

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

FINANCIAL STATEMENTS

For the Year Ended March 31, 2021

GWICH'IN LAND AND WATER BOARD

FINANCIAL STATEMENTS

For the year ended March 31, 2021

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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 Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards. Their report to the members of Gwich'in Land and Water Board, stating the scope of their examination and opinion on the financial statements, follows.

Executive Director

Inuvik, NT
August 26, 2021



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, 2021, 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, 2021, 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
August 26, 2021

GWICH'IN LAND AND WATER BOARD
STATEMENT OF FINANCIAL POSITION

March 31,	2021	2020
Financial Assets		
Cash (note 2)	\$ 265,044	\$ 197,298
Accounts receivable	7,850	7,450
Total Financial Assets	272,894	204,748
Liabilities		
Accounts payable and accrued liabilities	53,122	57,916
Deferred contributions (note 3)	93,224	34,466
Total Liabilities	146,346	92,382
Net Financial Assets	126,548	112,366
Non-Financial Assets		
Tangible capital assets (note 4)	33,589	31,029
Prepaid expenses and deposits	2,365	11,638
Total Non-Financial Assets	35,954	42,667
Accumulated Surplus (note 5)	\$ 162,502	\$ 155,033

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,	2021	2021	2020
	Budget (Unaudited)	Actual	Actual
Revenue			
Contributions - Crown-Indigenous Relations and Northern Affairs Canada	\$ 1,038,031	\$ 1,038,033	\$ 1,041,827
Interest income	-	-	1,256
Add opening deferred contributions	-	34,466	75,035
Less closing deferred contributions	-	(93,224)	(34,466)
	1,038,031	979,275	1,083,652
Expenditure			
Administration	792,502	808,938	584,323
Board governance	245,529	162,868	323,479
Land management and development	-	-	145,495
Regulatory initiatives	-	-	26,054
	1,038,031	971,806	1,079,351
Excess Revenue/(Expenditure)	-	7,469	4,301
Accumulated Surplus, beginning of year	155,033	155,033	150,732
Accumulated Surplus, end of year	\$ 155,033	\$ 162,502	\$ 155,033

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,	2021		2020	
	Budget (Unaudited)	Actual	Actual-	2020
Annual Surplus (Deficit)	\$ -	\$ 7,469	\$	4,301
Acquisition of tangible capital assets	-	(16,173)	(13,037)
Amortization of tangible capital assets	-	8,704		8,682
Loss (gains) on disposal of tangible capital assets	-	4,909		-
Decrease (increase) in prepaid expenses and deposits	-	9,273	(7,206)
Increase (Decrease) in Net Financial Assets	-	14,182	(7,260)
Net Financial Assets, beginning of year	112,366	112,366		119,626
Net Financial Assets, end of year	\$ 112,366	\$ 126,548	\$	112,366

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,	2021	2020
Cash Flows From Operating Activities		
Cash receipts from contributions and others	\$ 1,037,633	\$ 1,059,820
Cash paid to suppliers and employees	(953,714)	(1,071,041)
Interest income received	-	1,256
	83,919	(9,965)
Capital Transactions		
Purchase of tangible capital assets	(16,173)	(13,037)
	(16,173)	(13,037)
Net Increase (Decrease) in Cash	67,746	(23,002)
Cash, beginning of year	197,298	220,300
Cash, end of year	\$ 265,044	\$ 197,298

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

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

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 Crown-Indigenous Relations and Northern Affairs 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, 2021

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, 2021

2.	Cash	2021	2020
	Bank account	\$ 265,044	\$ 197,298

3.	Deferred Contributions	2021	2020
	Crown-Indigenous Relations and Northern Affairs Canada - Core Operating	\$ 93,224	\$ 34,466

4.	Tangible Capital Assets	2021	2020
		Cost	Accumulated Amortization
		Net Book Value	Net Book Value
	Computer hardware	\$ 38,321	\$ 17,694
	Computer software	5,669	5,669
	Field equipment	-	-
	Leasehold improvements	5,489	1,357
	Telecommunications	6,934	4,378
	Office equipment and furniture	37,785	31,511
		\$ 94,198	\$ 60,609
		\$ 33,589	\$ 31,029

5.	Accumulated Surplus	2021	2020
	General Operating Fund	\$ 60,666	\$ 55,757
	Training Fund	68,247	68,247
	Equity in Tangible Capital Assets	33,589	31,029
		\$ 162,502	\$ 155,033

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

6. Expenditure by Object

	2021	2021	2020
	Budget (Unaudited)	Actual	Actual
Amortization	\$ -	\$ 8,704	\$ 8,682
Bank charges and interest	600	1,701	922
Board executive work	68,373	15,021	148,579
Board meetings	177,156	147,847	192,626
Computer and Internet services	16,984	151,916	19,761
Insurance	2,500	2,219	2,252
Land permit advertising	4,000	1,799	204
Loss (gain) on disposal of tangible capital assets	-	4,909	-
Office	29,939	31,703	41,850
Professional fees	29,000	52,055	48,505
Rent	50,000	39,558	40,785
Staff and board travel	12,500	608	11,195
Staff professional development	37,482	3,084	50,225
Telephone	10,800	16,499	11,513
Vehicle	3,800	649	6,245
Wages and benefits	594,897	493,534	496,007
	\$ 1,038,031	\$ 971,806	\$ 1,079,351

7. 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, 2021

8. 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 ANNUAL REPORTING

For the year ended March 31, 2021

	Core Operating		Total
	Budget (Unaudited)	Actual	
Revenue			
Contributions - Crown-Indigenous Relations and Northern Affairs Canada	\$ 1,038,031	\$ 1,038,033	\$ 1,038,033
Add opening deferred contributions	-	34,466	34,466
Less closing deferred contributions	-	(93,224)	(93,224)
	1,038,031	979,275	979,275
Expenditure			
Bank charges and interest	600	1,701	1,701
Board executive work	68,373	15,021	15,021
Board meetings	177,156	147,847	147,847
Computer and internet services	16,984	151,916	151,916
Insurance	2,500	2,219	2,219
Land permit advertising	4,000	1,799	1,799
Loss (gain) on disposal of tangible capital assets	-	4,909	4,909
Office	29,939	31,703	31,703
Professional fees	29,000	52,055	52,055
Rent	50,000	39,558	39,558
Staff and board travel	12,500	608	608
Staff professional development	37,482	3,084	3,084
Telephone	10,800	16,499	16,499
Vehicle	3,800	649	649
Wages and benefits	594,897	493,534	493,534
	1,038,031	963,102	963,102
Excess Revenue /(Expenditure)	-	16,173	16,173
Purchase of Tangible Capital Assets	-	16,173	16,173
Net Excess Revenue /(Expenditure)	\$ -	\$ -	\$ -