

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

FINANCIAL STATEMENTS

For the Year Ended March 31, 2017

GWICH'IN LAND AND WATER BOARD

FINANCIAL STATEMENTS

For the year ended March 31, 2017

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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 25, 2017



PAUL TEOH

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Gwich'in Land and Water Board, which comprise the statement of financial position as at March 31, 2017, 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.

Management's Responsibility 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Gwich'in Land and Water Board as at March 31, 2017, and the results of its operations, its changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountant

Calgary, Alberta
July 25, 2017

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GWICH'IN LAND AND WATER BOARD

STATEMENT OF FINANCIAL POSITION

March 31,	2017	2016
Financial Assets		
Cash	\$ 164,188	\$ 220,522
Accounts receivable	9,146	20,505
Total Financial Assets	173,334	241,027
Liabilities		
Accounts payable and accrued liabilities	34,716	15,842
Deferred contributions	-	15,000
Total Liabilities	34,716	30,842
Net Financial Assets	138,618	210,185
Non-Financial Assets		
Tangible capital assets (note 2)	31,596	23,695
Prepaid expenses and deposits	4,834	63
Total Non-Financial Assets	36,430	23,758
Accumulated Surplus (note 3)	\$ 175,048	\$ 233,943

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,	2017	2017	2016
	Budget (Unaudited)	Actual	Actual
Revenue			
Contributions - AANDC	\$ 857,355	\$ 857,355	\$ 843,936
Add opening deferred contributions	-	15,000	38,615
Less closing deferred contributions	-	-	(15,000)
	857,355	872,355	867,551
Expenditure			
Amortization	-	11,219	6,810
Bank charges and interest	800	962	58
Board meetings	102,993	142,828	173,473
Board training	88,685	101,538	58,264
Computer and Internet services	4,200	2,781	1,643
Insurance	2,002	2,050	3,953
Land permit advertising	2,200	2,783	2,652
Office	16,490	21,492	17,808
Professional fees	33,000	18,565	16,147
Rent	47,580	47,062	44,351
Staff professional development	16,722	57,969	17,389
Staff and board travel	16,178	2,874	30,183
Telephone	9,587	10,577	10,222
Vehicle	-	2,202	303
Wages and benefits	492,918	506,348	389,728
	833,355	931,250	772,984
Excess Revenue/(Expenditure)	24,000	(58,895)	94,567
Accumulated Surplus, beginning of year	233,943	233,943	139,376
Accumulated Surplus, end of year	\$ 257,943	\$ 175,048	\$ 233,943

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,	2017	2017	2016
	Budget (Unaudited)	Actual	Actual
Annual Surplus (Deficit)	\$ 24,000	\$(58,895)	\$ 94,567
Acquisition of tangible capital assets	(24,000)	(19,120)	(15,183)
Amortization of tangible capital assets	-	11,219	6,810
Decrease (increase) in prepaid expenses and deposits	-	(4,771)	(63)
Increase (Decrease) in Net Financial Assets	-	(71,567)	86,131
Net Financial Assets, beginning of year	210,185	210,185	124,054
Net Financial Assets, end of year	\$ 210,185	\$ 138,618	\$ 210,185

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,	2017	2016
Cash Flows From Operating Activities		
Cash receipts from contributions and others	\$ 868,714	\$ 844,530
Cash paid to suppliers and employees	(905,928)	(772,672)
	(37,214)	71,858
Capital Transactions		
Purchase of tangible capital assets	(19,120)	(15,183)
	(19,120)	(15,183)
Net Increase (Decrease) in Cash	(56,334)	56,675
Cash, beginning of year	220,522	163,847
Cash, end of year	\$ 164,188	\$ 220,522

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

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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 Indian Affairs and Northern Development, 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, 2017

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, 2017

2. Tangible Capital Assets

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	\$ 88,231	\$ 68,687	\$ 19,544	\$ 19,341
Computer software	5,669	3,108	2,561	274
Field equipment	1,155	1,060	95	136
Telecommunications	6,934	693	6,241	-
Office equipment and furniture	29,969	26,814	3,155	3,944
	\$ 131,958	\$ 100,362	\$ 31,596	\$ 23,695

3. Accumulated Surplus

	2017		2016	
General Operating Fund		\$ 75,205		\$ 142,001
Training Fund		68,247		68,247
Equity in Tangible Capital Assets		31,596		23,695
		\$ 175,048		\$ 233,943

4. Comparative Figures

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

5. 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, 2017

	Core Operating		Board Un-merging	Prior Year Surplus	Total
	Budget (Unaudited)	Actual	Actual	Actual	Actual
Revenue					
Contributions - AANDC	\$ 857,355	\$ 857,355	\$ -	\$ -	\$ 857,355
Add opening deferred contributions	-	-	15,000	-	15,000
	857,355	857,355	15,000	-	872,355
Expenditure					
Bank charges and interest	800	962	-	-	962
Board meetings	102,993	120,421	22,407	-	142,828
Board training	88,685	22,751	-	78,787	101,538
Computer and Internet services	4,200	2,781	-	-	2,781
Insurance	2,002	2,050	-	-	2,050
Land permit advertising	2,200	2,783	-	-	2,783
Office	16,490	21,492	-	-	21,492
Professional fees	33,000	18,565	-	-	18,565
Rent	47,580	47,062	-	-	47,062
Staff professional development	16,722	57,969	-	-	57,969
Staff and board travel	16,178	2,874	-	-	2,874
Telephone	9,587	10,577	-	-	10,577
Vehicle	-	2,202	-	-	2,202
Wages and benefits	492,918	506,348	-	-	506,348
	833,355	818,837	22,407	78,787	920,031
Excess Revenue /(Expenditure)	24,000	38,518	(7,407)	(78,787)	(47,676)
Purchase of Tangible Capital Assets	24,000	19,120	-	-	19,120
Net Excess Revenue /(Expenditure)	\$ -	\$ 19,398	\$(7,407)	\$(78,787)	\$(66,796)

GWICH'IN LAND AND WATER BOARD

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

For the year ended March 31, 2016

	Core Operating		Board Re- structuring	Board Un- merging	Total
	Budget (Unaudited)	Actual	Actual	Actual	Actual
Revenue					
Contributions - AANDC	\$ 843,936	\$ 843,936	\$ -	\$ -	\$ 843,936
Add opening deferred revenue	-	-	23,615	15,000	38,615
Less closing deferred revenue	-	-	-	(15,000)	(15,000)
	843,936	843,936	23,615	-	867,551
Expenditure					
Bank charges and interest	800	58	-	-	58
Board meetings	112,443	173,473	-	-	173,473
Board training	-	58,264	-	-	58,264
Computer and Internet services	16,200	1,643	-	-	1,643
Honoraria	90,226	-	-	-	-
Insurance	2,002	3,953	-	-	3,953
Land permit advertising	500	2,652	-	-	2,652
Office	28,490	17,193	615	-	17,808
Professional fees	11,500	16,147	-	-	16,147
Rent	47,580	44,351	-	-	44,351
Staff professional development	26,046	17,389	-	-	17,389
Staff and board travel	24,794	14,590	15,593	-	30,183
Telephone	9,587	10,222	-	-	10,222
Vehicle	3,200	303	-	-	303
Wages and benefits	470,568	389,728	-	-	389,728
	843,936	749,966	16,208	-	766,174
Excess Revenue /(Expenditure)	-	93,970	7,407	-	101,377
Purchase of Tangible Capital Assets	-	15,183	-	-	15,183
Net Excess Revenue /(Expenditure)	\$ -	\$ 78,787	\$ 7,407	\$ -	\$ 86,194