

GIANT MINE OVERSIGHT BODY SOCIETY

Financial Statements

March 31, 2022

GIANT MINE OVERSIGHT BODY SOCIETY
Financial Statements

Year ended March 31, 2022

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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, 2022, 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, 2022, 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.

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.

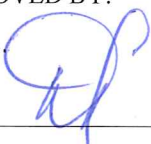
EPR Yellowknife Accounting Professional Corporation
August 25, 2022
Yellowknife, NWT

GIANT MINE OVERSIGHT BODY SOCIETY
Statement of Financial Position
As at March 31, 2022

Statement I

	General Fund	Research Fund	2022 Total	2021 Total (Restated-Note 15)
Assets				
Current assets				
Cash (Note 3)	\$ 108,404	\$ 118,396	\$ 226,800	\$ 339,008
Accounts receivable (Note 5)	8,770	-	8,770	14,781
Due from general fund	-	63,837	63,837	-
Short term investment (Note 4)	-	403,395	403,395	300,000
Prepaid expenses (Note 6)	14,146	-	14,146	9,848
	131,320	585,628	716,948	663,637
Non-current assets				
Tangible capital assets (Note 7)	3,950	-	3,950	6,880
Intangible capital assets	769	-	769	769
Capital assets in display (Note 8)	3,536	-	3,536	-
Total Assets	139,575	585,628	725,203	671,286
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	35,346	-	35,346	23,402
Wages and benefit payable (Note 9)	26,607	-	26,607	24,934
Payroll taxes payable	9,566	-	9,566	10,417
Due to research fund	63,837	-	63,837	-
	\$ 135,356	-	135,356	58,753
Non-current liabilities				
Due to general fund	-	-	63,837	-
Deferred capital contribution (Note 10)	4,219	-	4,219	7,149
	139,575	-	139,575	65,902
Net Assets				
Operating fund	-	-	-	-
Research fund	-	585,628	585,628	605,384
	-	585,628	585,628	605,384
Total Liabilities and Net Assets	\$ 139,575	\$ 585,628	\$ 725,203	\$ 671,286

APPROVED BY:

 , Director

 , Director

GIANT MINE OVERSIGHT BODY SOCIETY
Statement of Operations
For the Year Ended March 31, 2022

Statement II

	2022	2021 (Restated-Note 15)
Revenues		
Contribution-Government of Canada-Operating-Schedule A	\$ 692,717	\$ 702,551
Contribution-Government of Canada-Research-Schedule B	266,054	269,832
Interest earned- Schedule B	1,543	1,851
Amortization of deferred capital contribution- Schedule A	2,930	17,498
Total Revenues	963,244	991,732
Expenses		
Advertising and promotion	24,606	8,078
Amortization	2,930	17,498
Contracts and consulting fees	492,373	267,323
Honoraria	131,503	124,676
Insurance	12,139	10,165
Interest and bank charges	2,136	2,144
Meetings expenses	3,476	2,988
Office and general	10,015	16,685
Professional fee	49,573	52,428
Programming	12,028	9,525
Rent	38,683	38,684
Telephone and utilities	5,566	7,439
Travel	3,626	4,540
Wages and benefits	194,346	192,398
Total Expenses	983,000	754,571
Excess (Deficit) of Revenues over Expenses for the Year	\$ (19,756)	\$ 237,161

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, 2022

Statement III

	Operating Fund	Research Fund	Total 2022	Total 2021 (Restated-Note 15)
Balance, beginning of year	\$ -	\$ 605,384	\$ 605,384	\$ 368,223
Excess of revenues over expenses	(17,256)	(2,500)	(19,756)	237,161
Transfer from (to) research fund	17,256	(17,256)	-	-
Balance, end of year	\$ -	\$ 585,628	\$ 585,628	\$ 605,384

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, 2022

Statement IV

	2022	2021
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses	\$ (19,756)	\$ 237,161
Amortization	2,930	17,498
Amortization of deferred capital contribution	(2,930)	(17,498)
	(19,756)	237,161
Changes in non-cash working capital balances		
Increase (Decrease) in accounts receivable	6,011	(2,004)
Increase in prepaid expenses	(4,298)	(1,233)
Increase (Decrease) in accounts payable and accrued liabilities	11,944	2,278
Increase (Decrease) in payroll tax payable	(851)	2,917
Increase (Decrease) in wages payable	1,673	3,445
Net change in non-cash working capital balances	14,479	5,403
Net cash provided by (used in) operating activities	(5,277)	242,564
Investing activity		
Purchase of capital assets	(3,536)	(1,016)
Net cash provided by (used in) investing activities	(3,536)	(1,016)
Net Increase in cash position	(8,813)	241,548
Cash, Beginning of the year	639,008	397,460
Cash, End of the year	630,195	639,008
Cash consists of :		
First Nation Bank	226,800	339,008
Term deposits-GIC	403,395	300,000
	\$ 630,195	\$ 639,008

GIANT MINE OVERSIGHT BODY SOCIETY
Notes to the Financial Statements
For The Year Ended March 31, 2022

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

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 restricted fund method of accounting whereby externally restricted contributions are recognized in the fund corresponding to the purpose for which they were contributed. Under this method, operations are separated between unrestricted and restricted activities with a set of self-balancing accounts for each fund. Restricted contributions for which no corresponding restricted fund is presented must be recognized in the General fund using the deferral method. Unrestricted contributions are recognized as revenues in the general fund.

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 to the floor area occupied by each function.

GIANT MINE OVERSIGHT BODY SOCIETY
Notes to the Financial Statements
For The Year Ended March 31, 2022

3. CASH

		2022		2021
First Nation Bank-Operating Account	\$	108,404	\$	141,124
First Nation Bank-Research Account		118,396		197,884
	\$	226,800	\$	339,008

4. SHORT TERM INVESTMENT

		2022		2021
First Nation Bank GIC	\$	403,395	\$	300,000

GIC's 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 0.6% for the \$100,850 GIC, 0.85% for the \$202,400 GIC and 0.20% for \$100,145 GIC.

5. ACCOUNTS RECEIVABLE

		2022		2021
GST receivable	\$	8,770		12,930
Interest receivable		-		1,851
		8,770	\$	14,781

6. PREPAID EXPENSES

		2022		2021
Prepaid insurance	\$	8,340	\$	9,848
Prepaid membership and subscriptions		4,785		-
Workers' compensation premium		1,021		-
	\$	14,146	\$	9,848

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Furniture & Equipments	\$ 46,901	\$ 44,577	\$ 2,324	\$ 4,400
Computer Equipment and software	34,604	32,978	1,626	2,480
Website	12,654	12,654	-	-
Leasehold improvement	8,626	8,626	-	-
	\$ 102,785	\$ 98,835	\$ 3,950	\$ 6,880

GIANT MINE OVERSIGHT BODY SOCIETY
Notes to the Financial Statements
For The Year Ended March 31, 2022

8. CAPITAL ASSETS IN DISPLAY

During the year, the Society purchased capital assets for display purposes in the amount of \$3,536.

9. WAGES & BENEFIT PAYABLE

		2022	2021
Salary payables	\$	23,540	\$ 23,889
Vacation and pension payables		3,067	1,045
	\$	26,607	\$ 24,934

10. DEFERRED CAPITAL CONTRIBUTIONS

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Govt of Canada-Indigenous and Northern Affair	\$ 103,055	\$ 98,836	\$ 4,219	\$ 7,149

11. COMMITMENTS

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

2022	\$	101,000
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12. CONTRACTUAL OBLIGATION

The Society leases the office building under a lease contract that expires on December 31, 2026. Future minimum lease payments total \$195,965 and include the following payments over the next five years: 2023-\$39,193, 2024-\$39,193, 2025-\$39,193, and 2026-\$39,193,

13. 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.

14. 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. 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 \$403,395, 2021 (\$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.

15. PRIOR PERIOD RESTATEMENT

During the fiscal year March 31, 2021 and earlier years, the excess surplus from research fund and general fund were deferred to the next fiscal year in contrary to the restricted fund method of revenue recognition. This error has been corrected by restating the prior year financial statement and opening net assets. The result of the restatement is as follows:

	2021 Prior	2021 Restated	Diff
Income transferred to deferred revenue	\$ 350,648	\$ -	\$ 350,648
Deferred revenue	(350,648)	-	(350,648)
Income transferred from deferred revenue	(168,519)	-	(168,519)
Net assets, beginning balance	(199,704)	(368,223)	168,519
	\$ (368,223)	\$ (368,223)	\$ -

16. COMPARATIVE FIGURE

Comparative figures have been reclassified to conform with the presentation adopted in the current year.

GIANT MINE OVERSIGHT BODY SOCIETY
Operating Fund
For The Year Ended March 31, 2022

SCHEDULE A

	2022	2021
Revenues		
Crown-Indigenous Relations and Northern Affairs Canada	\$ 692,717	\$ 702,551
Amortization of deferred capital contribution	2,930	17,497
	695,647	720,048
Expenditures		
Accounting, audit and legal	44,875	48,317
Advertising and promotion	24,606	8,078
Amortization	2,930	17,498
Contract and consulting fees	236,713	197,301
Honoraria	127,979	114,431
Insurance	12,139	10,165
Materials and supplies	194	1,249
Interest and bank charges	2,015	2,133
Meeting expenses	3,475	2,988
Office and general	8,191	12,778
Programming	11,834	9,525
Rent	34,583	36,350
Telephone and utilities	5,399	7,439
Travel	1,658	1,090
Wages and benefits	196,312	195,673
	712,903	665,015
Excess revenue (expenditure)	\$ (17,256)	\$ 55,033
Allocation from research fund	17,256	(55,033)
Surplus (deficit)	\$ -	\$ -

GIANT MINE OVERSIGHT BODY SOCIETY
Research Fund
For The Year Ended March 31, 2022

SCHEDULE B

	2022	2021
Revenues		
Crown-Indigenous Relations and Northern Affairs Canada \$	266,054 \$	269,832
Transferred from deferred revenue		
Interest revenue	1,543	1,851
	267,597	271,683
Expenditures		
Contract services	255,664	70,021
Honoraria	3,523	10,245
Interest and bank charges	119	-
Office supplies	1,826	2,669
Professional fees	4,698	4,111
Rent	4,100	2,334
Telephone and Internet	167	-
Travel and accommodation	-	
Wages and benefits	-	175
	270,097	89,555
Excess revenues	(2,500)	182,128
Allocated to operating fund	(17,256)	55,033
Excess revenues (expenditures)	\$ (19,756) \$	237,161