-cash working capital balances		
Increase (Decrease) in accounts receivable	(2,004)	(7,572)
Increase in prepaid expenses	(1,233)	28,153
Increase (Decrease) in accounts payable and accrued liabilities	2,278	(3,712)
Increase (Decrease) in payroll tax payable	2,917	(374)
Increase (Decrease) in wages payable	3,445	(1,015)
Increase in deferred revenue	182,129	(146,042)
Net change in non-cash working capital balances	187,532	(130,562)
Net cash provided by (used in) operating activities	242,564	(139,373)
Investing activity		
Purchase of capital assets	(1,016)	-
Net cash provided by (used in) investing activities	(1,016)	-
NET INCREASE IN CASH POSITION	241,548	(139,373)
CASH, AT BEGINNING OF YEAR	397,460	536,833
CASH, AT END OF YEAR	639,008	397,460
Cash consists of :		
Cash	339,008	397,460
Term deposits	300,000	-
	\$ 639,008	\$ 397,460

Giant Mine Oversight Body Society
NOTES TO FINANCIAL STATEMENTS
For The Year Ended March 31, 2021

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 over the following years and at the following rates:

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

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 instruments - recognition and measurement (Contd...)

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 deferral 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 the 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.

i) Allocation of expenses

Society records number of its expenses by function: research and Core. Personnel cost are prorated to the hours worked per function and premises cost are prorated of the floor area occupied by each function.

Giant Mine Oversight Body Society
NOTES TO FINANCIAL STATEMENTS
For The Year Ended March 31, 2021

4. CASH

	2021	2020
General Bank	\$ 141,124	\$ 143,494
Research Bank	197,884	253,966
Cash	\$ 339,008	\$ 397,460

5. TERM DEPOSITS

	2021	2020
First Nation Bank GIC	\$ 300,000	\$ -

Term deposits are for investment purpose, interest rate is per annum and is paid on maturity. These term deposits are matured in 1 year and hence classified as short term investment. Interests are paid at 1.2% for the \$200,000 GIC and 0.85% for \$100,000 GIC.

6. ACCOUNTS RECEIVABLE

	2021	2020
GST receivable	\$ 12,930	\$ 12,777
Interest receivable	1,851	-
	\$ 14,781	\$ 12,777

7. PREPAID EXPENSES

	2021	2020
Prepaid insurance	\$ 9,848	\$ 8,048
Workers' compensation premium	-	567
	\$ 9,848	\$ 8,615

8. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Furniture & Equipment	\$ 46,901	\$ 42,501	\$ 4,400	\$ 12,560
Computer Equipment and software	34,604	32,124	2,480	9,077
Website	12,654	12,654	-	-
Leasehold improvement	8,626	8,626	-	1,725
	\$ 102,785	\$ 95,905	\$ 6,880	\$ 23,362

Giant Mine Oversight Body Society
NOTES TO FINANCIAL STATEMENTS
For The Year Ended March 31, 2021

9. WAGES PAYABLE

	2021	2020
Salary payables	\$ 23,888	\$ 17,540
Vacation and pension payables	1,046	3,949
	\$ 24,934	\$ 21,489

10. DEFERRED REVENUE

	2021	2020
Crown-Indigenous Relations and Northern Affairs Canada	\$ 350,648	\$ 168,519

11. DEFERRED CAPITAL CONTRIBUTIONS

	Cost	Accumulated Amortization	2021 Net Book Value	2020 Net Book Value
Govt of Canada-Indigenous and Northern Affairs	\$ 103,055	\$ 95,906	\$ 7,149	\$ 24,647

12. COMMITMENTS

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

2021	\$ 101,000
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13. CONTRACTUAL OBLIGATION

The Society leases the office building under a lease contract that expires on December 31, 2026. Future minimum lease payments total \$190,260 and include the following payments over the next five years: 2022-\$38,052, 2023-\$38,052, 2024-\$38,052, 2025-\$38,052 and 2026-\$38,052,

14. ECONOMIC DEPENDENCE

The Society receives all of its revenue through a funding agreement from the Crown -Indigenous Relations and Northern Affairs Canada (CIRNAC). The Society's continued operations are dependent on this funding agreement and on satisfying the terms of the agreement.

15. COVID-19 Impact

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, 2021 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 foresee there will be any going concern issue as the Society is fully funded by the Government of Canada and is bounded 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.

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 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.

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 \$14,781, 2019 (\$5,205). The accounts receivable are established based on specific credit risk associated with individual clients and other relevant information. However, since over 90% of its accounts receivable is 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, 2021

SCHEDULE 1

	2021	2020
Revenues		
Crown-Indegenious Relations and Northern Affairs Canada	\$ 702,551	\$ 691,218
Transfer from deferred funding	-	28,766
Amortization of deferred capital contribution	17,497	17,394
	720,048	737,378
Expenditures		
Accounting, audit and legal	48,317	37,053
Advertising and promotion	8,078	12,480
Amortization	17,498	17,394
Contract and consulting fees	197,301	178,258
Honoraria	114,431	184,100
Insurance	10,165	10,561
Materials and supplies	1,249	2,020
Interest and bank charges	2,133	2,615
Meeting expenses	2,988	20,061
Office and general	12,778	13,918
Programming	9,525	8,347
Rent	36,350	39,487
Telephone and utilities	7,439	5,884
Travel	1,090	40,287
Wages and benefits	195,673	173,724
	665,015	746,189
Excess revenue (expenditure)	\$ 55,033	\$ (8,811)

Giant Mine Oversight Body Society
RESEARCH FUND
For The Year Ended March 31, 2021

SCHEDULE 2

	2021	2020
Revenue		
Crown-Indegenious Relations and Northern Affairs Canada	\$ 269,832	\$ 265,854
Transferred from deferred revenue	168,519	285,795
Interest revenue	1,851	-
	440,202	551,649
Expenditure		
Contract services	70,021	350,077
Honoraria	10,245	14,210
Office supplies	2,668	-
Professional fees	4,111	12,895
Rent	2,334	-
Travel and accommodation	-	2,931
Wages and benefits	175	3,017
	89,554	383,130
Excess revenues	350,648	168,519
Transferred to deferred revenue	(350,648)	(168,519)
Excess revenues (expenditures)	\$ -	\$ -