

GIANT MINE OVERSIGHT BODY SOCIETY

Financial Statements

March 31, 2023

GIANT MINE OVERSIGHT BODY SOCIETY
Financial Statements

Year ended March 31, 2023

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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, 2023, 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, 2023, 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
September 22, 2023
Yellowknife, NWT

GIANT MINE OVERSIGHT BODY SOCIETY
Statement of Financial Position
As at March 31, 2023

Statement I

	Core Fund	Research Fund	2023 Total	2022 Total
Current assets				
Cash (<i>Note 4</i>)	\$ 30,195	\$ 54,593	\$ 84,788	\$ 226,800
Short term investment (<i>Note 5</i>)	-	503,693	503,693	403,395
Due from general fund	-	10,554	10,554	63,837
GST receivable (<i>Note 6</i>)	18,083	-	18,083	8,770
Prepaid expenses (<i>Note 7</i>)	17,971	-	17,971	14,146
	66,249	568,840	635,089	716,948
Non Current Assets				
Tangible capital assets (<i>Note 8</i>)	8,433	-	8,433	3,950
Intangible capital assets	769	-	769	769
Display items	3,536	-	3,536	3,536
Total Assets	78,987	568,840	647,827	725,203
Current liabilities				
Accounts payable & accrued liabilities	23,364	-	23,364	35,346
Wages and benefit payable (<i>Note 9</i>)	30,565	-	30,565	26,607
Payroll taxes payable	11,184	-	11,184	9,566
Due to reserach fund	10,554	-	10,554	63,837
	\$ 75,667	-	75,667	135,356
Non Current Liabilities				
Deferred capital contributions (<i>Note 10</i>)	1,455	-	1,455	4,219
	77,122	-	77,122	150,129
Net Assets				
Core fund	1,865	-	1,865	-
Research fund	-	568,840	568,840	585,628
	1,865	568,840	570,705	585,628
Total Liabilities & Net Assets	\$ 78,987	\$ 568,840	\$ 647,827	\$ 735,757

Approved by:

 _____, Director

 _____, Director

GIANT MINE OVERSIGHT BODY SOCIETY
Statement of Operations-Core & Research
For the Year Ended March 31, 2023

Statement II

	2023	2022
Revenues		
Contribution-Government of Canada-Core- Schedule A	\$ 726,376	\$ 692,717
Contribution-Government of Canada-Research- Schedule B	279,376	266,054
Interest earned- Schedule B	2,733	1,543
Amortization of deferred capital contribution- Schedule A	2,765	2,930
Total Revenues	1,011,250	963,244
Expenses		
Advertising and promotion	18,244	24,606
Amortization	2,765	2,930
Contracts and consulting fees	424,586	492,373
Honoraria	174,766	131,503
Insurance	13,566	12,139
Interest and bank charges	1,803	2,136
Meetings expenses	16,194	3,476
Office and general	10,342	10,015
Professional fee	57,226	49,573
Programming	5,095	12,028
Rent	41,732	38,683
Telephone and utilities	5,118	5,566
Travel	35,460	176
Wages and benefits	219,274	197,796
Total Expenses	1,026,171	983,000
Deficit of Revenues over Expenses For The Year	\$ (14,921)	\$ (19,756)

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, 2023

Statement III

	Core Fund	Research Fund	Total 2023	Total 2022
Balance, beginning of year	\$ -	\$ 585,628	\$ 585,628	\$ 605,384
Deficit of revenues over expenses	1,865	(16,788)	(14,921)	(19,756)
Transfer from (to) research fund	-	-	-	-
Balance, end of year	\$ 1,865	568,840	\$ 570,707	\$ 585,628

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, 2023

Statement IV

	2023	2022
Cash provided by (used in)		
Operating activities		
Excess (deficit) of revenues over expenses	\$ (14,921)	\$ (19,756)
Amortization	2,765	2,930
Amortization of deferred capital contribution	(2,765)	(2,930)
	(14,921)	(19,756)
Changes in non-cash working capital balances		
Increase (Decrease) in accounts receivable	(9,313)	6,011
Increase in prepaid expenses	(3,825)	(4,298)
Increase (Decrease) in accounts payable and accrued liabilities	(11,980)	11,944
Increase (Decrease) in payroll tax payable	1,618	(851)
Increase (Decrease) in wages payable	3,958	1,673
Net change in non-cash working capital balances	(19,542)	14,479
Net cash provided by (used in) operating activities	(34,463)	(5,277)
Investing activity		
Purchase of capital assets	(7,251)	(3,536)
Net cash provided by (used in) investing activity	(7,251)	(3,536)
Net decrease in cash position	(41,714)	(8,813)
Cash, Beginning of Year	630,195	639,008
Cash, End of Year	588,481	630,195
Cash consists of :		
First Nation Bank	84,788	226,800
Term deposits - GIC	503,693	403,395
	\$ 588,481	\$ 630,195

GIANT MINE OVERSIGHT BODY SOCIETY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended March 31, 2023

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.

GIANT MINE OVERSIGHT BODY SOCIETY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended March 31, 2023

Tangible Capital Assets (Contd...)

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%

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 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.

GIANT MINE OVERSIGHT BODY SOCIETY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended March 31, 2023

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 pro-rated to the floor area occupied by each function.

4. CASH

	2023	2022
First Nation Bank-Operating Account	\$ 30,195	\$ 108,404
First Nation Bank-Research Account	54,593	118,396
	\$ 84,788	\$ 226,800

5. SHORT TERM INVESTMENT

	2023	2022
First Nation Bank GIC	\$ 503,693	\$ 403,395

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 2.25% for the \$303,693 GIC and 3.5% for \$200,000 GIC.

6. GST RECEIVABLE

	2023	2022
GST receivable	\$ 18,083	-

GIANT MINE OVERSIGHT BODY SOCIETY
NOTES TO FINANCIAL STATEMENTS
For The Year Ended March 31, 2023

7. PREPAID EXPENSES

	2023	2022
Prepaid insurance	\$ 8,944	\$ 75,667
Prepaid advertising and subscriptions	9,027	4,785
Workers' compensation premium	-	1,021
	\$ 17,971	\$ 81,473

8. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Furniture & Equipment	\$ 46,901	\$ 46,291	\$ 610	\$ 2,324
Computer Equipment and software	42,906	35,083	7,823	1,626
Website	12,654	12,654	-	-
	\$102,461	\$ 94,028	\$ 8,433	\$ 3,950

9. WAGES PAYABLE

	2023	2022
Salary payables	\$ 24,754	\$ 23,540
Vacation and pension payables	5,811	3,067
	\$ 30,565	\$ 26,607

10. DEFERRED CAPITAL CONTRIBUTIONS

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Govt of Canada-Indigenous and Northern Affairs (CIRNAC)	\$ 103,055	\$ 101,601	\$ 1,454	\$ 4,219

11. COMMITMENTS

The Society does not have any commitments as at March 31, 2023

12. CONTRACTUAL OBLIGATION

The Society leases the office building under a lease contract that expires on December 31, 2026. Future minimum lease payments total \$114,156 and include the following payments over the next three years: 2024-\$38,052, 2025-\$38,052 and 2026-\$38,052,

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 \$18,083, (2022 - 8,770). The accounts receivable are established based on specific credit risk associated with individual clients and other relevant information. However, since all of the 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

SCHEDULE 1

Core Fund

For The Year Ended March 31, 2023

	2023	2022
Revenues		
Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC)	\$ 726,376	\$ 692,717
Amortization of deferred capital contribution	2,765	2,930
	729,141	695,647
Expenses		
Advertising and promotion	18,244	24,606
Amortization	2,765	2,930
Contract and consulting fees	211,697	236,711
Honoraria	157,661	127,979
Insurance	9,365	12,139
Materials and supplies		194
Interest and bank charges	1,793	2,015
Meeting expenses	16,194	3,475
Office and general	8,333	8,191
Professional fees	50,067	44,875
Programming	5,095	11,834
Rent	22,786	34,583
Telephone and utilities	5,118	5,399
Travel	27,195	(1,792)
Wages and benefits	190,963	199,764
	727,276	712,903
Excess (Deficit) of Revenues Over Expenses	\$ 1,865	\$ (17,256)

GIANT MINE OVERSIGHT BODY SOCIETY
Research Fund
For The Year Ended March 31, 2023

SCHEDULE 2

	2023	2022
Revenues		
Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC)	\$ 279,376	\$ 266,054
Interest revenue	2,733	1,543
	282,109	267,597
Expenses		
Contract services	212,889	255,664
Honoraria	17,105	3,523
Interest and bank charges	11	119
Insurance	4,202	-
Office supplies	2,009	1,826
Professional fees	7,159	4,698
Rent	18,946	4,100
Telephone and Internet	-	167
Travel and accommodation	8,265	-
Wages and benefits	28,311	-
	298,897	270,097
Deficit of Revenues over Expenses	(16,788)	(2,500)
Transferred to operating fund	-	(17,256)
Deficit of Revenues over Expenses	\$ (16,788)	\$ (19,756)