

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

FINANCIAL STATEMENTS

For the Year ended March 31, 2012

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INDEPENDENT AUDITOR'S REPORT

To the members of Gwich'in Land and Water Board

I have audited the accompanying financial statement of Gwich'in Land and Water Board, which comprise the statement of financial position as at March 31, 2012, and the statements of operations and fund balances 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 generally accepted accounting principles, 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, 2012, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountant

Calgary, Alberta
June 26, 2012

GWICH'IN LAND AND WATER BOARD

STATEMENT OF FINANCIAL POSITION

March 31, 2012 2011

ASSETS

Current Assets

Cash	\$ 59,719	\$ 38,507
Accounts receivable	18,390	11,780
Prepaid expenses and deposits	9,697	9,484

Capital Assets (note 3)	87,806	59,771
	35,432	50,392

	\$ 123,238	\$ 110,163
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LIABILITIES AND FUND BALANCES

Current Liabilities

Accounts payable and accrued liabilities	\$ 11,647	\$ 21,876
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	11,647	21,876
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Fund Balances

General operating fund	43,344	20,040
Training fund	68,247	68,247

	111,591	88,287
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	\$ 123,238	\$ 110,163
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Approved on behalf of the Board:


 _____ Chair Person


 _____ Executive Director

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

GWICH'IN LAND AND WATER BOARD

STATEMENT OF OPERATIONS AND FUND BALANCES

For the year ended March 31, 2012 2011

	General Operating Fund	Training Fund	General Operating Fund	Training Fund
Revenue				
Contributions - DIAND	\$ 808,731	\$ -	\$ 804,917	\$ -
Expenditure				
Amortization	14,960	-	20,950	-
Bank charges and interest	1,335	-	211	-
Board meetings	88,581	-	109,854	-
Board training	33,781	-	16,849	-
Community member travel	-	-	12,847	-
Computer and internet services	13,877	-	721	-
Honoraria	-	-	12,893	-
Insurance	2,590	-	2,576	-
Office	21,749	-	23,557	-
Professional fees	13,654	-	13,071	-
Rent	77,544	-	87,222	-
Staff professional development	12,515	-	9,624	-
Staff and board travel	11,615	-	11,878	-
Telephone	11,585	-	10,629	-
Vehicle	10,187	-	10,841	-
Wages and benefits	471,454	-	499,463	-
Workshop expenses	-	-	4,105	-
	785,427	-	847,291	-
Excess Revenue/(Expenditure)	23,304	-	(42,374)	-
Fund Balances, beginning of year	20,040	68,247	62,414	68,247
Fund Balances, end of year	\$ 43,344	\$ 68,247	\$ 20,040	\$ 68,247

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

GWICH'IN LAND AND WATER BOARD

STATEMENT OF CASH FLOWS

For the year ended March 31,	2012	2011
Cash Flows from Operating Activities		
Cash receipts from DIAND contributions	\$ 808,731	\$ 804,917
Cash paid to suppliers, employees and members	(787,519)	(805,070)
	21,212	(153)
Cash Flows from Financing Activities		
Repayment of long term debt	-	(12,506)
	-	(12,506)
Cash Flows from Investing Activities		
Purchase of capital assets	-	(2,836)
	-	(2,836)
Net Increase (Decrease) in Cash	21,212	(15,495)
Cash, beginning of year	38,507	54,002
Cash, end of year	\$ 59,719	\$ 38,507

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

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

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

(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.

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

1. Significant Accounting Policies (Continued)

(c) Capital Assets

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

Automotive	30%
Computer hardware	30%
Field equipment	30%
Office equipment and furniture	20%

(d) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(e) 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, 2012

2. Future Accounting Changes

In March 2010, the *Canadian Accounting Standards Board (AcSB)* issued an exposure draft outlining the changes to Canadian accounting standards for not-for-profit organizations. The exposure draft also considers permitting not-for-profit organizations to adopt International Financial Reporting Standards (IFRS) and certain accounting standards for private enterprises. These new accounting standards for not-for-profit organizations will apply for years beginning on or after January 1, 2012. The Board will evaluate the impact of the adoption of these new standards in due course.

3. Capital Assets

			2012	2011
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive	\$ 74,318	\$ 63,701	\$ 10,617	\$ 15,168
Computer hardware	357,644	336,058	21,586	30,839
Field equipment	32,205	30,254	1,951	2,787
Office equipment and furniture	28,378	27,100	1,278	1,598
	<u>\$ 492,545</u>	<u>\$ 457,113</u>	<u>\$ 35,432</u>	<u>\$ 50,392</u>

4. Comparative Figures

In addition, certain figures presented for comparative purposes have been reclassified to conform with current year's presentation.

5. Lease Commitments

The Board has entered into a five year lease agreement to lease the existing office for \$44,843 per annum plus operating costs commencing January 2009.

6. Capital Management

The Board's capital is composed of its working capital. The Board's objectives in managing capital are to safeguard the Board's ability to operate as a going concern and have adequate cash flows to continue to regulate land and water use throughout the Gwich'in Settlement Region. To maintain or adjust capital structure, management looks forward to future needs and recommends changes to the nature of its capital structure.

GWICH'IN LAND AND WATER BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2012

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.

GWICH'IN LAND AND WATER BOARD
SCHEDULE OF REVENUE AND EXPENDITURE - GENERAL OPERATING FUND

For the year ended March 31, 2012

	Land Claims Implementation		Land Management/ Development Program		Total General Operating
	Budget (Unaudited)	Actual	Budget (Unaudited)	Actual	Actual
Revenue					
Contributions - DIAND	\$ 783,731	\$ 783,731	\$ 25,000	\$ 25,000	\$ 808,731
Expenditure					
Bank charges and interest	400	1,335	-	-	1,335
Board meetings	71,400	88,581	-	-	88,581
Board training	57,394	19,043	14,500	14,738	33,781
Computer and internet services	5,000	3,615	10,500	10,262	13,877
Insurance	1,775	2,590	-	-	2,590
Land permit advertising	500	-	-	-	-
Office	16,400	21,749	-	-	21,749
Professional fees	10,882	13,654	-	-	13,654
Rent	88,956	77,544	-	-	77,544
Staff professional development	20,272	12,515	-	-	12,515
Staff and board travel	11,952	11,615	-	-	11,615
Telephone	10,740	11,585	-	-	11,585
Vehicle	7,719	10,187	-	-	10,187
Wages and benefits	480,341	471,454	-	-	471,454
	783,731	745,467	25,000	25,000	770,467
Excess Revenue //(Expenditure)	\$ -	\$ 38,264	\$ -	\$ -	\$ 38,264