

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

FINANCIAL STATEMENTS

For the Year Ended March 31, 2020

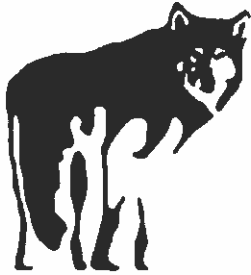
GWICH'IN LAND AND WATER BOARD

FINANCIAL STATEMENTS

For the year ended March 31, 2020

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GWICH'IN LAND AND WATER BOARD

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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 30, 2020



INDEPENDENT AUDITORS' REPORT

To the members of Gwich'in Land and Water Board

Opinion

We 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, 2020, 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 our 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, 2020, 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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and I have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence I 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 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 auditors' 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 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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.

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.



Paul Teoh Professional Corporation
Chartered Professional Accountants

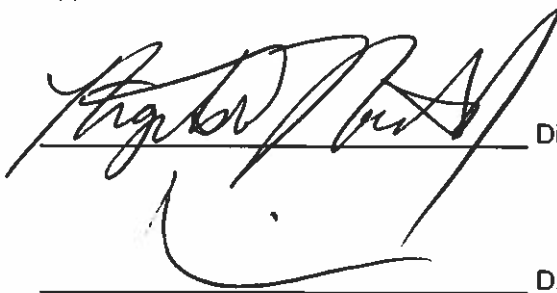
Calgary, Alberta
July 30, 2020

GWICH'IN LAND AND WATER BOARD

STATEMENT OF FINANCIAL POSITION

March 31,	2020	2019
Financial Assets		
Cash	\$ 197,298	\$ 220,300
Accounts receivable	7,450	25,443
Total Financial Assets	204,748	245,743
Liabilities		
Accounts payable and accrued liabilities	57,916	51,082
Deferred contributions (note 2)	34,466	75,035
Total Liabilities	92,382	126,117
Net Financial Assets	112,366	119,626
Non-Financial Assets		
Tangible capital assets (note 3)	31,029	26,674
Prepaid expenses and deposits	11,638	4,432
Total Non-Financial Assets	42,667	31,106
Accumulated Surplus (note 4)	\$ 155,033	\$ 150,732

Approved on behalf of the Board:


 _____ Director

NIGIT 'STIL NORBERT


 _____ Director

GERRY KISOW

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,	2020	2020	2019
	Budget (Unaudited)	Actual	Actual
Revenue			
Contributions - Indigenous Services Canada	\$ 1,041,827	\$ 1,041,827	\$ 1,019,899
Interest income	-	1,256	1,027
Add opening deferred contributions	-	75,035	62,642
Less closing deferred contributions	-	(34,466)	(75,035)
	1,041,827	1,083,652	1,008,533
Expenditure			
Administration	676,936	584,323	538,465
Board governance	242,173	323,479	310,586
Land management and development	96,718	145,495	145,739
Regulatory initiatives	26,000	26,054	20,441
	1,041,827	1,079,351	1,015,231
Excess Revenue/(Expenditure)	-	4,301	(6,698)
Accumulated Surplus, beginning of year	150,732	150,732	157,430
Accumulated Surplus, end of year	\$ 150,732	\$ 155,033	\$ 150,732

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,	2020		2020	2019
	Budget (Unaudited)	Actual	Actual	Actual-
Annual Surplus (Deficit)	\$ -	\$ 4,301	\$(6,698)	
Acquisition of tangible capital assets	-	(13,037)	(3,567)	
Amortization of tangible capital assets	-	8,682	9,273	
Decrease (increase) in prepaid expenses and deposits	-	(7,206)	(3,587)	
Increase (Decrease) in Net Financial Assets	-	(7,260)	(4,579)	
Net Financial Assets, beginning of year	119,626	119,626	124,205	
Net Financial Assets, end of year	\$ 119,626	\$ 112,366	\$ 119,626	

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,	2020	2019
Cash Flows From Operating Activities		
Cash receipts from contributions and others	\$ 1,059,820	\$ 1,000,580
Cash paid to suppliers and employees	(1,071,041)	(1,036,165)
Interest income received	1,256	1,027
	(9,965)	(34,558)
Capital Transactions		
Purchase of tangible capital assets	(13,037)	(3,567)
	(13,037)	(3,567)
Net Increase (Decrease) in Cash	(23,002)	(38,125)
Cash, beginning of year	220,300	258,425
Cash, end of year	\$ 197,298	\$ 220,300

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

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

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, 2020

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%
Leasehold improvements	4%
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, 2020

2. Deferred Contributions

	2020	2019
Indigenous Services Canada - Core Operating	\$ 34,466	\$ 75,035
	\$ 34,466	\$ 75,035

3. Tangible Capital Assets

	2020	2019
	Cost	Accumulated Amortization
		Net Book Value
		Net Book Value
Computer hardware	\$ 100,342	\$ 84,423
Computer software	5,669	5,669
Field equipment	1,155	1,122
Leasehold improvements	4,489	449
Telecommunications	6,934	3,739
Office equipment and furniture	37,785	29,943
	\$ 156,374	\$ 125,345

4. Accumulated Surplus

	2020	2019
General Operating Fund	\$ 55,757	\$ 55,811
Training Fund	68,247	68,247
Equity in Tangible Capital Assets	31,029	26,674
	\$ 155,033	\$ 150,732

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

5. Expenditure by Object

	2020	2020	2019
	Budget (Unaudited)	Actual	Actual
Amortization	\$ -	\$ 8,682	\$ 9,273
Bank charges and interest	600	922	939
Board executive work	86,373	148,579	201,006
Board meetings	181,800	192,626	127,177
Computer and Internet services	16,984	19,761	3,583
Insurance	4,000	2,252	2,187
Land permit advertising	2,500	204	3,258
Office	30,390	41,850	27,364
Professional fees	28,000	48,505	33,598
Rent	68,881	40,785	43,212
Staff and board travel	4,301	11,195	99
Staff professional development	42,788	50,225	47,153
Telephone	10,800	11,513	11,553
Vehicle	3,200	6,245	3,974
Wages and benefits	561,210	496,007	500,855
	\$ 1,041,827	\$ 1,079,351	\$ 1,015,231

6. 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, 2020

7. 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.

8. Subsequent Events

Subsequent to year end, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal, provincial and territorial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the society and its operations in future periods.

Other than the above item, no other subsequent events of note were identified during the audit.

GWICH'IN LAND AND WATER BOARD

SCHEDULE OF REVENUE AND EXPENDITURE - FEDERAL FUNDING REPORTING

For the year ended March 31, 2020

	Core Operating		Land Management & Development		Northern Legislative Initiatives		Total
	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	
Revenue							
Contributions - Indigenous Services Canada	\$ 1,015,827	\$ 1,015,827	\$ -	\$ -	\$ 26,000	\$ 26,000	\$ 1,041,827
Interest income	-	1,256	-	-	-	-	1,256
Internal transfer	(96,718)	(145,495)	96,718	145,495	-	-	-
Add opening deferred contributions	-	75,035	-	-	-	-	75,035
Less closing deferred contributions	-	(34,466)	-	-	-	-	(34,466)
	919,109	912,157	96,718	145,495	26,000	26,000	1,083,652
Expenditure							
Bank charges and interest	600	922	-	-	-	-	922
Board executive work	68,373	138,383	-	-	10,195	10,195	148,578
Board meetings	173,800	185,096	-	-	7,529	7,529	192,625
Computer and Internet services	16,984	19,761	-	-	-	-	19,761
Insurance	4,000	2,252	-	-	-	-	2,252
Land permit advertising	2,500	204	-	-	-	-	204
Office	30,390	41,850	-	-	-	-	41,850
Professional fees	28,000	48,505	-	-	-	-	48,505
Rent	68,881	40,785	-	-	-	-	40,785
Staff and board travel	4,301	9,345	-	-	1,850	1,850	11,195
Staff professional development	42,788	41,333	-	2,892	6,000	6,000	50,225
Telephone	10,800	11,513	-	-	-	-	11,513
Vehicle	3,200	5,765	-	-	480	480	6,245
Wages and benefits	464,492	353,406	96,718	142,603	-	-	496,009
	919,109	899,120	96,718	145,495	26,054	26,054	1,070,669
Excess Revenue /(Expenditure)	-	13,037	-	-	(54)	(54)	12,983
Purchase of Tangible Capital Assets	-	13,037	-	-	-	-	13,037
Net Excess Revenue /(Expenditure)	\$ -	\$ -	\$ -	\$ -	\$ (54)	\$ (54)	\$ (54)