

**GWICH'IN LAND AND
WATER BOARD**
Inuvik, NT

FINANCIAL STATEMENTS

For the Year Ended March 31, 2019

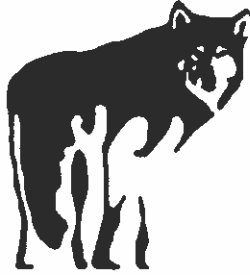
GWICH'IN LAND AND WATER BOARD

FINANCIAL STATEMENTS

For the year ended March 31, 2019

INDEX

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	1
INDEPENDENT AUDITOR'S REPORT	2 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 11
Schedule of Revenue and Expenditure - Federal Funding Reporting:	
- Year ended March 31, 2019	12
- Year ended March 31, 2018	13



GWICH'IN LAND AND WATER BOARD

P.O. Box 2018, Inuvik, NT X0E 0T0

 **867-777-4954**

 **867-777-2304**

 **glwb.com**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Gwich'in Land and Water Board are the responsibility of management.

The financial statements have been prepared by management in accordance with the Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

Gwich'in Land and Water Board maintain systems of internal accounting and administrative controls of high quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Gwich'in Land and Water Board's assets are appropriately accounted for and adequately safeguarded.

Gwich'in Land and Water Board's Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by Paul Teoh Professional Corporation in accordance with Canadian generally accepted auditing standards. Its report to the members of Gwich'in Land and Water Board, stating the scope of his examination and opinion on the financial statements, follows.

Executive Director

Inuvik, NT
July 25, 2019



INDEPENDENT AUDITOR'S REPORT

To the members of Gwich'in Land and Water Board,

Opinion

I have audited the accompanying financial statements of Gwich'in Land and Water Board, which comprise of the statement of financial position as at March 31, 2019, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, these financial statements present fairly, in all material respects, the financial position of Gwich'in Land and Water Board (the "Board") as at March 31, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Board in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit.

I 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 my 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 the Board'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 Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Board to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

Paul Teoh

Chartered Accountant

Calgary, Alberta
July 25, 2019

GWICH'IN LAND AND WATER BOARD

STATEMENT OF FINANCIAL POSITION

March 31,	2019	2018
Financial Assets		
Cash	\$ 220,300	\$ 258,425
Accounts receivable	25,443	6,124
Total Financial Assets	245,743	264,549
Liabilities		
Accounts payable and accrued liabilities	51,082	77,702
Deferred contributions (note 2)	75,035	62,642
Total Liabilities	126,117	140,344
Net Financial Assets	119,626	124,205
Non-Financial Assets		
Tangible capital assets (note 3)	26,674	32,380
Prepaid expenses and deposits	4,432	845
Total Non-Financial Assets	31,106	33,225
Accumulated Surplus (note 4)	\$ 150,732	\$ 157,430

Approved on behalf of the Board:


 _____ Director


 _____ Director

The accompanying notes and schedule are integral parts of these financial statements.

GWICH'IN LAND AND WATER BOARD

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,	2019	2019	2018
	Budget (Unaudited)	Actual	Actual
Revenue			
Contributions - Indigenous Services Canada	\$ 1,002,899	\$ 1,019,899	\$ 1,003,458
Interest income	-	1,027	59
Add opening deferred contributions	-	62,642	-
Less closing deferred contributions	-	(75,035)	(62,642)
	1,002,899	1,008,533	940,875
Expenditure			
Amortization	-	9,273	11,975
Bank charges and interest	600	939	1,919
Board meetings	193,010	127,177	100,967
Board training	69,544	195,158	96,678
Computer and Internet services	16,984	3,583	9,289
Insurance	4,000	2,187	177
Land permit advertising	2,500	3,258	1,781
Loss (gain) on disposal of tangible capital assets	-	-	999
Office	30,390	27,364	31,240
Professional fees	28,000	33,598	43,456
Rent	48,000	43,212	47,662
Staff professional development	42,788	47,153	43,513
Staff and board travel	4,373	5,947	3,806
Telephone	10,800	11,553	10,073
Vehicle	3,200	3,974	1,280
Wages and benefits	548,710	500,855	553,677
	1,002,899	1,015,231	958,492
Excess Revenue/(Expenditure)	-	(6,698)	(17,617)
Accumulated Surplus, beginning of year	157,430	157,430	175,047
Accumulated Surplus, end of year	\$ 157,430	\$ 150,732	\$ 157,430

The accompanying notes and schedule are integral parts of these financial statements.

GWICH'IN LAND AND WATER BOARD

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2019	2019	2018
	Budget (Unaudited)	Actual	Actual
Annual Surplus (Deficit)	\$ -	\$(6,698)	\$(17,617)
Acquisition of tangible capital assets	-	(3,567)	(13,758)
Amortization of tangible capital assets	-	9,273	11,975
Loss (gains) on disposal of tangible capital assets	-	-	999
Decrease (increase) in prepaid expenses and deposits	-	(3,587)	3,989
Increase (Decrease) in Net Financial Assets	-	(4,579)	(14,412)
Net Financial Assets, beginning of year	124,205	124,205	138,617
Net Financial Assets, end of year	\$ 124,205	\$ 119,626	\$ 124,205

The accompanying notes and schedule are integral parts of these financial statements.

GWICH'IN LAND AND WATER BOARD

STATEMENT OF CASH FLOWS

For the year ended March 31,	2019	2018
Cash Flows From Operating Activities		
Cash receipts from contributions and others	\$ 1,000,580	\$ 1,006,421
Cash paid to suppliers and employees	(1,036,165)	(898,485)
Interest income received	1,027	59
	(34,558)	107,995
Capital Transactions		
Purchase of tangible capital assets	(3,567)	(13,758)
	(3,567)	(13,758)
Net Increase (Decrease) in Cash	(38,125)	94,237
Cash, beginning of year	258,425	164,188
Cash, end of year	\$ 220,300	\$ 258,425

The accompanying notes and schedule are integral parts of these financial statements.

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

The Gwich'in Land and Water Board (the "Board"), was created upon the enactment of the *Mackenzie Valley Resource Management Act* on December 22, 1998.

The objective of the Board is to regulate land and water use throughout the settlement area, including Gwich'in lands and to provide for conservation, development and utilization of the land and water resources of the settlement area in a manner that will provide the optimum benefit there from for present and future residents of the settlement area and the Mackenzie Valley and for all Canadians.

The Board is a not-for-profit organization and is exempt for income tax purposes under Section 149(1)(e) of the *Income Tax Act*.

1. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Fund Accounting

The Board follows the deferral method of accounting for contributions. Related revenue and expenditures are grouped into funds based on their purposes.

General operating fund - a restricted fund, reports contributions from the Department of Indigenous and Northern Affairs Canada, Government of Canada as outlined in the Implementation Plan for the Gwich'in Comprehensive Land Claim Agreement, its related expenditure, assets and liabilities in respect of the core operations of the Board. Contributions which are unused by the agreement termination date shall be retained by the Board, provided the Board meets the commitments under the contribution agreement.

Training fund reports revenue the Board generated or contributions received for training purposes, its related expenditure, assets and liabilities in respect of the Board's training activities. The fund may be used by the Board for any specific projects at its discretion.

(b) Revenue Recognition

The Board follows the deferral method of accounting for contributions. Restricted funding is recognized in the year in which the related expenditures are incurred. Unrestricted funding is recognized as revenue when received or receivable if the collection of the amount to be received is reasonably assured.

Funding received in advance of the related expenditures is recorded as deferred contributions of the appropriate fund.

(c) Cash and Cash Equivalents

Cash includes cash and demand deposits. Cash equivalents includes highly liquid investments that can be readily converted into cash for a fixed amount and that matures less than three months from the date of acquisition.

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

1. Significant Accounting Policies (Continued)

(d) Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Amortization is provided on a declining balance method over the estimated useful lives of the assets as follows:

Computer hardware	30%
Computer software	100%
Field equipment	30%
Telecommunications equipment	20%
Office equipment and furniture	20%

(e) Use of Estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(f) Financial Instruments - Recognition and Measurement

The Board has elected the following balance sheet classifications with respect to its financial assets and financial liabilities:

- Cash is classified as assets held-for-trading and is subsequently measured at fair value with gains and losses arising from changes in the fair value recognized in net income in the period in which they arise. The estimated fair value of cash is assumed to approximate its carrying amount.
- Accounts receivable are classified as loans and receivables and are subsequently measured at amortized cost using the effective interest method. The amortized cost using the effective interest method approximates their fair values due to the short term nature.
- Accounts payable and accrued liabilities are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest method. At inception, the estimated fair values of accounts payable and accrued liabilities are assumed to approximate their carrying amounts.

Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments.

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

2. Deferred Contributions

	2019	2018
Indigenous Services Canada - Core Operating	\$ 75,035	\$ 60,195
Indigenous Services Canada - Northern Boards	-	2,447
	\$ 75,035	\$ 62,642

3. Tangible Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	\$ 97,043	\$ 78,307	\$ 18,736	\$ 22,633
Computer software	5,669	5,669	-	-
Field equipment	1,155	1,108	47	67
Telecommunications	6,934	2,940	3,994	4,993
Office equipment and furniture	32,536	28,639	3,897	4,687
	\$ 143,337	\$ 116,663	\$ 26,674	\$ 32,380

4. Accumulated Surplus

	2019	2018
General Operating Fund	\$ 55,811	\$ 56,803
Training Fund	68,247	68,247
Equity in Tangible Capital Assets	26,674	32,380
	\$ 150,732	\$ 157,430

5. Comparative Figures

Certain figures presented for comparative purposes have been reclassified to conform with current year's presentation.

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2019

6. Financial Instruments and Risk Management

The Board's financial instruments are exposed to certain risks, which include credit risk, market risk, interest rate risk and liquidity risk.

Credit Risk - Credit risk refers to the potential that the funding agencies or counter party to a financial instrument will fail to discharge its contractual obligations. The Board is exposed mainly to credit risk from funding agencies' refusal to contribute the full funding due to the Board's non-compliance to the contribution agreements. The Board manages credit risk by ensuring that it complies with the terms and conditions of the contribution agreements.

Market Risk - Market risks is the risk that the fair value of financial instruments will fluctuate due to changes in market factors. Market risk includes fair value risk, interest rate risk and foreign currency risk. The Board is not exposed to these risks from its financial instruments.

Liquidity Risk - Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they fall due. The Board manages liquidity risk through the management of its capital structure.

GWICH'IN LAND AND WATER BOARD

SCHEDULE OF REVENUE AND EXPENDITURE - FEDERAL FUNDING REPORTING

For the year ended March 31, 2019

	Core Operating			Actual	Prior Year Surplus	Actual	Northern Boards	Actual	Northern Legislative Initiatives	Actual	Total
	Budget (Unaudited)	Actual	Actual								
Revenue											
Contributions - Indigenous Services Canada	\$ 1,002,899	\$ 1,002,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,000	\$ 17,000	\$ 1,019,899	
Interest income	-	1,027	-	-	-	-	-	-	-	1,027	
Add opening deferred contributions	-	-	60,195	60,195	2,447	-	-	-	-	62,642	
Less closing deferred contributions	-	(75,035)	-	-	-	-	-	-	-	(75,035)	
	1,002,899	928,891	60,195	60,195	2,447	17,000	1,008,533				
Expenditure											
Bank charges and interest	600	939	-	-	-	-	939				
Board meetings	193,010	127,177	-	-	-	-	127,177				
Board training	69,544	123,213	60,195	60,195	-	11,750	195,158				
Computer and Internet services	16,984	3,583	-	-	-	-	3,583				
Insurance	4,000	2,187	-	-	-	-	2,187				
Land permit advertising	2,500	3,258	-	-	-	-	3,258				
Office	30,390	27,364	-	-	-	-	27,364				
Professional fees	28,000	30,755	-	-	2,843	-	33,598				
Rent	48,000	43,212	-	-	-	-	43,212				
Staff professional development	42,788	47,153	-	-	-	-	47,153				
Staff and board travel	4,373	99	-	-	-	5,848	5,947				
Telephone	10,800	11,553	-	-	-	-	11,553				
Vehicle	3,200	3,974	-	-	-	-	3,974				
Wages and benefits	548,710	500,855	-	-	-	-	500,855				
	1,002,899	925,322	60,195	60,195	2,843	17,598	1,005,958				
Excess Revenue /(Expenditure)	-	3,569	-	-	(396)	(598)	2,575				
Purchase of Tangible Capital Assets	-	3,569	-	-	-	-	3,569				
Net Excess Revenue /(Expenditure)	\$ -	\$ -	\$ -	\$ -	\$ (396)	\$ (598)	\$ (994)				

GWICH'IN LAND AND WATER BOARD

SCHEDULE OF REVENUE AND EXPENDITURE - FEDERAL FUNDING REPORTING (CONTINUED)

For the year ended March 31, 2018

	Core Operating		Northern Boards	Prior Year Surplus	Total
	Budget (Unaudited)	Actual			
Revenue					
Contributions - Indigenous Services Canada	\$ 985,958	\$ 985,958	\$ 17,500	\$ -	\$ 1,003,458
Interest income	-	59	-	-	59
Add opening deferred revenue	-	-	-	-	-
Less closing deferred revenue	-	(60,195)	(2,447)	-	(62,642)
	985,958	925,822	15,053	-	940,875
Expenditure					
Bank charges and interest	500	1,919	-	-	1,919
Board meetings	254,901	100,967	-	-	100,967
Board training	14,892	77,280	-	19,398	96,678
Computer and internet services	-	9,289	-	-	9,289
Insurance	2,080	177	-	-	177
Land permit advertising	2,500	1,781	-	-	1,781
Loss (gain) on disposal of tangible capital assets	-	999	-	-	999
Office	39,990	31,240	-	-	31,240
Professional fees	38,000	28,403	15,053	-	43,456
Rent	48,780	47,662	-	-	47,662
Staff professional development	20,967	43,513	-	-	43,513
Staff and board travel	26,178	3,806	-	-	3,806
Telephone	16,468	10,073	-	-	10,073
Vehicle	4,400	1,280	-	-	1,280
Wages and benefits	516,302	553,677	-	-	553,677
	985,958	912,066	15,053	19,398	946,517
Excess Revenue /(Expenditure)	-	13,756	-	(19,398)	(5,642)
Purchase of Tangible Capital Assets	-	13,756	-	-	13,756
Net Excess Revenue /(Expenditure)	\$ -	\$ -	\$ -	\$ (19,398)	\$ (19,398)