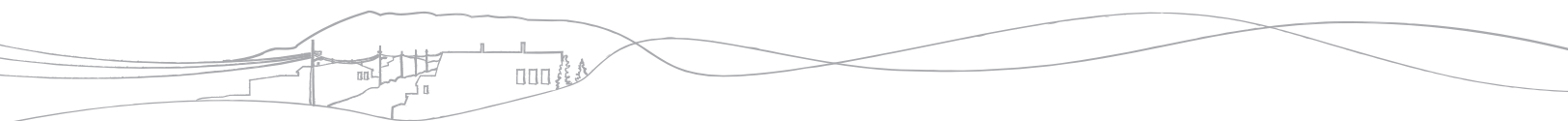




2021-2022 PUBLIC ACCOUNTS

SECTION III: SUPPLEMENTARY
FINANCIAL STATEMENTS - OTHER
ENTITIES

Government of
Northwest Territories





Aurora College
ANNUAL REPORT
2020/21



VISION

Through the transformation of Aurora College into a polytechnic university, we will establish a university in the North and for the North that creates equitable opportunities for residents across the Northwest Territories to reach their full potential.

MISSION

Demonstrate leadership in the delivery of relevant and meaningful education and research rooted in strong connections to Northern land, tradition, community and people.

VALUES



RESPECT

We care for one another and foster relationships based on trust, respect and fairness. We respect others and the land, water, air and animals.



INCLUSIVENESS AND DIVERSITY

We foster a culture of equity and inclusion that celebrates different ways of being, knowing and doing.



INNOVATION

We inspire and nurture innovative thinking, continuous discovery and creative expression.



ACADEMIC INTEGRITY

We hold ourselves to high standards of ethical behaviour and take responsibility for our actions. We recognize and protect the right of the individual to search for knowledge, wherever knowledge is to be found.

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2020/21

AT A GLANCE

1

CENTRE FOR TEACHING & RESEARCH

established in the fall of 2020, has three Adult Learning Specialists in the areas of Education Technology, Instructional Design and Scholarship of Teaching.

STUDENT-CENTRED WEBSITE

launched in April 2021 with online application submission, program descriptions and student support information.

MENTION IN THE FEDERAL BUDGET

with an \$8 million commitment to support the transformation of Aurora College into a polytechnic university.

RESEARCH

RESEARCH CHAIR

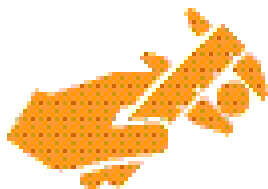
positions established at Aurora College:

- Climate Change Adaptation;
- Indigenous Approaches to Environmental Management; and
- Health and Community.

3

32

Aurora Research
Institute-led projects



12

Aurora Research
Institute-partnered
projects

\$2,683,850 NEW

research funding awarded to Aurora Research Institute.

PARTNERSHIPS

\$1.69m

received from Canadian
Foundation of Innovation
(CFI) to upgrade and
replace Western Arctic
Research Centre
infrastructure.

\$95,000

granted by the Northern
Responsible Energy
Approach for Community
Health and Electricity
(REACHE) to the Aurora
Research Institute and
Gwich'in-owned Delta
Enterprises to study the
potential to convert waste
cardboard into heating
pellets for homes and
businesses in Inuvik and
the Beaufort Delta.

STUDENTS

2 YEARS OF GRADUATES

6 FACE-TO-FACE CONVOCATION CEREMONIES

210 GRADUATES

from 24 NWT communities, Nunavut and Ontario, graduated from degree, diploma and certificate programs.

21
COURSES
delivered in the Office Administration program that expanded to Yellowknife in the 2020-21 academic year.



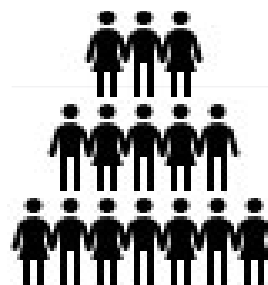
376
NURSES

have graduated from Aurora College since the nursing program began in 1994 -- including 22 new Bachelor of Science in Nursing graduates in 2021.

70
PSW

students participated in the personal support worker (PSW) pilot program which offered a blended delivery of courses allowing students to maintain full-time work while completing their certificate.

EMPLOYEES



Aurora College Team

235
STRONG

15 have doctoral degrees plus 4 PhD candidates

59 have masters degrees

57 have bachelor degrees

12 have Red Seal Tickets

FORT SIMPSON FLOOD RELIEF EFFORTS

35

+

115

MEALS



EVACUEES

housed by Aurora College campus in Fort Smith when the town of Fort Simpson flooded.

served twice a day to displaced residents of Fort Simpson during the time they spend evacuated in Fort Smith .

ADMINISTRATOR'S MESSAGE



The 2020-21 academic year brought a number of unique challenges not only to Aurora College, but to post-secondary institutions around the world.

Not only did we meet the challenges of teaching and learning from a distance during COVID-19, we continued to make huge strides towards the successful transformation to a polytechnic university. Early in the academic year, we released a new three-year strategic plan – Strengthening the Foundation and Planning for Change. The plan sets out a new vision, mission, values and strategic direction that will guide the College's operations from 2020 to 2023, will help strengthen the foundation and set the context for key transformational changes.

The three-year plan reflects the leading role of Aurora College in implementing the overall vision presented in the Government of the Northwest Territories' Post-secondary Education Strategic Framework 2019-2029, a vision that every resident of the NWT has an equitable opportunity to reach their full potential by obtaining a quality post-secondary education from institutions that are student-centred, accessible, high quality relevant and accountable.

Aurora College also took steps towards improving our student-centred and learning-centred approach. Two examples of this are the launch of a new website and the introduction of an early admissions process. The new website is easier for students to navigate, and provides more important and relevant information for students. Improving the admissions process allows students to know sooner whether they are accepted, whether they need additional upgrading or credentials to qualify, and if they have been accepted into student housing. The new website also helps students to take advantage of the early admissions process, which in turn can provide more

certainty and support when students are planning their futures.

The 2020-21 academic year also reminded us that, at its core, Aurora College is about community. When unprecedented spring flooding forced entire communities in the Deh Cho to evacuate, Aurora College's Thebacha Campus offered housing, meals and support to evacuees from Fort Simpson until they could return to their homes.

One of the major learnings for Aurora College that has come out of the global pandemic is that the Aurora College team and our students have proven that they can meet any challenge head on, find solutions and execute those solutions while looking out for and supporting each other. I continue to be proud to be associated with this institution that supports the people of the North and life-long learners everywhere.

Denny Rogers
Administrator,
Aurora College

PRESIDENT'S MESSAGE



As president of Aurora College, it is my honour to share with you the 2020/21 Annual Report.

As we look back on the 2020 academic year our commitment to quality post-secondary education took on renewed meaning. To meet our students needs and keep the college community safe during the COVID-19 pandemic the majority of Aurora College's programs and courses were adjusted to online formats. Both students and instructors successfully transitioned to online learning and that adaptability speaks volumes to their resiliency and the future success of our institution.

As an institution we took on a new direction as outlined in the 3-Year Strategic Plan released in the fall of 2020, with a new vision, mission and values to guide our way. Over

the next three years we will focus on four strategic pillars:

- Academic and Research Excellence;
- Learning Centred;
- Organizational Effectiveness; and
- Connections

Throughout each of these pillars is our unwavering commitment to provide high-quality education in a welcoming and inclusive environment; an environment that supports academic success as well as personal well-being. Increasingly, success in education and research will support the institution as it moves closer to becoming a polytechnic university.

Along with setting the strategic direction for the College, the institution, through consultation and a discussion paper, identified the Initial Areas of Specialization for the polytechnic university. Areas of specialization are at the core of a post-secondary education institution's identity and will serve as a foundation for planning around teaching and research programs, along with student supports and facilities as we move closer to a polytechnic university. The

Initial Areas of Specialization for the polytechnic university are:

- Skilled Trades and Technology;
- Earth Resources and Environmental Management;
- Northern Health, Education and Community Services; and
- Business and Leadership.

The 2020/21 academic year was filled with change balanced by extraordinary resilience. Despite the extraordinary energy that went into the College's response to COVID-19, and the time and commitment that went into transformation and strengthening its foundation, the College remains strong and students continue to succeed. In the spring of 2020, convocations were held for more than 200 students who successfully completed their programs during the two years of the pandemic.

It has been an exceptional year of growth and change. I look forward to what the future holds.

Andy Bevan
President,
Aurora College

2020/21

FACTS, FIGURES & FINANCE

STUDENTS

Number of Students by Campus

CAMPUS / YEAR	2020-21		2019-20		2018-19		2017-18	
	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time	Full-Time	Part-Time
Aurora	22	67	84	394	124	450	107	410
Thebacha	84	163	161	494	161	669	217	610
Yellowknife North Slave	167	189	224	471	201	404	203	442
Community Learning Centres	19	953						
TOTAL	292	1372	469	1359	486	1523	527	1462

NOTE: Until 2020-21 students learning in community learning centres were included in campus student counts.

Full-Time Equivalent (FTE) Students by Campus

CAMPUS / YEAR	2020-21	2019-20	2018-19	2017-18
Aurora	31.1	107.1	189.5	166.9
Thebacha	129.3	209.1	275.4	300.7
Yellowknife North Slave	204.3	283.4	274.3	315.3
Community Learning Centres	100.7			
TOTAL	465.4	599.6	739.2	782.9

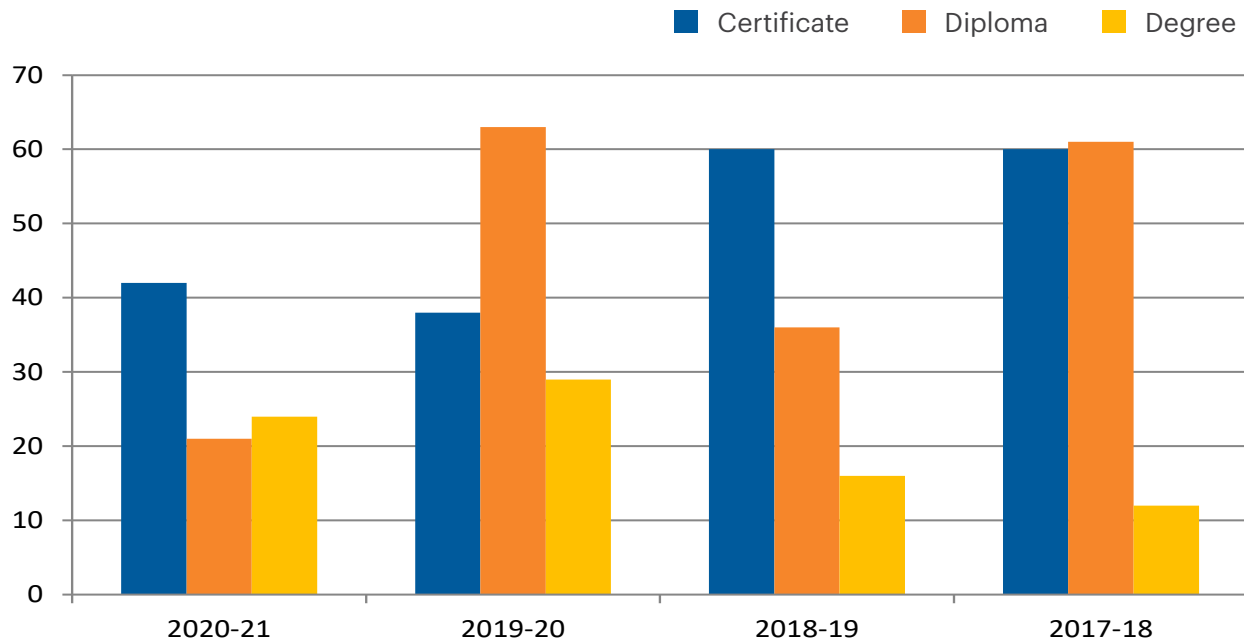
NOTE: Until 2020-21 students learning in community learning centres were included in campus student counts.

FTE Students by School - Division

SCHOOL-DIVISION / YEAR	2020-21	2019-20	2018-19	2017-18
Continuing Education	34.5	35	79	56.4
Developmental Studies	136.1	240.2	287.2	332.8
Arts & Science	22.2	18	23.5	42
Business & Leadership	50.5	72.9	90.3	74.6
Education	34.5	43.2	56.4	42.7
Health & Human Services	127.7	131.6	124.7	160
Trades, Apprenticeships & Industrial Training	59.9	58.7	78.1	74.4
TOTAL	465.4	599.6	739.2	782.9

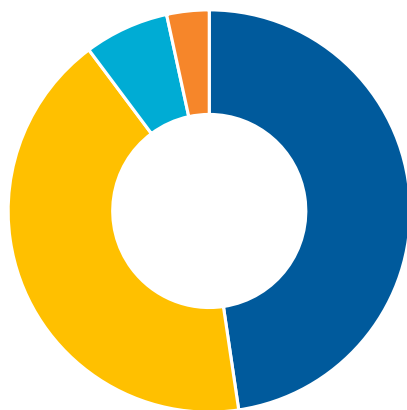
GRADUATES BY CREDENTIAL

Graduates by Credential Earned



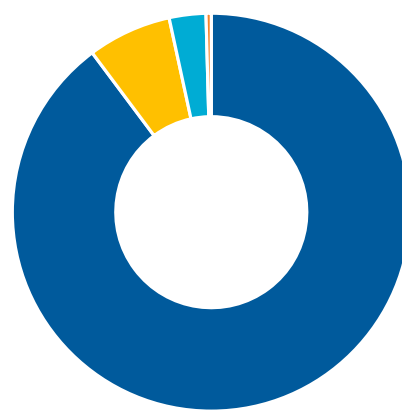
FACULTY & STAFF

Employees by Function*



Support/Administration	112
Faculty	99
Full-Time Students	16
Senior Management	9

Employees by Employment Status*



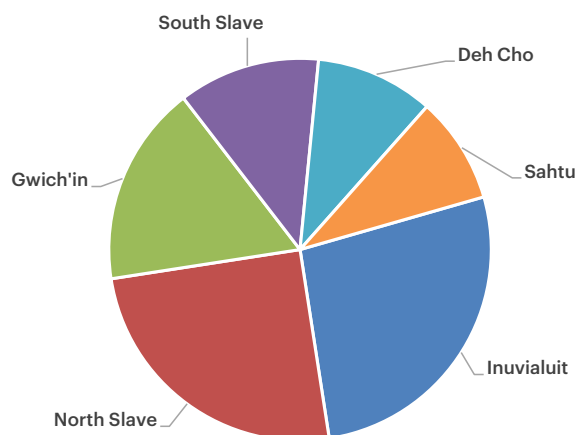
Indeterminate	211
Relief	16
Term	7
Casual	1

* These statistics are a snapshot of employees on May 31, 2021

RESEARCH

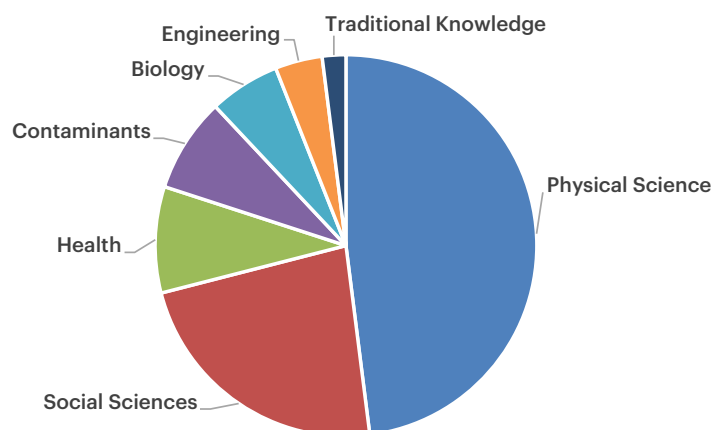
2020 Research Licences by NWT Region

Inuvialuit	27%
North Slave	25%
Gwich'in	17%
South Slave	12%
Deh Cho	10%
Sahtu	9%



2020 Research Licences by Research Category

Physical Science	48%
Social Sciences	23%
Health	9%
Contaminants	8%
Biology	6%
Engineering	4%
Traditional Knowledge	2%



Aurora Research Institute Metrics (July 1, 2020 – June 30, 2021)

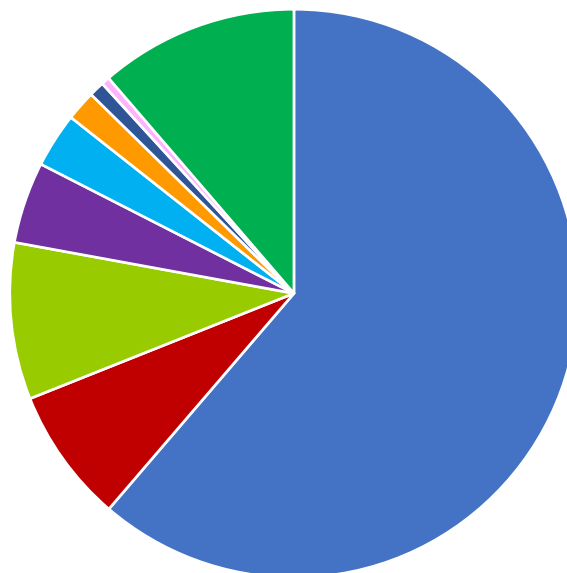


Research Projects – ARI Led	32
Research Projects – ARI Partnered	12
New funding (\$\$) awarded:	\$2,683,850.00
Research Partnerships	39
In-Kind Support Received	\$354,802.00
ArcticNet North by North Funding (over 4 years)	\$1,416,668.00
Peer-reviewed scientific publications	12

FINANCES AT A GLANCE

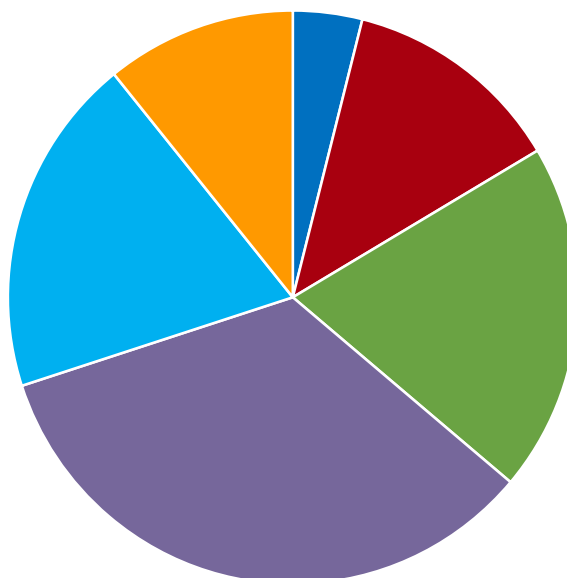
REVENUE

Government base	63.4%
Other GNWT	8.4%
Government of Canada	7.8%
Other 3rd party	3.0%
Tuition fees	3.5%
Room and board	1.5%
Recoveries and other	1.7%
Interest income	0.3%
Services provided without charge	10.5%



EXPENDITURES

Financial and accounting services	3.7%
Pooled services	16.5%
Student services	20.9%
Education and Training	30.6%
Community and Extensions	18.9%
Aurora Research Institute	9.4%



2020/21 HIGHLIGHTS

TRANSFORMING TO A POLYTECHNIC UNIVERSITY

Tremendous progress has been made toward completing Phase 1: Strengthening the Foundation and Planning for Change. Aurora College and the Department of Education, Culture and Employment have collaborated around the development of key planning documents that will help to ensure we remain on track for the launch of an effective, efficient and sustainable polytechnic university in May 2025.

Transformation Implementation Plan

In collaboration with Aurora College, the GNWT released the Aurora College Transformation Implementation Plan (Implementation Plan) in October 2020. The document outlines the path to establishing a polytechnic university that will support the aspirations of Northerners, diversify the economy, and contribute to the long-term prosperity of the NWT. At the centre of the Implementation Plan is a series of 21 critical milestones that must be met in the right order and at the right time to keep the transformation on target and to ensure overall success.

As a public post-secondary education institution, Aurora College and eventually the polytechnic university, will increase transparency and public accountability. To exemplify these values through the transformation process itself, a website has been created that allows partners, stakeholders and members of the public to explore the 100+ projects being undertaken as part of the multi-year transformation process. All documents and reports associated with transformation can also be viewed online at: <https://www.ece.gov.nt.ca/aurora-transformation/>

Areas of Teaching and Research

Initial Areas of Teaching and Research Specialization for the Polytechnic University (areas of specialization) was released alongside the Implementation Plan and is available on the transformation website. Feedback from Indigenous government partners, Aurora College employees, business, industry, post-secondary institutions, non-government organizations, and members of the public informed the four initial areas of teaching and research specialization.

Areas of specialization are important to the identity of a post-secondary institution as they indicate the institution's teaching and research focus to current and prospective students, educators, researchers, funders and partners. As part of the transformation process, these areas of specialization will inform a wide range of changes that will help to ensure the polytechnic university is efficient, effective and sustainable. The areas outlined in the document include: skilled trades and technology; earth resources and environmental management; Northern health, education and community services; business and leadership.

Aurora College 3-year Strategic Plan

Strengthening the Foundation and Planning for Change: Aurora College's 3-year Strategic Plan (Strategic Plan) sets out a new vision, mission, values and strategic direction that will guide the College's operations from 2020 to 2023 and help to strengthen the foundation and set the context for key transformational changes. The Strategic Plan was developed with input from Aurora College students, employees, partners and stakeholders.

The Strategic Plan reflects the leading role of Aurora College in implementing the overall vision presented in the GNWT's Post-secondary Education Strategic Framework 2019-2029 – a vision that every resident of the NWT has an equitable opportunity to reach their full potential by obtaining a quality post-secondary education from institutions that are student-centred, accessible, high quality, relevant and accountable.

This Strategic Plan is the first of three strategic plans that will guide the institution as it transforms from a college to a polytechnic university. Ongoing and public engagement remains a priority for the transformation of Aurora College into a polytechnic university and will take place throughout the process.

New Approach to Corporate Planning

The Corporate Plan is a document released annually that lays out a clear planning approach for the College with timely reporting focused on transparency and accountability. It outlines objectives set by the institution for the year, and includes a discussion of business activities, strategic issues and future objectives. The Corporate Plan outlines a new approach to performance measures called a “balanced score card approach” that will increase transparency and drive continuous quality improvement throughout the College's transformation to a polytechnic university and beyond.

New Research Chairs

Three new Research Chair positions have been established at Aurora College that will play a significant role in strengthening the institution's foundation as it transforms into a polytechnic university. Innovative research and capacity development will be driven by these Research Chairs who are each based at one of the three Aurora College campuses –Western Arctic Research Centre in Inuvik, Thebacha Campus in Fort Smith and Yellowknife North Slave Campus in Yellowknife.

Each Research Chair will be responsible for developing and implementing an applied research program related to Aurora College's areas of specialization. Their work will also align with Aurora College's strategic direction and values, build Northern capacity and address Northern research needs.

The positions are co-funded through ArcticNet, a Network of Centres of Excellence of Canada, providing \$1.4 million to Aurora College, over four years, to help expand research capacity in the NWT.

Draft bill to amend Aurora College Act

The GNWT is proposing changes to the Aurora College Act as part of the transformation of Aurora College into a polytechnic university. Within the Implementation Plan, two legislative processes are anticipated. Spreading changes across two legislative processes will allow time for Aurora College and the GNWT to adapt to a new way of working together as Aurora College becomes more arm's length from government.

The first legislative process is now underway to make changes to the existing Aurora College Act. The second legislative process is anticipated to take place in 2024 and will establish a Polytechnic University Act to replace the amended Aurora College Act and formally launch the polytechnic university.

The changes to the Act, presented in Bill 30, will result in a new governance system that will help to ensure Aurora College is effective, efficient and sustainable. Aurora College will be better positioned to identify and respond to the needs of Northern residents and do so at arm's length from government. The Northwest Territories Legislative Assembly is anticipated to approve amendments to the Aurora College Act in December 2021. These amendments are anticipated to result in governance changes, including the roles and responsibilities of the Minister and Aurora College Board of Governors. In accordance with the Act, these changes will come into force at a later date. The transformation process will then move into Phase 2: Transformational Change.

2020/21 HIGHLIGHTS

TEACHING AND LEARNING DURING COVID-19

On-the-land adaptations under COVID-19

To comply with COVID-19 restrictions, the Environment and Natural Resources Technology program came up with creative ways to meet experiential and on-the-land requirements. While the summer field camp was cancelled in August 2020, instructors were able to organize COVID-19 compliant day trips for courses such as chainsaw safety and wilderness survival. In addition, Smith's Landing First Nation provided opportunities on two occasions for students to attend and participate in fish camp activities, fish and wildlife sampling and wildlife necropsy. Following a strict exemption plan, students were able to attend a two-night winter field camp to apply learned skills such as emergency shelter building and survival techniques in an on-the-land setting. During the camp, a local Elder led the students on a caribou hunt. Partnerships with industry, Indigenous groups and the Government of the Northwest Territories continue to add value to the academic programming.

Unique learning opportunities for Early Learning and Child Care

The pandemic provided unique opportunities for students to engage in using technology to communicate and receive information. As the program requirements had to be adapted to online learning, students learned strategies that will better prepare them to use technology for teaching and learning in the future. Students created a 90-minute online workshop presentation on physical literacy that was delivered to a diverse audience of northern professionals who are responsible for leading physical literacy in their communities. They also partnered with the NWT Literacy Council to develop and deliver live video presentations to five day homes, developing a learning kit of activities and stories to support the online delivery of the project to children at the day homes.

Pandemic Learning Opportunities for student nurses

Innovation and clinical placement opportunities continued to grow for nursing students. Students followed all COVID-19 protocols and restrictions of the clinical sites where they were assigned and were able to contribute to the pandemic response. Year 1 and 2 students continued to be in their practice placements at Stanton Territorial Hospital and Avens: A Community for Seniors throughout the entire academic year. Students in Years 3 and 4 were able to work both inter-professionally and intersectorally with many government and non-government departments in their project-based practica.

In partnership with the Northwest Territories Health and Social Services Authority (NTHSSA), Year 4 students were able to complete the Canadian Pediatric Society's Education Program for Immunization Course (EPIC) in order to assist with the COVID-19 vaccine campaigns. Students administered hundreds of vaccines and helped with COVID-19 testing, which contributed greatly to the human resource needs during the outbreak. The knowledge gained from being on the front line during the pandemic will contribute significantly to their professional careers.

Blended delivery and distance learning create new opportunities for PSW students

For the first time, Personal Support Worker (PSW) students were able to maintain full-time work while completing their certificates. Blended delivery offered flexibility, with both synchronous and asynchronous opportunities to connect with faculty and classmates. While students missed the face-to-face interaction, many appreciated the opportunity to learn in this format. Students completed practicum courses at Yellowknife Home Care, Avens: A Community for Seniors, various units at Stanton Territorial Hospital, and Hay River Home Care. Staff and management of these partner agencies graciously mentored and supported Aurora College students during a time that was tremendously stressful for health care workers. In addition to the full-time program, four evening courses were offered by distance to residents in six communities as part a pilot distance program. There was a great deal of interest in the pilot; more than 70 individuals signed up for courses across four semesters. Some students completed all of the pilot courses, a few became full-time students in the program, and others plan to continue in the blended delivery program being offered in 2021-22.

Libraries expand virtual services

The College's Library Services rose to the COVID-19 challenge by quickly pivoting to virtual library support in 2020-21. Some of the innovations employed were: implementing a live chat service in which staff provided synchronous support to all students, regardless of their location in the NWT; introducing contactless borrowing via doorstep delivery and curbside pick-up access to books, videos and printed materials; expanding digital collections with a focus on e-books; and creating a number of short "how to" videos to guide students and staff through the basics of searching for resources and reaching library staff for assistance.

Computers and turbo sticks support home learning

The Information Systems and Technology (IST) department has been key in supporting distance and online teaching and learning during COVID-19. IST supported the quick pivot to distance learning by supporting faculty and staff to work remotely and by providing students access to online systems. Laptops and turbo sticks (to access internet services) were issued to Adult Literacy and Basic Education (ALBE) and community-based students who required them to continue their studies. Without this support, these students would not have been able to participate in online learning due to a lack of access to technology and the internet.

Virtual student supports break down barriers and have lasting positive impact

The pivot to online learning also impacted the supports and services provided by the Student Services division. Student orientation took on a new meaning as the Student Services team had to guide new students on how to walk into the virtual classroom, become part of the virtual college community and get virtual academic and non-academic supports. New courses, workshops, videos and resources were developed to help students learn how to use the tools available to them. For the first time ever, students across all campuses and learning centres engaged together in orientation events, presentations and workshops because the technology in many ways broke down the physical barriers between students and staff in different locations. Students who requested counselling and tutoring met with College counsellors and tutors on Microsoft Teams. While Student Services welcomes the return to face-to-face interactions with students, there are definite opportunities that will benefit students' ability to access virtual supports long after the pandemic is over.

2020/21 HIGHLIGHTS

TEACHING & LEARNING

Centre for Teaching and Learning Pilot

When the COVID-19 pandemic closed the doors to universities and colleges across Canada and the globe in March 2020, Aurora College quickly transitioned to online learning for most programs. In response, a committee consisting of 11 faculty and staff from divisions across the College worked together to address the need to rapidly shift to provide online educational programming. This committee provided the foundation for a pilot Centre for Teaching and Learning (CTL) in October 2020. Three adult learning specialists in the areas of Education Technology, Instructional Design and Scholarship of Teaching joined a centre director and an administrative assistant to make up the pilot team. The centre's accomplishments in the area of professional development for staff will be formally evaluated for proof of concept. The team has provided College-wide training and have been delivering brown bag education lunch sessions and webinars to share experiences related to remote delivery strategies. The centre hosted 18 professional development sessions with 365 attendees. In addition, the CTL team supported virtual in-servicing around distance education for Community and Extensions division faculty in January 2021.

Office Administration expands to Yellowknife North Slave Campus

The Office Administration (OA) program was expanded to include delivery at Yellowknife North Slave Campus in the 2020-21 academic year. Three new instructors were hired and the program delivered 21 courses using a variety of delivery methods. Employers in the public and private sector continue to support the program, mentoring OA student through 150-hour practicum placements prior to graduation. Nearly 80 per cent of 2020-21 OA students earned certificates, and many were hired by their employers after completing their practicum placements.

Truth and reconciliation in health programs

The School of Health and Human Services programs remain committed to truth and reconciliation, honouring and teaching Indigenous ways of knowing, being and doing and incorporating learnings into both the curriculum and nursing practice. This year, all students in the School of Health and Human Services had the privilege to meet with and learn from Dr. Marie Wilson about truth and reconciliation and systemic racism.

80%



OFFICE ADMINISTRATION

Students earned certificates in 2020-21

100%

OF AURORA COLLEGE STUDENTS

experienced some form of distance learning during the 2020-2021 academic year due to COVID-19.



MUSKOX WOOL SPINNING WORKSHOPS

2

Si Dene (I am ...) – A Celebration of Northern Indigenous Heritage

Between January 2019 and March 2021, Bachelor of Education (BEd) students were involved in a research project — “Si Dene (“I am...”) – A Celebration of Northern Indigenous Heritage”. The collaborative research initiative was undertaken to strengthen relationships between Indigenous people and museums to celebrate Northern Indigenous cultural heritage. This interdisciplinary initiative brought an Indigenous researcher and a cohort of Dene, Métis and Inuvialuit Aurora College BEd students together with the Curator, staff and supporting community members from the Northern Life Museum and Cultural Centre in Fort Smith. The research culminated in a publication *Si Dene: A Celebration of Northern Indigenous Heritage* published by the Northern Life Museum and Cultural Centre.

Face-to-Face Convocations – June 2021

In June, Aurora College was able to hold face-to-face convocation ceremonies to celebrate both our 2019-20 and 2020-21 graduates. No convocation ceremonies were held in 2020 due to the pandemic. In order to meet COVID-19 protocols restricting the size of gatherings, multiple outdoor ceremonies were held in Yellowknife (3) and Fort Smith (2), and one indoor event was held in Inuvik. Less than 24 hours prior to the Yellowknife ceremonies, NWT COVID-19 protocols changed to allow double the number of people at outdoor events, so arrangements were quickly made to invite and accommodate increased numbers at ceremonies in Yellowknife and Fort Smith. As many as 210 individuals from 24 NWT communities, Nunavut and Ontario were on track to graduate from degree, diploma and certificate programs in 2019-20 and 2020-21.



Aurora College President, Andy Bevan, right, bumps elbows with a student in celebration during spring 2021 convocation.

New options for Business Administration

A new elective was developed and delivered during evenings and weekends of the spring term. In partnership with the Canadian Executive Service Organization (CESO) MERIT project, Aurora College offered a course focusing on how to start a business in the resource extraction sector in the North to Business Administration students and members of the public.

Healthy Campuses Funding - Qiviut Spinning Workshop in Łutselk'e

Using Healthy Campuses funding, Łutselk'e Community Learning Centre partnered with Łutselk'e Dene First Nation to provide equipment for two qiviut (ejere lalen in Dēne Sųłnē) spinning workshops. Spinning muskox wool makes use of an abundant natural resource and has the potential to create new economic benefits. Learning and engaging in creative hobbies also helps maintain mental health and a healthy lifestyle.

2020/21 HIGHLIGHTS

RESEARCH

Research Chairs created through ArcticNet Partnership

Three newly established research chair positions will be responsible to develop and implement applied research programs related to Aurora College's areas of specialization: Climate Change Adaptation (Western Arctic Research Centre, Inuvik), Indigenous Approaches to Environmental Management (Thebacha Campus, Fort Smith) and Health and Community (Yellowknife North Slave Campus). The work of each research chair will align with Aurora College's strategic direction and values, build Northern capacity and address Northern research needs. The positions will also play a significant role in strengthening the College's foundation as we transform into a polytechnic university. The research chair positions were co-created through a partnership with ArcticNet that will provide Aurora College with \$1.4 million over four years. ArcticNet is a Network of Centres of Excellence of Canada that brings together scientists, engineers, and managers in the natural, human health and social sciences with community partners to study the impacts of climate change in the Canadian North.

Western Arctic Minerals Geographic Information System

Aurora Research Institute released a Western Arctic Minerals Geographic Information System (MGIS) to support Northern stakeholders in making informed decisions with respect to mineral strategy management and land use planning. The MGIS integrates geospatial data with the most up-to-date information on existing oil, gas and mineral rights, important wildlife areas and ranges to visualize, store, analyze and provide information critical to support the development of mineral strategies in the Western Arctic. As Aurora College transforms into a polytechnic university, projects such as this will complement academic programs and strengthen the capacity to train and prepare Northerners for careers in the earth resource and environmental management sectors.

STEM Outreach expanded through Polar Knowledge Canada grant

Aurora College received \$450,000 through the Polar Knowledge Canada Capacity Building Grant to support the expansion of STEM (Science, Technology, Engineering and Math) education and outreach for youth in the NWT. The funding allowed full-time Outreach Coordinators to be hired in Fort Smith and Yellowknife. During 2020-21, innovative COVID-19-compliant STEM activities included virtual educator training, one-on-one educator consultations, delivery of science kits to communities in the Beaufort Delta and to Fort Smith, and approved in-person outreach events.



A student takes part in a STEM outreach session.

Converting waste cardboard into Northern heating fuel

A Northern Responsible Energy Approach for Community Health and Electricity (REACHE) grant of \$95,000 was awarded to Aurora Research Institute and Gwich'in-owned Delta Enterprises to study the potential to convert waste cardboard into heating pellets for homes and businesses in Inuvik and the Beaufort Delta. REACHE grants are funded by Crown Indigenous Relations and Northern Affairs Canada. Potential benefits from the biomass pellet project are reduced waste, the option of a clean, alternative fuel option for the Inuvik area, and economic development and the creation of new jobs. An existing building was retrofitted to house the new Inuvik Pellet Mill, which became operational in late 2019. Earlier feasibility studies, funded and supported by the GNWT Energy Division and the Environmental Career Organization Canada's internship program, determined that up to 60 tonnes per year of Inuvik's cardboard waste could be diverted from the landfill and converted into fuel pellets.

Helping northern businesses find pandemic-related opportunities

In response to COVID-19, the Arts, Crafts and Technology Micro-Manufacturing Centre (ACTMC) in Inuvik engaged in a research project to better understand how small businesses and entrepreneurs in the NWT could respond to the pandemic by manufacturing non-medical personal protective equipment (PPE) such as fabric face coverings. A series of informational pamphlets was created to provide manufacturers with guidance on best practices for manufacturing requirements and quality control. The research also looks to gain an understanding of the pandemic's impacts on micro-credentialing opportunities, on technical support pathways with relation to ACTMC clients, and how it relates to technical staff in private sector positions.

Canada's Top 50 Research Colleges 2020

Aurora College was recognized by Research Infosource Inc. as one of Canada's Top 50 Research Colleges for 2020. Aurora College is ranked #29 overall among the nation's top research Colleges, up from the 2019 ranking of #48. Aurora College was in the top 10 in two categories: seventh place in both research growth, showing a 197.4 per cent increase in research income from the 2019 fiscal year, and research intensity, a measure of research dollars per researcher.

STEM OUTREACH

71 **STEM**
(Science, technology,
engineering and mathematics)
events took place with



1844

NORTHERN YOUTH
and residents in attendance

RESEARCH

RANKED

29th

Overall out of Canada's
Top 50 Research College



7th

In both Research Growth
and Research Intensity
(dollars per researcher)
out of Canada's Top 50
Research Colleges

2020/21 HIGHLIGHTS

STUDENT SUCCESS

School of Developmental Studies celebrates two years of learners

Nearly 150 learners from 2019-20 and 2020-21 were celebrated for their achievements in the School of Developmental Studies (DS) at virtual Completion Ceremonies in June. Due to COVID-19, all learning in DS programs was delivered online from late March 2020 through June 2021.

Despite challenges with internet access, computer hardware, adapting to online learning and juggling additional family responsibilities, these learners showed their resilience, perseverance and determination to succeed. Between the three campuses and two years, 4 learners achieved their NWT Secondary School Diploma, 44 completed the University and College Access Program, 33 completed the Occupations and College Access Program, and nearly 70 completed courses in Adult Literacy and Basic Education. Numerous academic and non-academic awards were presented at the three ceremonies.

Literacy Outreach Centre learner publishes first book

With support from the Yellowknife Literacy Outreach Centre and Rio Tinto, learner Susan Chaffee wrote and self-published a book of stories about her experiences as the NWT's first female fishing guide. The book, *Happy Thoughts of Arctic Star Lodge*, features photos of Chaffee's time as a guide and is written to be accessible to all reading levels. She decided to publish the book to help fill the void of engaging, easy-to-read northern stories that appeal to adults who are beginning readers.



42

CERTIFICATES
granted in 2020-21

21



DIPLOMAS
granted in 2020-21



24

DEGREES
granted in 2020-21

150

Learners
participated in
the School of
Developmental
Studies completion
ceremonies

Nursing student receives \$20,000 Edets'seèhdzà research award

Third-year Bachelor of Science in Nursing student Samantha Morandin received the 2021 Edets'seèhdzà Studentship Award. The funding supports an Aurora College student to be involved in health research during their studies and is awarded jointly by Hotù ts'eeda and Aurora College.

Edets'seèhdzà (eh-DEY-tsay-zah) means “stepping forward to challenge yourself” in the Tłıchǫ language. Morandin is the fourth student to be supported through the Edets'seèhdzà Studentship since its launch in 2019. She is committed to holistic health care, and plans to use the opportunity to learn more about Indigenous health, traditions, medicines and ways of healing in order to provide superior culturally safe nursing care.

Student Leadership Awards, Aurora Campus

Board of Governors' Student Leadership Awards for 2019-20 and 2020-21 at Aurora Campus were announced at the convocation ceremony in Inuvik in June. Developmental Studies student Myha Martin received the 2019-20 award. Rachel Nakimayak, a University and College Access, Nursing Stream student, was recognized with the 2020-21 award.

Highest mark on diploma exam

Yellowknife upgrading student Keanan Campbell earned the Minister's Award for Academic Achievement. He achieved the highest mark in Northwest Territories on the Alberta Diploma Exam for English Language Arts 30-2.

Bachelor of Science in Nursing awards

Outstanding graduating nursing students were recognized at the Yellowknife North Slave Campus Convocation Ceremonies in June. Jillian Grobbeck received the Academic and Clinical Excellence Award from the Registered Nurses Association of Northwest Territories and Nunavut (RNANTNU). The award is granted to a student who has exemplified academic and clinical excellence throughout their nursing education. The recipient is chosen based on being: academically in the top 30 per cent of their class throughout the program; in good standing with the school of nursing and has not failed a theoretical course or clinical practicum; and demonstrates professional responsibility and accountability competencies.

Erica Abel was honoured with the Bachelor of Science in Nursing Faculty Award for 2020-21. The award is presented to a graduating student who has demonstrated resilience, professionalism and leadership as evidenced by a positive attitude, determination, professional growth, reflexivity, initiative, being a role model and inspiration to others and promoting the profession of nursing.

Personal Support Worker awards

The recipient of the 2020-21 Personal Support Worker (PSW) Clinical Excellence Award was Karin von Allmen. The award recognizes a student who has demonstrated excellence in the practical setting throughout their program, based on their ability to build strong relationships with clients, growth as a student, leadership, professionalism, clinical performance, academic standing and initiative. The award was presented in conjunction with NWT Personal Support Worker's Day in June.

At the June 10 convocation ceremonies, PSW student Theresa Simon was presented with the Avens Sheila Broders Award, which recognizes excellence in patient care in a graduating Personal Support Worker.

2020/21 HIGHLIGHTS

PARTNERSHIPS

NWT higher learning institutions sign MOU

Aurora College, College Nordique Francophone and Dechinta Centre for Research and Learning entered into an agreement to formalize a collaborative relationship and build capacity to increase access to post-secondary programming and services in the NWT. Each will contribute their institutional strengths to support the development of complementary programs and services that will provide students with more program choices, attract research investments and respond to workforce development needs. The Memorandum of Understanding (MOU) provides collaboration across the strategic alignment of objectives, collaboration on projects and initiatives and potential exchanges or secondments of staff and shared training opportunities.

Collaborative partnerships key to INNOVATE's success

Interest in, and use of the INNOVATE centre (formerly the Arts, Crafts and Technology Micro-Manufacturing Centre or ACTMC) continues to grow substantially. A large part of the success is due to the collaborative partnership support of the Gwich'in Tribal Council (GTC), Inuvialuit Regional Corporation, Industry, Tourism and Investment, CanNor and the Healthy Communities Initiative. INNOVATE began 2020-21 closed to the public and clients, but through careful and responsible planning to comply with COVID-19 protocols, finished the year with the highest client usage numbers to date. Since the centre began permitting clients back into the space through an appointment system, the demand has steadily increased, and is now frequently more than 80 user days per month. These numbers are expected to continue to increase with the addition of new technician staff and the addition of new equipment, including sublimation and computer controlled embroidery machines. In June, INNOVATE hosted an open house that attracted 25 prospective clients to learn about the services provided. Interest is building in other NWT communities as well. An eight-week course – Merging Arts and Crafts with Technology and Manufacturing – was held in Tsiigehtchic through the Community Learning Centre in early 2021 and the Tuktoyaktuk Community Corporation established a community makerspace, leveraging training and equipment supports from the INNOVATE.

Online academic journal highlights work of Indigenous scholars and northern science

A team of Aurora College and Hotii ts'eeda staff successfully secured a \$62,500 funding award from the Social Sciences and Humanities Research Council (SSHRC) for a project to develop an online journal hosted by Aurora College. The project team will establish an open access peer-reviewed journal at Aurora College, with an editorial board composed of a majority of Northerners. The journal will highlight the work of Indigenous scholars and northern science that impacts, and is relevant to, the peoples of the Northwest Territories. The creation of a northern-led, Indigenous-governed, open-access journal will provide a unique platform to represent Northern and Indigenous voices and scientific endeavours. The online journal will increase discoverability of and access to research from scholars based in the North, disseminate research that can inform Northern policy and practice, and ensure the voices of Indigenous scholars and traditional knowledge are represented equally alongside western science. This is a joint project between Dechinta, Hotii ts'eeda and Aurora College.

NWT Literacy Council partnership

In 2020-2021, Aurora College worked in partnership with the NWT Literacy Council to develop and revise several ALBE courses and resource packages. This included the development of the Literacy and Essential Skills (LES) courses Numeracy Essentials III, Literacy Skill Builders III, and Introduction to Support Assistant. The NWT Literacy Council worked with Aurora College and outside contractors to complete the three courses as well as to pilot the Numeracy Essentials I and II, Literacy Skill Builders I and II courses. Feedback from the pilots will be used to revise and finalize the courses. The NWT Literacy Council also revised and finalized the LES Skill Boosters resource. All of the key objectives in the Curriculum Development Plan for 2020-2021 involving the NWT Literacy Council were completed.

\$1.69 million Canada Foundation for Innovation grant

Aurora College was awarded \$1,686,897 through the Canada Foundation for Innovation's (CFI) 2020 Innovation Fund to enhance and expand warehouse infrastructure at the Western Arctic Research Centre (WARC) in Inuvik. The project will enhance the research support infrastructure at WARC with a purpose-built steel warehouse containing an unheated space for long-term equipment storage, a heated loading bay and marshalling space to support field research programs, a heated garage and a heated workshop. This will enable WARC to meet the increased needs of the research community in the western Arctic and will also support the on-going growth of regional research activity by making it easier and more efficient for researchers to do their work. Prior to COVID-19 restrictions on international travel, the research centre supported more than 200 external users annually. That number has been growing annually with the increased international focus on northern research and climate change.



Adult Literacy and Basic Education partnerships funded

Aurora College received funding for the 2020-2021 academic year from the GNWT Department of Education, Culture and Employment for supplementary Adult Literacy and Basic Education (ALBE) programming and projects. The College received \$1,614,764 to support ALBE curriculum committee meetings and in-servicing, distance education projects and student tuition, three Literacy Outreach programs, and to top-up the Community Learning Centres. The funds were also used to purchase textbooks for ALBE students and to support salaries and resources for ALBE curriculum development.

39 RESEARCH PARTNERSHIPS

3 NWT POST-SECONDARY INSTITUTIONS

54 INNOVATE MEMBERSHIPS

sign memorandum of understanding to formalize a collaborative relationship and build capacity to increase access to post-secondary programming and services in the NWT

(formerly the Arts, Crafts and Technology Micro-Manufacturing Centre) resulted in



80 USER DAYS PER MONTH

2020-21 HIGHLIGHTS

AURORA COLLEGE TEAM

Acting WARC Director awarded Garfield Weston Award in Northern Research

Erika Hille, right, Acting Director of the Western Arctic Research Centre (WARC), was awarded the Garfield Weston Award in Northern Research. The award, which includes a \$50,000 cash prize, supports early-career scientists in Canada pursuing research in Canada's North. Recipients of the Garfield Weston Award in Northern Research must demonstrate the importance of their research in furthering understanding of northern ecosystems and biodiversity, demonstrate excellence in research and communication with both northern and scientific communities, in addition to receiving support from both northern and academic partners. In addition to her 10 years of service with Aurora Research Institute, Hille began her PhD in 2019 with Queen's University. The goal of her PhD research project, "The geochemical responses of Arctic freshwater systems to regional variability in permafrost thaw across the Canadian Arctic", is to examine how the sensitivity and response of aquatic systems to permafrost thaw varies across contrasting permafrost landscapes. Hille's research focuses on the Beaufort Delta region, which is experiencing dramatic landscape change associated with permafrost thaw. Hille also plans to compare her results to watersheds less sensitive to permafrost thaw, including the Apex River Watershed (Iqaluit) and the Meacham River Watershed (Resolute). She has also received an Alexander Graham Bell Canadian Graduate Scholarship (NSERC) and a POLAR Northern Resident Award (Polar Knowledge Canada).



Eight faculty and staff members receive Aurora College credentials

Modelling commitment to lifelong learning, eight faculty and staff members received Aurora College certificates, diplomas and degrees at Aurora College's convocation ceremonies in June. Receiving new credentials were:

Donna-Lynn Baskin, Instructor Developmental Studies: Certificate in Adult Education

Sandy Burns, Instructor Developmental Studies: Certificate in Adult Education

72



Indigenous

164



Non-Indigenous

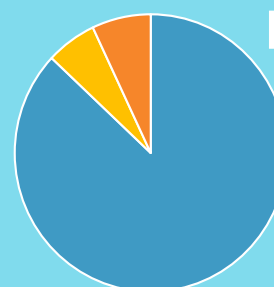
18

**PROFESSIONAL
DEVELOPMENT**

Sessions with

365

PARTICIPANTS



EMPLOYEES*

Full-time	205
Part-time	14
Relief	16

* On May 31, 2021

Ryanna Bourke, Executive Assistant:
Business Administration Diploma

Dexter Castada, Administrative Assistant:
Business Administration Diploma

Joshua MacDonald, Community Adult Educator – Behchoko:
Certificate in Adult Education

Jason Messier, Instructor Developmental Studies:
Certificate in Adult Education

Darla Rabesca, Community Adult Educator – Whatì:
Bachelor of Education

One faculty member asked to remain anonymous.



Retired Research Associate and instructor wins National Award

Dr. Pertice Moffitt, below, Research Associate, retired instructor and Health Research Program Manager – received the bronze Leadership Excellence Award for Faculty 2021 from Colleges and Institutes Canada (CICan). Awarded annually since 2010, the CICan Leadership Excellence Award for Faculty recognizes an individual or team who has exhibited consistent excellence in teaching and has had a significant impact on the personal and academic growth of students. This is the first CICan Excellence Award for Aurora College and the first CICan Leadership Excellence Award for Faculty to be awarded to an institution in a Canadian territory. Dr. Moffitt has had a distinguished career with Aurora College spanning three decades. She was instrumental in the development and implementation of the first nursing program in the Northwest Territories.



Aurora College presents at CANARIE's national technology summit

Based on its successful support of students and staff through the sudden and ongoing pivot to online learning and remote work, Aurora College staff presented two sessions at a national virtual summit hosted by Canada's National Research & Education Network (NREN). The annual summit focuses on high-level research, education and innovation supported by the NREN and Global Research and Education Networks (GREN). "Internet Access Issues and Solutions" outlined the work Aurora College did to ramp up the use of tools to support online learning and remote work by staff and instructors, including solutions such as supplying turbo sticks to students with limited internet access. "Keeping Students Engaged in a Virtual Environment" showcased ways College faculty and staff kept students interested and involved when they were unable to interact in person on campus. CANARIE (formerly the Canadian Network for the Advancement of Research, Industry and Education) is the federal partner of Canada's NREN, and the CANARIE network provides interprovincial and international connectivity for Canada's NREN. Provincial and territorial partners in the NREN provide connectivity to institutions in their jurisdictions and connect to CANARIE to collaborate and share data and tools across Canada and around the world. The NREN connects universities, colleges, research hospitals and government research labs. CANARIE links Canada's NREN to over 100 NRENs around the world.



AURORA COLLEGE **AUDITED FINANCIAL STATEMENTS**

AS OF JUNE 30, 2021

AURORA COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Aurora College (the "College") and all information in this annual report are the responsibility of the College's management and have been reviewed and approved by the Public Administrator. The financial statements have been prepared in accordance with Canadian public sector accounting standards and include some amounts that are necessarily based on management's best estimates and judgment. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized and recorded, proper records are maintained, assets are safeguarded, and the College complies with applicable laws. These controls and practices ensure the orderly conduct of business, the timely preparation of reliable financial information and adherence to the College's statutory requirements and policies.

The Public Administrator is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Public Administrator meets regularly with management and the external auditors. The external auditors also have full and free access to the Public Administrator.

The College's external auditor, the Auditor General of Canada, audits the financial statements and issues her report thereon to the Minister of Education, Culture and Employment, Government of the Northwest Territories.



Andy Bevan
President



Celestine Starling
Director of Finance/Chief Financial Officer

Fort Smith, Canada
December 9, 2021



INDEPENDENT AUDITOR'S REPORT

To the Minister of Education, Culture and Employment

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aurora College (the College), which comprise the statement of financial position as at 30 June 2021, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at 30 June 2021, and the results of its operations, changes in its net financial assets, and its 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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 College'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 College or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 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 College'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 College's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's

report. However, future events or conditions may cause the College 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.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of Aurora College coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of the Northwest Territories and regulations, the *Aurora College Act* and regulations, and the by-laws of Aurora College.

In our opinion, the transactions of Aurora College that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Aurora College Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year. In addition, in our opinion, proper books of account have been kept by Aurora College and the financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for Aurora College's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable Aurora College to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
9 December 2021

AURORA COLLEGE
STATEMENT OF FINANCIAL POSITION
as at June 30, 2021
(in thousands of dollars)

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash	\$ 19,714	\$ 22,702
Accounts receivable (Note 3)	<u>1,666</u>	<u>1,940</u>
	<u>21,380</u>	<u>24,642</u>
Liabilities		
Accounts payable and accrued liabilities	1,273	1,329
Payroll liabilities	2,394	2,084
Deferred revenue	2,027	1,748
Due to the Government of the Northwest Territories (Note 9)	2,696	6,129
Employee future benefits (Note 4)	1,421	1,505
Professional development fund (Note 5)	<u>2,750</u>	<u>2,344</u>
	<u>12,561</u>	<u>15,139</u>
Net financial assets	<u>8,819</u>	<u>9,503</u>
Non-financial assets		
Prepaid expenses	510	365
Tangible capital assets (Note 6)	<u>5,666</u>	<u>6,268</u>
	<u>6,176</u>	<u>6,633</u>
Accumulated surplus (Note 7)	<u>\$ 14,995</u>	<u>\$ 16,136</u>

Contractual obligations and contractual rights (Notes 11 and 12)

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

Approved by:



Denny Rodgers
Public Administrator



Andy Bevan
President

AURORA COLLEGE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
for the year ended June 30, 2021
(in thousands of dollars)

	Budget	<u>2021</u> Actual	<u>2020</u> Actual
Revenues			
Government contributions (Note 8)	\$ 32,465	\$ 32,375	\$ 31,999
Project income			
Government of the Northwest Territories	4,065	4,300	4,316
Government of Canada	4,722	3,974	4,153
Other third party contributions	2,457	1,520	2,408
Own Source revenues			
Tuition fees	1,652	1,785	1,723
Room and board	906	744	1,067
Recoveries and other	462	868	993
Interest income	250	148	382
Services provided without charge (Note 10)	<u>5,992</u>	<u>5,369</u>	<u>5,701</u>
	<u>52,971</u>	<u>51,083</u>	<u>52,742</u>
Expenses			
Financial and accounting services	2,267	1,952	1,916
Pooled services	7,218	8,602	7,361
Student services	11,356	10,897	11,042
Education and training	19,519	15,995	16,826
Community and extensions	11,063	9,863	9,954
Aurora Research Institute	6,228	4,915	4,798
	<u>57,651</u>	<u>52,224</u>	<u>51,897</u>
Annual (deficit) surplus	(4,680)	(1,141)	845
Accumulated surplus at beginning of year	<u>16,136</u>	<u>16,136</u>	<u>15,291</u>
Accumulated surplus at end of year	<u><u>\$ 11,456</u></u>	<u><u>\$ 14,995</u></u>	<u><u>\$ 16,136</u></u>

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

AURORA COLLEGE
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
for the year ended June 30, 2021
(in thousands of dollars)

	Budget	<u>2021</u> Actual	<u>2020</u> Actual
Annual (deficit) surplus	\$ (4,680)	\$ (1,141)	\$ 845
Acquisition of tangible capital assets	-	(911)	(1,297)
Amortization of tangible capital assets	<u>1,100</u>	<u>1,513</u>	<u>1,261</u>
	<u>1,100</u>	<u>602</u>	<u>(36)</u>
Decrease (increase) in prepaid expenses	<u>-</u>	<u>(145)</u>	<u>15</u>
(Decrease) increase in net financial assets	(3,580)	(684)	824
Net financial assets at beginning of year	<u>9,503</u>	<u>9,503</u>	<u>8,679</u>
Net financial assets at end of year	<u><u>\$ 5,923</u></u>	<u><u>\$ 8,819</u></u>	<u><u>\$ 9,503</u></u>

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

AURORA COLLEGE
STATEMENT OF CASH FLOW
for the year ended June 30, 2021
(in thousands of dollars)

	<u>2021</u>	<u>2020</u>
Operating transactions		
Cash received from:		
Government of the Northwest Territories	\$ 36,336	\$ 37,083
Students and other third parties	5,210	6,376
Government of Canada	4,573	3,541
Interest	148	382
Cash paid for/to:		
Compensation and benefits	(36,119)	(29,050)
Suppliers	<u>(12,284)</u>	<u>(13,518)</u>
Cash (used for) provided by operating transactions	<u>(2,136)</u>	<u>4,814</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(852)</u>	<u>(1,173)</u>
Cash used for capital transactions	<u>(852)</u>	<u>(1,173)</u>
(Decrease) increase in cash	(2,988)	3,641
Cash at beginning of year	<u>22,702</u>	<u>19,061</u>
Cash at end of year	<u><u>\$ 19,714</u></u>	<u><u>\$ 22,702</u></u>

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

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

1. AUTHORITY AND MANDATE

a) Authority and purpose

Aurora College ("College") was established under the *Aurora College Act* and is named as a territorial corporation under the *Financial Administration Act* of the Northwest Territories. The College is exempt from income taxes.

The College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories (NWT). The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities throughout the NWT. Through the work of the Aurora Research Institute, the College is also responsible for research activities in the NWT.

b) Contributions from the Government of the Northwest Territories

The College receives monthly contributions from the Government of the Northwest Territories ("Government") based on appropriations consistent with the Government's Main Estimates and adjusted for supplementary appropriations. The contributions are to be utilized for the administration and delivery of the College's adult and post-secondary education programs in the NWT. The College is allowed to retain all surpluses and is responsible for all deficits.

The College is economically dependent upon the contributions received from the Government for its ongoing operations.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS").

The following is a summary of the significant accounting policies.

a) Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires the College to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the College believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to the allowance for doubtful accounts, employee future benefits, amortization, and revenue accruals.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Cash

Cash is comprised of bank account balances, net of outstanding cheques.

c) Tangible capital assets

Tangible capital assets transferred to the College when it was established were recorded at their estimated fair market value. Subsequent acquisitions are recorded at cost. Tangible capital assets are amortized over their estimated remaining useful lives on a straight-line basis at the following annual rates:

Mobile equipment	3 to 20 years
Building additions and renovations	20 years
Furniture and equipment	2 to 10 years
Leasehold improvements	lesser of useful life or lease term (3 to 12 years)

d) Employee future benefits

i) Pension benefits

All eligible employees participate in the Public Service Pension Plan (the "Plan") administered by the Government of Canada. The College's contributions reflect the full cost as employer. This amount is currently based on a multiple of an employee's required contributions and may change over time depending on the experience of the Plan. The College's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the College. The College is not required under present legislation to make contributions with respect to actuarial deficiencies of the Plan.

ii) Severance, removal and compensated absences

Under the terms and conditions of employment, employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment.

Eligibility is based on variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Government contributions

Government contributions are recognized as revenue when the funding is authorized and all eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability.

The College receives its appropriations on a monthly basis from the Government of the Northwest Territories, as the College has a different fiscal year. These contributions are recognized as revenue in the period in which the funding relates once all eligibility criteria have been met and it has been authorized.

f) Own source revenues

Tuition fees, room and board, and recoveries and other are reported as revenue at the time the services are substantially provided, or the products are delivered. Tuition fees received in advance of courses being delivered are deferred and recognized when the courses are delivered.

Interest income is recognized on an accrual basis.

g) Project income and deferred revenue

The College provides education and research services to private companies, federal and territorial government departments, agencies, and corporations through contractual arrangements. Payments received under these contracts for which the development and delivery of courses and projects are not completed are recorded as deferred revenue until completion in accordance with the stipulations of these agreements.

Revenue from federal and territorial government departments, agencies and corporations is recorded once the eligibility criteria are met; the payments are authorized, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability.

h) Contract services

Contract services acquired by the College include printing services, food service contracts, instruction contracts, leases and rental agreements. These amounts are recognized as expenses in the year the services are rendered.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Contingent liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

j) Prepaid expenses

Prepaid expenses are charged to expense over the year the services are rendered.

k) Funds and reserves

Certain amounts, as approved by the Public Administrator, are set aside as reserves in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are recorded when approved.

l) Financial instruments

Financial instruments are identified by financial asset and financial liability classifications.

The College's financial assets include cash and accounts receivable which are both measured at cost. Financial liabilities include accounts payable and accrued liabilities, payroll liabilities, due to Government of the Northwest Territories and professional development fund which are all measured at cost.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Accumulated Surplus. The allowance for doubtful accounts is based on management's best estimate of probable losses. The allowance is calculated based on a percentage of specific aged receivables where management believes an impairment has occurred. The allowance is shown as a reduction to accounts receivable. Management recommends write-offs of student accounts that are deemed uncollectible. Student and other receivable write-offs are submitted to the Public Administrator for approval.

m) Budget

Canadian public sector accounting standards require a government organization to present in its financial statements a comparison of the results of operations and changes in net financial assets for the period with those originally planned. The budgeted figures represent the College's original fiscal plan for the year approved by the College's Public Administrator and do not reflect any subsequent adjustments made during the course of the year.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Related party transactions

Canadian public sector accounting standards require a government organization to disclose related party and inter-entity transactions. The College is related to all Government departments, territorial corporations and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College. Related party transactions other than inter-entity transactions are recorded at the exchange amount.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following: when inter-entity transaction are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount

The College receives certain services provided by the Government without charge (Note 10). The Government's cost for these services, measured at the carrying amount are recognized as an expense with an offsetting credit to Services provided without charge revenues in order to reflect the cost of the College's operations in its financial statements.

3. ACCOUNTS RECEIVABLE

	<u>2021</u>			<u>2020</u>
	(in thousands)			
	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net</u>	<u>Net</u>
Government of the Northwest Territories	\$ 961	\$ -	\$ 961	\$ 562
Government of Canada	25	-	25	691
Other	724	150	574	497
Students	387	281	106	190
	<u>\$ 2,097</u>	<u>\$ 431</u>	<u>\$ 1,666</u>	<u>\$ 1,940</u>

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

4. EMPLOYEE FUTURE BENEFITS

a) Pension benefits

The College and all eligible employees contribute to the Public Service Pension Plan (the "Plan"), a multi-employer contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the College. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution effective at year end was \$ 1.01 (2020 - \$ 1.01) for every dollar contributed by the employee, and \$ 3.59 (2020 - \$ 3.80) for every dollar contributed by the employee for the portion of the employee's salary above \$181,600 (2020 - \$173,000).

The public service pension plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the plan on or after January 1, 2013. For members with start dates before January 1, 2013, the normal retirement age remains 60. For new employees who are participating in the Plan on or after January 1, 2013, the College contributes \$ 1.00 (2020 - \$ 1.00) for every dollar contributed by the employee, and \$ 3.59 (2020 - \$ 3.80) for every dollar contributed by the employee for the portion of the employee's salary above \$181,600 (2020 - \$173,000).

The College's and employees' contributions to the Plan for the year were as follows:

	<u>2021</u>	<u>2020</u>
	(in thousands)	
College's contributions	\$ 2,284	\$ 2,135
Employees' contributions	<u>2,280</u>	<u>2,120</u>
	<u><u>\$ 4,564</u></u>	<u><u>\$ 4,255</u></u>

b) Severance, removal and compensated absences

The College provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the College's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

4. EMPLOYEE FUTURE BENEFITS (continued)

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness, mortality and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at February 15, 2019. The results were extrapolated to June 30, 2021. The effective date of the next actuarial valuation is June 30, 2022. The liabilities are actuarially determined as the present value of the accrued benefits at June 30, 2021. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the College.

Changes in Obligation	Severance and Removal	Compensated Absences	2021	2020
			(in thousands)	
Accrued benefit obligation, beginning of year	\$1,018	\$381	\$1,399	\$1,514
Current service cost	51	40	91	85
Interest cost	27	11	38	48
Benefits paid	(190)	-	(190)	(210)
Actuarial (gain)/loss	12	(61)	(49)	(38)
Accrued benefit obligation, end of year	918	371	1,289	1,399
Unamortized net actuarial loss	49	83	132	106
Accrued benefit liability	\$ 967	\$ 454	\$ 1,421	\$ 1,505

Benefits Expense	Severance and Removal	Compensated Absences	2021	2020
			(in thousands)	
Current service cost	\$51	\$40	\$91	\$85
Interest cost	27	11	38	49
Amortization of net actuarial (gain)	(24)	-	(24)	(20)
Total	\$54	\$51	\$105	\$114

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

4. EMPLOYEE FUTURE BENEFITS (continued)

Assumptions

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Discount Rate	3.3% per annum	2.7% per annum
Rate of compensation increase	2.0% per annum	2.0% per annum
Inflation rate (removal benefits)	Nil	Nil
Mortality	CPM 2014 Public Mortality Table with MI-2017 improvement scale	CPM 2014 Public Mortality Table with MI-2017 improvement scale

The expected payments during the next five fiscal years are:

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>Total</u>
	(in thousands)		
2022	\$ 110	\$ 37	\$ 147
2023	110	40	150
2024	92	39	131
2025	95	40	135
2026	105	39	144
Total	\$ 512	\$ 195	\$ 707

5. PROFESSIONAL DEVELOPMENT FUND

Under collective agreements, the College is required annually to make contributions to the professional development fund, in the amount of a) 3% of eligible instructor's salaries, and b) \$1,500 for each eligible instructor. Contributions made to the professional development fund are recorded as an expense in the Statement of Operations and Accumulated Surplus.

The professional development fund represents accumulated annual provisions for professional development activities, less accumulated eligible professional development expenses. The College expects to settle the obligation based on future eligible expense claims.

	<u>2021</u>	<u>2020</u>
	(in thousands)	
Professional development fund, beginning of year	\$2,344	\$2,209
Contributions	556	515
Professional development paid during the year	<u>(150)</u>	<u>(380)</u>
Professional development fund, end of year	<u>\$2,750</u>	<u>\$2,344</u>

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

6. TANGIBLE CAPITAL ASSETS

June 30, 2021

(in thousands)	Mobile equipment	Building additions and renovations	Furniture and equipment	Leasehold improvements	2021 Total	2020 Total
Cost						
Opening balance	\$ 5,850	\$ 1,991	\$ 8,437	\$ 1,732	\$ 18,010	\$ 18,096
Additions	53	-	858	-	911	1,297
Disposals	(46)	-	-	-	(46)	(1,383)
Closing balance	<u>5,857</u>	<u>1,991</u>	<u>9,295</u>	<u>1,732</u>	<u>18,875</u>	<u>18,010</u>
Accumulated amortization						
Opening balance	3,651	1,991	4,873	1,227	11,742	11,863
Amortization	320	-	1,072	121	1,513	1,261
Disposals	(46)	-	-	-	(46)	(1,382)
Closing balance	<u>3,925</u>	<u>1,991</u>	<u>5,945</u>	<u>1,348</u>	<u>13,209</u>	<u>11,742</u>
Net book value	<u><u>\$ 1,932</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,350</u></u>	<u><u>\$ 384</u></u>	<u><u>\$ 5,666</u></u>	<u><u>\$ 6,268</u></u>

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

7. ACCUMULATED SURPLUS

The accumulated surplus balance includes the net book value of tangible capital assets transferred to the College when it was established and the results of operations since that date. The following appropriations have been made from accumulated surplus:

(in thousands)					
Reserves	Balance, opening July 1, 2020	Net results of operations	Appropriated	Used in operations	Balance, ending June 30, 2021
a) Northern strategic research reserve	\$ 625	\$ -	\$ -	\$ -	\$ 625
b) Program delivery	300	-	-	-	300
c) Research & development	278	-	23	-	301
d) Restricted donations	35	-	-	-	35
Total reserves	1,238	-	23	-	1,261
Operating surplus (deficit)	14,898	(1,141)	(23)	-	13,734
Total accumulated surplus	\$ 16,136	\$ (1,141)	\$ -	\$ -	14,995

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

7. ACCUMULATED SURPLUS (continued)

a) Northern strategic research reserve

This appropriation was established from the surplus of the Methane Hydrate Research project to set funds aside for strategic research conducted in the north which will benefit northerners.

b) Program delivery

This appropriation is established to cover program costs contemplated in the annual Programs and Services Proposal prepared by the College, for which Government funding has not been approved. Allocations to and from this appropriation must be approved by the Public Administrator.

c) Research & development

This appropriation is established to help fund research and development of the Research Associate and Fellowship programs at the Aurora Research Institute (ARI). Annually all unencumbered ARI administration revenue after fulfillment of third party contracts is transferred to this appropriation. Use of the appropriation must be approved by the Research Advisory Council.

d) Restricted donations

From time to time, the College receives donations from individuals and corporations with conditions attached to them. In order to ensure that the wishes of the contributors are carried out, the donations are transferred to restricted donations until the conditions are met.

8. GOVERNMENT CONTRIBUTIONS

	<u>2021</u>	<u>2020</u>
	(in thousands)	
Operating contributions	\$ 32,375	\$ 31,999
Capital contributions	-	-
	<u>\$ 32,375</u>	<u>\$ 31,999</u>

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

9. RELATED PARTIES

The College has Government receivables from tuition revenue, contract revenue and the base funding contribution. The College also owes funds to the Government from administrative agreements for facility operating and utility costs, employee benefits, payroll, and other expenses. The transactions giving rise to these balances are recorded at the exchange amount.

	<u>2021</u>	<u>2020</u>
	(in thousands)	
Due from Government of the Northwest Territories (Note 3)	\$ 961	\$ 562
Due to the Government of the Northwest Territories		
Liability for payroll services provided	\$ 2,452	\$ 5,786
Other & Repayable program advances	<u>\$ 244</u>	<u>\$ 343</u>
Total amount due to Government of the Northwest Territories	<u>\$2,696</u>	<u>\$6,129</u>

The above liabilities are non-interest bearing and payable on demand.

Expenses

The employees of the College are paid by the Government of the Northwest Territories. The College reimbursed the Government for payroll expenses paid (Schedule A) of \$33,417,000 during 2021 (2020 - \$31,771,000) which are recorded at the exchange amount.

Under the terms of administrative agreements, the Government charges for certain support services provided to the College. The College reimbursed the Government \$ 4,138,000 (2020 – \$ 831,000) for facility operating and utility costs, employee benefits and other expenses including costs to transform to a polytechnic university, which are recorded at the exchange amounts in these statements.

10. SERVICES PROVIDED WITHOUT CHARGE

During the year, the College received without charge from the Government services including utilities and repairs and maintenance, which are based on the carrying amount confirmed by the Government.

Payroll processing, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management, and translation services were also provided to the College without charge.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

10. SERVICES PROVIDED WITHOUT CHARGE (continued)

The College also receives from the Government, without any rental charges, the use of facilities for two of its campuses, certain student housing units and community learning centers. The cost of the use of these facilities is based on the Government's amortization expense for these assets, which is the carrying amount.

The Government also pays for medical travel costs for the College. The medical travel costs paid by the Government on behalf of the College for the period cannot be quantified because in 2017 the government ceased tracking each individual medical travel assistance claim by type of originating department, and could not reasonably measure the dollar value of all services provided by the Financial and Employee Shared Services, Government of the Northwest Territories.

	<u>2021</u>	<u>2020</u>
	(in thousands)	
Contract services	\$ 235	\$ 162
Repairs and maintenance	1,342	1,440
Building utilities	2,164	2,383
Building leases	1,628	1,716
	<u>\$5,369</u>	<u>\$5,701</u>

11. CONTRACTUAL OBLIGATIONS

In addition to facilities provided by the Government, the College has operating leases and service agreements for student accommodation, classroom space, office equipment and other services and is committed to payments as follows:

	<u>Service</u> <u>agreements</u>	<u>Operating</u> <u>leases</u>	<u>Capital</u> <u>projects</u>
		(in thousands)	
2022	\$ 690	\$ 2,874	\$ 430
2023	205	462	4,210
2024	137	-	590
2025	55	-	-
	<u>\$ 1,087</u>	<u>\$ 3,336</u>	<u>\$ 5,230</u>

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

12. CONTRACTUAL RIGHTS

The College has binding agreements with funding partners to implement programs/projects, and for which the following payments will be received subsequent to June 30, 2021:

Funding Partner	2021- 2022	2023-2030	Total
	(in thousands)		
Government of the Northwest Territories	\$1,727	\$ 25	\$1,752
Government of Canada	1,822	398	2,220
Other	1,677	1,065	2,742
	\$5,226	\$1,488	\$6,714

13. FINANCIAL RISK MANAGEMENT

The College's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, payroll liabilities, due to Government of the Northwest Territories and the professional development fund, which are all measured at cost. The College has exposure to the following risks from its use of financial instruments:

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities. The College manages its liquidity risk by regularly monitoring forecasted and actual cash flows. The College does not believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities.

(b) Credit risk

The College is exposed to credit risk on its cash and accounts receivable.

Cash

Credit risk on cash is minimized as these assets are held with a Canadian Chartered bank, the maximum exposure to credit risk is \$19,714,000 (2020 - \$22,702,000).

Accounts receivable

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. This risk is influenced by the type of debtor and at June 30, 2021, the College's debtors are the Government of the Northwest Territories, the federal government, students, and others.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

13. FINANCIAL RISK MANAGEMENT (continued)

In order to manage this risk, the College monitors the age of accounts receivable and initiates collection action. Credit exposure is minimized by dealing mostly with creditworthy counterparties such as government agencies and the College also enforces approved collection policies for student accounts. The maximum exposure to credit risk is \$1,666,000 (2020 - \$1,940,000).

At June 30, 2021, the following accounts receivable were past due but not impaired.

	<u>91-365 days</u>	<u>1 to 2 years</u>	<u>over 2 years</u>
Government of the Northwest Territories	\$ 6,000	\$419,000	\$ -
Other third parties	51,200	53,500	-
Government of Canada	5,000	-	2,000
Students	11,700	19,600	-
	<u>\$ 73,900</u>	<u>\$492,100</u>	<u>\$ 2,000</u>

The College establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. The allowance is based on a percentage of specific amounts and is determined by considering the College's knowledge of the financial condition of customers, the aging of accounts receivable, current business conditions and historical experience.

(c) Interest rate risk

The College is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the interest revenue from cash. This risk is not significant due to the short terms to maturity of cash.

Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

14. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, payroll liabilities, due to Government of the Northwest Territories, and professional development fund approximate their carrying amounts because of the short term to maturity.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

15. SEGMENTED DISCLOSURE

The College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories (NWT). For management reporting purposes the College's operations and activities are organized and reported by funds (Schedule A). Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with the budget, strategy and work plan, restrictions or limitations. The College's services are provided by departments and their activities are reported in these funds.

Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Finance and accounting

Finance's role is to ensure the long term viability of the College including the preparation and controls over the budgets, financial reporting, the implementation and oversight of financial controls, and management of the cash flows. Finance includes the functioning of the head office and regional offices.

Pooled services

This represents College wide expenditures which are required for the global operation. These represent allocation of costs related to professional development, amortization, cost of employee future benefits, and costs for the President's Office. The Office of the President includes services related to the operations of the College, plus communications and public relations. The Office of the President is mandated to manage the daily operations of the College, pursue its missions and vision, and develop and implement a strategic plan to ensure the long term success of the College.

Student services

Student services include Fort Smith, Yellowknife, and Inuvik locations facilities and the registrar and regional admission offices.

Education and training

Education and training includes the Vice-President Education and Training, School of Trades, School of Education, School of Business and Leadership, School of Health and Human Services, School of Arts and Science, information systems and technology, and the library.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

15. SEGMENTED DISCLOSURE (continued)

Community and extensions

Community and extensions represents special programs and additional resources provided to the communities through the College. This includes the School of Developmental Studies, the Beaufort Delta region, the Sahtu region, the Dehcho region, the Tlicho region, and the Akaitcho and South Slave region.

Aurora Research Institute

Through the work of the Aurora Research Institute, the College is also responsible for conducting and facilitating research activities in the NWT.

16. IMPACT OF COVID-19 PANDEMIC RESPONSE

Similar to post-secondary institutions across Canada, the pandemic has had financial implications for Aurora College operations.

Approximately \$769,000 of additional expenses were directly attributed to the pandemic response. Funds were allotted to support the shift from face-to-face to online learning, additional campus cleaning and personal protective equipment for staff remaining at the worksite.

Students were offered an experience guarantee that allowed a tuition refund if they were not satisfied with their online learning experience and each full-time student was provided a \$260 grant in the fall and winter terms, along with a \$130 grant in the spring term to support remote learning. There was also an overall reduction of revenues and expenditures for third party programming due to the closure of College facilities to meet public health requirements.

The situation is dynamic. An accurate estimate of the future financial effect on the College is difficult due to the potential for impacts resulting from future public health orders.

AURORA COLLEGE
Notes to the Financial Statements
June 30, 2021

17. SUBSEQUENT EVENTS

Contractual obligations:

The College has signed a student accommodation lease agreement subsequent to June 30, 2021 and is committed to payments of \$4,740,000 for base rent, laundry rent, a proportionate share of the direct operating and maintenance costs, and a furniture, fixture and equipment buyout to be paid over the next five years. The College has also signed an office space lease agreement subsequent to June 30, 2021 and is committed to payments of \$1,123,000 for base rent and a proportionate share of direct operating and maintenance costs to be paid over the next four years.

Contractual rights:

The College has signed an agreement in the amount of \$2,662,000 on November 9, 2021, retroactive to January 1, 2020 with the Northwest Territories Health and Social Services Authority to deliver programming. The College has incurred eligible expenses of \$405,000 and has accrued revenue of \$405,000 related to this contract. The College is eligible to receive \$1,120,000 in 2022 and \$1,137,000 in 2023.

AURORA COLLEGE
Segmented disclosures
June 30, 2021

Schedule A

	<u>Financial and accounting</u>	<u>Pooled services*</u>	<u>Student services</u>	<u>Education and training</u>	<u>Community and extensions</u>	<u>Aurora Research Institute</u>	<u>2021 Total</u>	<u>2021 Budget</u>	<u>2020 Total</u>
For the year ended June 30, 2021 (in thousands)									
Revenues									
Government contributions	\$ 2,015	\$ 498	\$ 10,190	\$ 10,647	\$ 6,469	\$ 2,556	\$ 32,375	\$ 32,465	\$ 31,999
Project income									
Government of the Northwest Territories	-	2	35	2,378	1,660	225	4,300	4,065	4,316
Other third party contributions	-	-	-	802	257	461	1,520	2,457	2,408
Federal government	-	-	-	6	2,059	1,909	3,974	4,722	4,153
Own Source Revenue									
Tuition fees	-	-	9	1,194	582	-	1,785	1,652	1,723
Recoveries and other	17	216	285	126	5	219	868	462	993
Room and board	-	-	743	-	-	1	744	906	1,067
Interest income	148	-	-	-	-	-	148	250	382
Services provided without charge	-	1,577	-	3,792	-	-	5,369	5,992	5,701
	<u>2,180</u>	<u>2,293</u>	<u>11,262</u>	<u>18,945</u>	<u>11,032</u>	<u>5,371</u>	<u>51,083</u>	<u>52,971</u>	<u>52,742</u>
Expenses									
Compensation and benefits	1,871	3,940	5,045	10,834	8,234	3,493	33,417	33,764	31,771
Building leases	-	13	4,676	1,628	34	-	6,351	6,552	6,754
Materials and supplies	14	294	137	549	445	209	1,648	2,519	1,568
Utilities	-	-	87	2,172	1	13	2,273	2,638	2,534
Contract services	17	620	209	50	810	935	2,641	3,121	2,411
Repairs and maintenance	-	1,318	212	217	26	21	1,794	1,822	1,984
Small equipment	2	3	32	64	24	30	155	884	158
Fees and payments	40	804	145	183	120	44	1,336	1,347	1,069
Travel and accommodation	-	16	6	112	16	25	175	919	954
Professional services	-	-	1	116	-	-	117	1,894	556
Amortization of tangible capital assets	-	1,513	-	-	-	-	1,513	1,100	1,261
Communication, postage and freight	8	81	347	70	153	145	804	1,091	877
	<u>1,952</u>	<u>8,602</u>	<u>10,897</u>	<u>15,995</u>	<u>9,863</u>	<u>4,915</u>	<u>52,224</u>	<u>57,651</u>	<u>51,897</u>
Annual (deficit) surplus	<u>\$ 228</u>	<u>\$(6,309)</u>	<u>\$ 365</u>	<u>\$ 2,950</u>	<u>\$ 1,169</u>	<u>\$ 456</u>	<u>\$(1,141)</u>	<u>\$(4,680)</u>	<u>\$ 845</u>

* Pooled Services includes the revenues and expenses for the President's Office

APPENDIX A

UNAUDITED WRITE-OFFS

A total of \$2,352.79 has been approved to be written off in 2020-21. This figure includes seven-year write-offs of debts less than \$30, credits less than \$10 and write-offs for customers who filed bankruptcy.

Balance exceeds seven years		
Customer Name	Accounting Date	Amount
Millennium Construction	03/12/2013	\$1,000.00
Trent University	12/19/2012	\$125.08
Wegernoski, Susie	09/11/2012	\$1,151.58
Total		\$2,276.66

Balance under \$30		
Customer Name	Accounting Date	Amount
Beck, Roger	12/04/2020	\$15.81
Environment Canada	01/25/2021	\$21.87
Marten, Ty	03/09/2020	\$16.10
University of Edinburgh	07/22/2020	\$15.00
University of Helsinki	08/22/2016	\$17.78
Total		\$86.56

There are seven accounts with credit balances under \$10. The total amount of these credits is \$-10.43.



COLLÈGE
AURORA
COLLEGE

ARCTIC ENERGY ALLIANCE
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2022

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian public sector accounting standards applicable for government not-for-profit organizations. Where necessary, the statements include amounts that are based on informed judgments and estimates by management giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Board's management recognizes its responsibility for conducting the Board's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

The accounting firm of Avery Cooper & Co. Ltd., Chartered Professional Accountants, annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards.



Mark Heyck
Executive Director
June 7, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Members of
Arctic Energy Alliance

Opinion

We have audited the financial statements of Arctic Energy Alliance (the "Society"), which comprise the Statement of Financial Position as at March 31, 2022, and the Statements of Operations, Changes in Net Assets, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2022, and the results of its operations and its 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- ♦ The Annual Report, but does not include the financial statements and our auditor's report thereon.

The Annual Report has been made available to us before the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the 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.

INDEPENDENT AUDITOR'S REPORT, continued

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Society 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.

Avery Cooper & Co. Ltd.

Avery Cooper & Co. Ltd.
Chartered Professional Accountants
Yellowknife, NT

June 7, 2022

ARCTIC ENERGY ALLIANCE

STATEMENT OF FINANCIAL POSITION

March 31, 2022

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT		
Cash	\$ 1,550,223	\$ 998,417
Short term investments (note 3)	90,380	90,011
Accounts receivable (note 4)	573,132	767,750
Government remittances receivable (note 6)	<u>2,709</u>	<u>17,356</u>
	2,216,444	1,873,534
TANGIBLE CAPITAL ASSETS (note 5)	<u>27,159</u>	<u>33,861</u>
	<u><u>\$ 2,243,603</u></u>	<u><u>\$ 1,907,395</u></u>

LIABILITIES

CURRENT		
Wages and benefits payable	\$ 35,840	\$ 51,882
Government remittances payable (note 6)	78,787	90,353
Trade payables and accruals (note 7)	164,631	133,557
Contributions payable	203,036	105,523
Deferred revenue (note 8)	31,500	50,000
Deferred lease inducement liability	<u>5,000</u>	<u>-</u>
	518,794	431,315
DEFERRED GOVERNMENT ASSISTANCE (note 9)	<u>11,870</u>	<u>15,546</u>
	<u>530,664</u>	<u>446,861</u>

NET ASSETS

ACCUMULATED SURPLUS per page 3	721,723	464,261
RESERVES per page 3	983,925	985,958
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	<u>7,291</u>	<u>10,315</u>
	<u>1,712,939</u>	<u>1,460,534</u>
	<u><u>\$ 2,243,603</u></u>	<u><u>\$ 1,907,395</u></u>

Approved:



Director



Director

ARCTIC ENERGY ALLIANCE

STATEMENT OF OPERATIONS

For the year ended March 31, 2022

	(note 15) 2022 Budget	2022 Actual	2021 Actual
REVENUES			
Contributions from GNWT	\$ 6,612,408	\$ 4,595,487	\$ 4,924,216
Contributions from Canada	300,000	225,652	138,000
Membership fees (note 11)	227,500	227,500	227,500
Other source income	120,500	159,820	80,091
Interest income	20,000	5,934	10,988
	<u>7,280,408</u>	<u>5,214,393</u>	<u>5,380,795</u>
EXPENSES			
Advertising and promotion	82,880	45,982	166,337
Amortization	3,978	6,700	5,981
Bad debts (recovered)	-	(20,000)	86,969
Consulting fees	258,495	131,267	117,378
Equipment rental	3,280	3,278	3,279
Facility rental and tradeshow fees	24,950	8,379	8,599
Fees and dues	18,515	14,693	15,313
Hospitality	51,300	8,351	8,874
Insurance	13,000	13,753	12,949
Interest and bank charges	5,500	4,458	7,175
Office and general	84,720	122,412	62,854
Professional development	47,200	48,964	6,204
Professional fees	26,000	34,637	32,061
Rebates	3,177,176	1,853,667	1,800,771
Rent and utilities	175,281	171,409	166,410
Telephone, Internet and Website	49,256	43,943	46,591
Travel and accommodation	278,050	111,491	113,097
Wages and benefits	2,566,809	2,358,604	2,553,715
	<u>6,866,390</u>	<u>4,961,988</u>	<u>5,214,557</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 414,018</u>	<u>\$ 252,405</u>	<u>\$ 166,238</u>

ARCTIC ENERGY ALLIANCE

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2022

	2022			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	\$ 464,261	\$ 985,958	\$ 10,315	\$ 1,460,534
Excess of revenues over expenses	252,405	-	-	252,405
Transfer to reserves (note 19)	2,033	(2,033)	-	-
Amortization of tangible capital assets	6,701	-	(6,701)	-
Amortization of deferred government assistance	(3,677)	-	3,677	-
BALANCE, closing	<u>\$ 721,723</u>	<u>\$ 983,925</u>	<u>\$ 7,291</u>	<u>\$ 1,712,939</u>
	2021			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	\$ 402,629	\$ 885,040	\$ 6,627	\$ 1,294,296
Excess of revenues over expenses	166,238	-	-	166,238
Transfer to reserves (note 19)	(100,918)	100,918	-	-
Purchase of tangible capital assets	(5,993)	-	5,993	-
Amortization of tangible capital assets	5,981	-	(5,981)	-
Amortization of deferred government assistance	(3,676)	-	3,676	-
BALANCE, closing	<u>\$ 464,261</u>	<u>\$ 985,958</u>	<u>\$ 10,315</u>	<u>\$ 1,460,534</u>

ARCTIC ENERGY ALLIANCE

STATEMENT OF CASH FLOWS

For the year ended March 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES (note 20)		
Cash received from		
GNWT contributions	\$ 4,884,047	\$ 4,670,751
Membership fees	447,500	172,500
Other source income	44,124	234,714
Canada contributions	97,433	89,274
Interest income	<u>5,565</u>	<u>22,207</u>
	<u>5,478,669</u>	<u>5,189,446</u>
Cash paid to		
Wages and benefits	2,380,211	2,518,357
Materials and services	<u>2,546,663</u>	<u>2,706,303</u>
	<u>4,926,874</u>	<u>5,224,660</u>
	<u>551,795</u>	<u>(35,214)</u>
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>-</u>	<u>(5,993)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of short term investments	378	646,613
Purchase of short term investments	<u>(367)</u>	<u>(11)</u>
	<u>11</u>	<u>646,602</u>
INCREASE IN CASH	551,806	605,395
CASH, opening	<u>998,417</u>	<u>393,022</u>
CASH, closing	<u><u>\$ 1,550,223</u></u>	<u><u>\$ 998,417</u></u>

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

1. NATURE OF OPERATIONS

Arctic Energy Alliance (the "Society") is a government not-for-profit organization of the Government of the Northwest Territories ("GNWT") and was incorporated July 29, 1997, under the *Societies Act* of the Northwest Territories. As a public service entity, the Society's function is to support the objectives of the GNWT by promoting awareness and conservation of energy and utility use and to identify, promote, and implement opportunities to reduce energy and utility costs in the Northwest Territories.

The Society is exempt from income tax under paragraph 149(1)(c) of the *Income Tax Act* (Canada). The Society is economically dependent on funding received from the GNWT.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) applicable to government not-for-profit organizations as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The significant policies are detailed as follows:

(a) Cash equivalents

The Society considers all investments with maturities of three months or less and bank loans with no fixed terms of repayment to be cash equivalents.

(b) Financial instruments

The Society measures all its financial assets and financial liabilities at amortized cost.

(c) Tangible capital assets

Tangible capital assets are recorded at cost. The Society provides for amortization using the following methods at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates and methods are as follows:

Computer equipment	60% Declining balance
Computer software	5 years Straight-line
Heating equipment	20 years Straight-line
Office equipment	40% Declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease plus one renewal option.

The Society considers capital expenditures with individual items costing \$10,000 or more to be tangible capital assets.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable and the amount can be reasonably estimated and collection is reasonably assured.

The Society recognizes revenue from customers upon completion of customer orders and/or completion of services. Estimated losses, if any, are recorded when they become apparent.

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

Interest income that is not externally restricted is recognized in the Statement of Operations when earned.

(e) Government assistance

Restricted contributions for the purchase of tangible capital assets that will be amortized are accounted for as deferred government assistance and recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets.

(f) Allocated expenses

The Society allocates certain general support expenses by identifying the appropriate basis of allocating each component of expense, and applies that basis consistently each year in accordance with applicable contribution agreements. Wages and benefits expenses are allocated to programs, as applicable, based on actual hours worked.

(g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards applicable to government not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically, and as adjustments become necessary they are reported in the period in which they become known.

Significant estimates include the determination of the useful lives of tangible capital assets, credit losses, and asset retirement obligations, the allocation of administrative expenses to programs, and the allocation of certain wages and benefits expenses to programs.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

3. SHORT TERM INVESTMENTS

Short term investments consist of guaranteed investment certificates (GICs) held with the Bank of Nova Scotia as detailed below:

	<u>2022</u>	<u>2021</u>
0.50% interest, non-redeemable, matures January 2023	\$ 90,000	\$ 90,000
Accrued interest	<u>380</u>	<u>11</u>
	<u>\$ 90,380</u>	<u>\$ 90,011</u>

4. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Contributions receivable:		
Government of the Northwest Territories	\$ 299,456	\$ 459,002
Government of Canada	<u>176,946</u>	<u>48,726</u>
Total contributions receivable	476,402	507,728
Members	10,000	230,000
Other	153,699	116,991
Allowance for doubtful accounts	<u>(66,969)</u>	<u>(86,969)</u>
	<u>\$ 573,132</u>	<u>\$ 767,750</u>

5. TANGIBLE CAPITAL ASSETS

	2022			2021
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 36,010	\$ 36,010	\$ -	\$ -
Computer software	26,224	21,768	4,456	7,427
Heating equipment	36,242	16,415	19,827	21,640
Leasehold improvements	27,396	27,396	-	-
Office equipment	<u>48,452</u>	<u>45,576</u>	<u>2,876</u>	<u>4,794</u>
	<u>\$ 174,324</u>	<u>\$ 147,165</u>	<u>\$ 27,159</u>	<u>\$ 33,861</u>

Net assets invested in tangible capital assets as at March 31, 2022, are as follows:

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

5. TANGIBLE CAPITAL ASSETS, continued

	<u>2022</u>	<u>2021</u>
Tangible capital assets	\$ 27,161	\$ 33,861
Asset retirement obligation (note 7)	(8,000)	(8,000)
Deferred government assistance (note 9)	<u>(11,870)</u>	<u>(15,546)</u>
Net assets invested in tangible capital assets per page 3	<u>\$ 7,291</u>	<u>\$ 10,315</u>

6. GOVERNMENT REMITTANCES

	<u>2022</u>	<u>2021</u>
Goods & Services Tax rebates receivable	<u>\$ 2,709</u>	<u>\$ 17,356</u>
	<u>2022</u>	<u>2021</u>
Payroll remittances payable	\$ 73,178	\$ 78,646
Related parties:		
Workers' Safety and Compensation Commission payable	-	5,472
GNWT Finance - NWT Payroll Tax payable	<u>5,609</u>	<u>6,235</u>
	<u>\$ 78,787</u>	<u>\$ 90,353</u>

7. TRADE PAYABLES AND ACCRUALS

	<u>2022</u>	<u>2021</u>
Accrued liabilities:		
Pellet boiler asset retirement obligation	\$ 8,000	\$ 8,000
Other	42,015	42,466
	<u>-</u>	<u>-</u>
	50,015	50,466
Trade payables	<u>114,618</u>	<u>83,091</u>
	<u>\$ 164,633</u>	<u>\$ 133,557</u>

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

8. DEFERRED REVENUE

During the year, the Society entered into contribution agreements with the GNWT, Department of Infrastructure (INF). Contribution agreements stipulate that any unexpended funds must be repaid on demand.

Deferred revenue represents unspent restricted contributions for which the related expenses will not be recognized until a later period. Changes in deferred revenue balances during the year are summarized below and detailed in Schedule I.

	<u>2022</u>	<u>2021</u>
Restricted contributions balance, opening	\$ 50,000	\$ 122,670
Receipts	4,512,207	4,421,000
Funding receivable	437,945	420,547
Transfer to funding repayable	(97,513)	(40,000)
Funding expended	<u>(4,871,139)</u>	<u>(4,924,217)</u>
Restricted contributions balance, closing	31,500	-
Membership fees received in advance: GNWT-ENR	<u>-</u>	<u>50,000</u>
Deferred revenue, closing	<u><u>\$ 31,500</u></u>	<u><u>\$ 50,000</u></u>

9. DEFERRED GOVERNMENT ASSISTANCE

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
GNWT-ENR - Alternative Energy Technology: Wood pellet boiler	\$ 14,121	\$ 6,707	\$ 7,414	\$ 8,119
GNWT-ENR - Energy Efficiency Incentive Program: Database	<u>14,853</u>	<u>10,397</u>	<u>4,456</u>	<u>7,427</u>
	<u><u>\$ 28,974</u></u>	<u><u>\$ 17,104</u></u>	<u><u>\$ 11,870</u></u>	<u><u>\$ 15,546</u></u>

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

10. RESERVES

During the year, Arctic Energy Alliance transferred \$2,033 to unrestricted net assets to meet its capital management objectives as described in Note 20. In prior year, \$100,918 was transferred from the unrestricted net assets for the same purpose. The reserves at March 31, 2022, of \$983,925 (2021 - \$985,958) represent the minimum required net assets to support the reserves. These internally restricted reserves are not available for unrestricted purposes without approval of the Board of Directors.

The Society continually monitors net financial assets to measure the future revenues required to pay for past transactions and events, and the extent to which the costs of services provided in the year have been met by the revenues recognized in the year. Net financial assets at year end represents the difference between the Society's financial assets and its liabilities.

Changes in net financial assets during the year are as follows:

	2022 Budget	2022 Actual	2021 Actual
Excess of revenues over expenses per page 2	\$ 414,018	\$ 252,405	\$ 166,238
	-	-	-
Amortization of tangible capital assets	3,978	6,702	5,981
Purchase of tangible capital assets	-	-	(5,993)
Amortization - deferred government assistance	-	(3,676)	(3,676)
	417,996	255,431	162,550
Increase (decrease) in net financial assets			
Net financial assets, opening	1,442,219	1,442,219	1,279,669
Net financial assets, closing (note 19)	<u>\$ 1,860,215</u>	<u>\$ 1,697,650</u>	<u>\$ 1,442,219</u>

11. MEMBERSHIP FEES

Membership fees revenue for the year consist of the following:

	2022	2021
Government of the Northwest Territories	\$ 150,000	\$ 150,000
GNWT - Crown Corporations	67,500	67,500
Other	10,000	10,000
	<u>\$ 227,500</u>	<u>\$ 227,500</u>

Included in membership fees are amounts from the following related parties:

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

11. MEMBERSHIP FEES, continued

	<u>2022</u>	<u>2021</u>
GNWT:		
Department of Environment and Natural Resources	\$ 50,000	\$ 50,000
Department of Infrastructure	50,000	50,000
Department of Municipal and Community Affairs	<u>50,000</u>	<u>50,000</u>
	<u>150,000</u>	<u>150,000</u>
GNWT - Crown Corporations:		
Northwest Territories Housing Corporation	50,000	50,000
Northwest Territories Power Corporation	5,000	5,000
Public Utilities Board of the Northwest Territories	<u>12,500</u>	<u>12,500</u>
	<u>67,500</u>	<u>67,500</u>
	<u>\$ 217,500</u>	<u>\$ 217,500</u>

12. SUBSEQUENT EVENTS

Subsequent to year-end, the Society had the following event:

Contractual rights

- Entered into a contribution agreement with GNWT, Department of Infrastructure, for 2022-23 core and program funding for a maximum of \$2,740,000.

13. TRUSTS UNDER ADMINISTRATION

At March 31, 2022, the Society holds \$15,918 (2021 - \$14,343) in a bank account in trust on behalf of the Tlicho Government. As trustee, the Society administers these funds in accordance with a partnership agreement under the Wood Stove program. These funds are excluded from the financial statements.

14. BUDGET

The 2022 budget amounts on the Statement of Operations are presented for information purposes only and are unaudited. The budget was approved by the Board of Directors on October 12, 2021.

The approved budget is prepared on a modified cash basis which differs from budget amounts reported in the financial statements, which are prepared in accordance with Canadian public sector accounting standards applicable to government not-for-profit organizations on the full accrual basis of accounting. There were no significant differences during the current year.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

15. COVID-19

On March 11, 2020, there was a global outbreak of a novel coronavirus known as COVID-19, which has had a significant impact on organizations and companies through the restrictions put in place by federal, provincial, territorial and municipal governments regarding travel, business operations and isolation or quarantine orders.

While the Society is unable to quantify the overall financial effect of these events, it continues to take measures to mitigate the effects of the current crisis.

16. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, accounts receivable, GIC investment, trade payables and accruals, and wages and benefits payable. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest rate, market, currency, credit, liquidity or cash flow risks. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

17. COMMITMENTS

The Society has entered into operating leases for office space for the Yellowknife, Hay River, Dehcho, Inuvik, and Norman Wells offices, expiring between May 31, 2022 and February 28, 2025 and office equipment expiring August 18, 2025 in Yellowknife. Future minimum lease payments are as follows.

	<u>Office Space</u>	<u>Office Equipment</u>	<u>Total</u>
2023	\$ 94,591	\$ 3,200	\$ 97,791
2024	80,640	3,200	83,840
2025	73,920	3,200	77,120
2026	-	1,600	1,600
	<u>\$ 249,151</u>	<u>\$ 11,200</u>	<u>\$ 260,351</u>

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

17. COMMITMENTS, continued

The lease for office space in Yellowknife carries an extension of term option for an additional two (1) year terms with the consideration of a CPI increase.

Upon signing of the lease agreement, the landlord paid \$5,000 in tenant inducement towards the renovation of the additional second floor space. As at March 31, 2022, the renovation had not commenced.

The lease for office space in Norman Wells carries an extension of term option for two years from September 1, 2022 to August 31, 2024.

The lease for office space in Inuvik carries an extension of term option for two years from June 1, 2022 to May 31, 2024.

The lease for office space in Hay River is for the period April 1, 2022 to March 31, 2023 with the option to extend on a yearly basis to March 31, 2025. Rent is \$1,480 plus GST payable on the first day of each month.

During the year, included in other source income revenue are in-kind contributions with a total fair value of \$58,575 (2021- \$11,975). These services are in connection with the Natural Resources Canada - Clean Energy in Rural and Remote Communities (CERRC) Program, and consist of salaries and benefits of \$36,900 (2021 - \$6,375), office expenses \$18,875 (2021 - \$nil), and facility rental of \$2,800 (2021 - \$5,600).

18. CONTRACTUAL RIGHTS

The Society signed a multi-year non-repayable contribution agreement with the Federal Government's Department of Natural Resources under the Renewable Energy and Smart Grid Deployment Programs. Maximum contribution remaining under the Agreement is as follows:

	Clean Energy in Rural and Remote Communities Deployment Program
2022-2023	\$ 311,000
2023-2024	<u>27,000</u>
	<u>\$ 338,000</u>

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

19. CAPITAL MANAGEMENT

In managing capital, the Society focuses on liquid resources available for operations. The Society's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purpose.

The Society manages funding risk by establishing internally restricted net assets. Funding risk may result from an inability to obtain government funding in a timely manner during contribution agreement negotiations. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget.

At March 31, 2022, the Society has met its objectives of having sufficient liquid resources to meet its current obligations. The Society's net financial assets at March 31, 2022, are as follows:

	<u>2022</u>	<u>2021</u>
Accumulated surplus	\$ 721,723	\$ 464,261
Reserves	983,925	985,958
Invested in tangible capital assets	<u>7,291</u>	<u>10,314</u>
Net assets per page 3	<u>1,712,939</u>	<u>1,460,533</u>
Tangible capital assets	27,159	33,860
Deferred government assistance	<u>(11,870)</u>	<u>(15,546)</u>
	<u>15,289</u>	<u>18,314</u>
Net financial assets (note 10)	<u><u>\$ 1,697,650</u></u>	<u><u>\$ 1,442,219</u></u>

The Society's three internally restricted reserves and changes therein are as follows:

Operating Reserve - To support the minimum required net assets of at least three months of operating costs.

Credit Card Reserve - To secure the Society's credit card limit funded by short term investments as described in Note 3.

Contingency Reserve - To set aside funds for contingencies which may arise. This \$70,000-capped reserve is increased annually as applicable based on one half of one percent of the Society's total revenue for the year.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

19. CAPITAL MANAGEMENT, continued

	Opening Balance	Transfers	Closing Balance
Operating Reserve	\$ 825,958	\$ (2,033)	\$ 823,925
Credit Card Reserve	90,000	-	90,000
Contingency Reserve	70,000	-	70,000
	<u>\$ 985,958</u>	<u>\$ (2,033)</u>	<u>\$ 983,925</u>

20. SUPPLEMENTAL CASH FLOW INFORMATION

A reconciliation of the excess of revenues over expenses during the year to cash flows from (used for) operating activities is as follows:

	2022	2021
Excess of revenues over expenses per page 2	\$ 252,405	\$ 166,238
Items not affecting cash:		
Amortization of tangible capital assets	6,700	5,981
Amortization of deferred government assistance	(3,676)	(3,676)
Change in accrued interest from GICs	369	11,219
Interest income received relating to short-term investments	(748)	(12,929)
Bad debts (recovered)	<u>(20,000)</u>	<u>86,969</u>
	<u>235,050</u>	<u>253,802</u>
Net change in non-cash operating working capital accounts:		
Decrease (increase) in accounts receivable	214,618	(190,263)
Decrease in GST receivable	14,647	33,455
Increase (decrease) in wages and benefits payable	(16,042)	21,222
(Decrease) increase in government remittances payable	(11,566)	14,136
Increase (decrease) in trade payables and accruals	31,075	(84,896)
Increase in contribution repayable	97,513	40,000
Decrease in deferred revenue	(18,500)	(122,670)
Increase in deferred lease inducement liability	<u>5,000</u>	<u>-</u>
	<u>316,745</u>	<u>(289,016)</u>
Cash flows used for operating activities per page 4	<u>\$ 551,795</u>	<u>\$ (35,214)</u>

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

21. RELATED PARTIES

The Society is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations and public agencies. The Society enters into transactions with these entities in the normal course of operations and on normal trade terms applicable to all parties. The Workers' Safety and Compensation Commission is significantly influenced by the GNWT. The amounts due to and from related parties are unsecured, non-interest bearing and due on demand.

Transactions with related parties during the year and balances at year end, not disclosed elsewhere in the financial statements, are disclosed in this note.

	<u>2022</u>	<u>2021</u>
Revenue		
Revenue - Northwest Territories Housing Corporation	<u>\$ 17,550</u>	<u>\$ 17,450</u>
Expenses		
Aurora College:		
Rent, hospitality, office, telephone, and professional development	\$ -	\$ 600
Workers' Safety and Compensation Commission	<u>23,157</u>	<u>21,319</u>
	<u>\$ 23,157</u>	<u>\$ 21,919</u>
Receivables from related parties:		
GNWT - Environment & Natural Resources (ENR)	\$ 37,176	\$ 37,176
GNWT - Health and Social Services	21,000	13,965
GNWT - Infrastructure	241,280	607,862
Northwest Territories Power Corporation	-	20,000
Northwest Territories Housing Corporation	<u>113,885</u>	<u>94,333</u>
	<u>\$ 413,341</u>	<u>\$ 773,336</u>

ARCTIC ENERGY ALLIANCE

SCHEDULE OF DEFERRED REVENUE

For the year ended March 31, 2022

Program	Opening balance	Cash funding received	Funding Receivable	Repayments	Transfers	Total funding available	Funding expended	Closing balance
CONTRIBUTIONS								
GOVERNMENT OF CANADA								
Department of Natural Resources (NRCan)								
Clean Energy in Rural and Remote Communities (CERRC) Program	\$ -	\$ 48,706	\$ 176,946	\$ -	\$ -	\$ 225,652	\$ 225,652	\$ -
GOVERNMENT OF THE NORTHWEST TERRITORIES (GNWT)								
Department of Infrastructure - Core and Program Funding								
Core Funding	\$ -	\$ 1,360,000	\$ 240,000	\$ -	\$ (17,543)	\$ 1,582,457	\$ 1,582,457	\$ -
Alternative Energy Technologies Program (AETP)	-	300,000	-	-	(9,431)	290,569	290,569	-
Energy Rating Services Support Program (ERS)	-	150,000	-	-	-	150,000	150,000	-
Energy Efficiency Incentive Program (EEIP)	-	200,000	-	-	85,852	285,852	285,852	-
Biomass Energy	-	100,000	-	-	(31,196)	68,804	68,804	-
Commercial Energy Conservation & Efficiency Program (CECEP)	-	200,000	-	-	(17,558)	182,442	182,442	-
Community Government Retrofits (CGERP)	-	190,000	-	-	(10,123)	179,877	179,877	-
Electric Vehicle (EV)	-	100,000	-	-	-	100,000	68,500	31,500
	-	2,600,000	240,000	-	-	2,840,000	2,808,500	31,500
Department of Infrastructure - Low Carbon Economy Leadership Fund (LCELF)								
Alternative Energy Technologies Program (AETP)	-	620,818	-	97,513	-	523,304	523,304	-
Energy Efficiency Incentive Program (EEIP)	-	174,530	-	-	-	174,530	174,530	-
Commercial Energy Conservation & Efficiency Program (CECEP)	-	317,826	-	-	-	317,826	317,826	-
Community Government Building Energy Retrofit (CGBERP)	-	18,009	-	-	-	18,009	18,009	-
Deep Home Energy Retrofit	-	222,242	-	-	-	222,242	222,242	-
Low Income Energy Assistance	-	114,774	-	-	-	114,774	114,774	-
Energy Efficiency and Conservation Retrofits - NGO	-	149,806	-	-	-	149,806	149,806	-
Community Energy Plan Implementation	-	277	-	-	-	277	277	-
Community Wood Stoves	-	181,718	-	-	-	181,718	181,718	-
	-	1,800,000	-	97,513	-	1,702,487	1,702,487	-
Total INF	-	4,400,000	240,000	97,513	-	4,542,487	4,510,987	31,500
Department of Health & Social Services (H&SS)								
Low Income Energy Retrofits	-	21,000	21,000	-	-	42,000	42,000	-
Department of Environment and Natural Resources (ENR)								
Cold Climate Air Source Heat Pumps	-	42,500	-	-	-	42,500	42,500	-
Total GNWT	-	4,463,500	261,000	97,513	-	4,626,987	4,595,487	31,500
Other Revenue								
Membership fees received in advance from ENR	50,000	-	-	-	-	50,000	50,000	-
Total contributions	\$ 50,000	\$ 4,512,206	\$ 437,946	\$ 97,513	\$ -	\$ 4,902,638	\$ 4,871,138	\$ 31,500

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS
For the year ended March 31, 2022

Schedule II

	Total	Core Funding	Alternative Energy Technologies Program (AETP)	Energy Rating Services Support Program	Biomass Energy	Commercial Energy Conservation & Efficiency Program (CECEP)
REVENUES						
Contributions from GNWT	\$ 4,595,487	1,624,957	359,069	150,000	68,804	182,442
Contributions from Canada	225,652	-				
Membership fees	227,500	227,500	-			
Other source income	156,143	54,259	-	40,350		
Interest income	5,934	5,934	-			
	5,210,717	1,912,650	359,069	190,350	68,804	182,442
EXPENDITURES						
Advertising and promotion	45,982	40,420	-	-	1,249	-
Bad debts (recovered)	(20,000)	(20,000)			-	
Consulting fees	131,267	24,855	-	-	1,043	-
Equipment rental	3,278	3,278	-	-	-	-
Facility rental and tradeshow fees	8,379	5,579	-	-	-	-
Fees and dues	14,693	14,594	-	-	-	-
Hospitality	8,351	7,446	-	-	346	-
Insurance	13,753	13,753	-	-	-	-
Interest and bank charges	4,458	4,458	-	-	-	-
Office and general	122,413	101,717	-	286	154	382
Professional development	48,964	33,648	-	-	-	-
Professional fees	34,637	34,637	-	-	-	-
Rebates	1,853,667	-	312,700	-	-	108,210
Rent and utilities	171,409	171,409	-	-	-	-
Telephone, Internet and Website	43,943	43,943	-	-	-	-
Travel and accommodation	111,491	69,449	-	1,180	-	-
Wages and benefits	2,358,604	1,152,398	46,368	152,491	66,013	73,849
	4,955,288	1,701,584	359,069	153,957	68,804	182,442
EXCESS OF REVENUES OVER EXPENDITURES	255,429	211,066	-	36,393	-	-
TRANSFERS						
Amortization of tangible capital assets	(6,700)	(6,700)	-	-	-	-
Acquisition of prepaid expenses	-	-	-	-	-	-
Use of prepaid expenses	-	-	-	-	-	-
Amortization of government assistance	3,677	3,677	-	-	-	-
	(3,024)	(3,024)	-	-	-	-
EXCESS OF REVENUES OVER EXPENSES	\$ 252,405	\$ 208,043	\$ -	\$ 36,393	\$ -	\$ -

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS
For the year ended March 31, 2022

Schedule II

	Community Government Retrofits (CGERP)	Energy Efficiency Incentive Program (EEIP)	Alternative Energy Technologies LCELF	Energy Efficiency Incentive Program LCELF	Commercial Energy Conservation & Efficiency LCELF	Community Government Building Energy Retrofit LCELF
REVENUES						
Contributions from GNWT	179,877	285,852	523,304	174,530	317,826	18,009
Contributions from Canada						
Membership fees			-	-	-	-
Other source income	2,960		-	-	-	-
Interest income			-	-	-	-
	182,836	285,852	523,304	174,530	317,826	18,009
EXPENDITURES						
Advertising and promotion	-	-	-	2,479	238	-
Bad debts (recovered)						
Consulting fees	-	-	-	3,211	-	-
Equipment rental	-	-	-	-	-	-
Facility rental and tradeshow fees	-	-	-	-	-	-
Fees and dues	-	-	-	-	-	-
Hospitality	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Interest and bank charges	-	-	-	-	-	-
Office and general	25	-	-	-	975	-
Professional development	-	-	4,376	-	4,376	-
Professional fees	-	-	-	-	-	-
Rebates	116,430	247,843	406,473	145,527	178,519	6,754
Rent and utilities	-	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-	-
Travel and accommodation	-	-	-	-	-	-
Wages and benefits	63,422	38,009	112,455	23,312	133,719	11,255
	179,877	285,852	523,304	174,530	317,826	18,009
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-	-	-
TRANSFERS						
Amortization of tangible capital assets	-	-	-	-	-	-
Acquisition of prepaid expenses	-	-	-	-	-	-
Use of prepaid expenses	-	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-	-
	-	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS
For the year ended March 31, 2022

Schedule II

	Deep Home Energy Retrofit LCELf	Low Income Home Energy Assistance LCELf	Energy Efficiency & Conservation Retrofits NPOs LCELf	Community Energy Plan Implementation LCELf	Community Wood Stoves LCELf
REVENUES					
Contributions from GNWT	222,242	114,774	149,806	277	181,718
Contributions from Canada					
Membership fees	-	-	-	-	-
Other source income	-	-	-	-	-
Interest income	-	-	-	-	-
	222,242	114,774	149,806	277	181,718
EXPENDITURES					
Advertising and promotion	-		-		
Bad debts (recovered)					
Consulting fees	-	-	298	-	
Equipment rental	-	-	-	-	-
Facility rental and tradeshow fees	-		-	-	
Fees and dues	-	-		-	
Hospitality	-		90	-	
Insurance	-	-	-	-	-
Interest and bank charges	-	-	-	-	-
Office and general	-				
Professional development	2,188	2,188	2,188		
Professional fees	-	-	-	-	-
Rebates	108,505	24,224	72,392	-	84,091
Rent and utilities	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-
Travel and accommodation	8,932	4,870	-	-	6,723
Wages and benefits	102,616	83,492	74,840	277	90,904
	222,242	114,774	149,806	277	181,718
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-	-
TRANSFERS					
Amortization of tangible capital assets	-	-	-	-	-
Acquisition of prepaid expenses	-	-	-	-	-
Use of prepaid expenses	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
	-	-	-	-	-
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE FUNDING AND ENERGY PROGRAMS
For the year ended March 31, 2022

Schedule II

	Low Income Home Winterization GNWT	CERRC Canada
REVENUES		
Contributions from GNWT	42,000	-
Contributions from Canada		225,652
Membership fees	-	-
Other source income	-	58,575
Interest income	-	-
	<u>42,000</u>	<u>284,227</u>
EXPENDITURES		
Advertising and promotion	-	1,596
Bad debts (recovered)		-
Consulting fees	-	101,860
Equipment rental	-	
Facility rental and tradeshow fees	-	2,800
Fees and dues	-	98
Hospitality	-	469
Insurance	-	
Interest and bank charges	-	
Office and general		18,875
Professional development		
Professional fees		
Rebates	42,000	
Rent and utilities		
Telephone, Internet and Website		
Travel and accommodation		20,336
Wages and benefits		133,182
	<u>42,000</u>	<u>279,217</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>5,010</u>
TRANSFERS		
Amortization of tangible capital assets	-	-
Acquisition of prepaid expenses	-	-
Use of prepaid expenses	-	-
Amortization of government assistance	-	-
	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ 5,010</u>

See accompanying notes.

Inuvialuit Water Board

Financial Statements

March 31, 2022

Inuvialuit Water Board

Financial Statements

March 31, 2022

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Management's Responsibility for the Financial Statements

June 16, 2022

**To the Directors of
Inuvialuit Water Board**

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Directors of the Board are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements yearly. The Board also discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, Crowe Mackay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.



**Mardy Semmler
Executive Director
Inuvialuit Water Board**

Independent Auditors' Report

To the Directors of Inuvialuit Water Board

We have audited the accompanying financial statements of the Inuvialuit Water Board, which comprises the statement of financial position as at March 31, 2022, and the statements of operations, accumulated surplus, change 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, the financial statements present fairly, in all material respects, the financial position of the Inuvialuit Water Board as at March 31, 2022, and the results of its operations and its 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we 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 the 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.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are 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.

Crowe MacKay LLP

Yellowknife, Northwest Territories
June 16, 2022

Chartered Professional Accountants

Inuvialuit Water Board

Statement of Operations

For the year ended March 31,	Budget (Note 12)	2022	2021
Revenue			
Contributions from GNWT	\$ 924,000	\$ 924,000	\$ 924,000
Donation in-kind (Note 12)	61,693	61,693	61,693
Other revenue	-	1,209	-
Total revenues before repayable contributions	-	986,902	985,693
Repayable contributions (Note 7)	-	(344,372)	(283,890)
Total revenues	985,693	642,530	701,803
Expenses			
Advertising	2,000	1,560	1,956
Amortization	10,000	11,975	11,942
Board travel and training	18,000	3,867	439
Communications	30,500	22,572	35,146
Communication strategy implementation	50,000	8,512	638
Community capacity initiative	30,000	-	10
Community tour	20,000	11,351	9,863
Conferences (recovery)	4,000	3,060	(3,065)
Consulting	5,000	-	600
Equipment maintenance	5,500	5,668	2,457
Equipment rental	5,000	7,297	3,965
Honoraria	75,000	58,381	63,227
Hospitality	-	815	907
Interest and bank charges	1,000	67	335
Office supplies	3,200	2,117	1,162
Postage	2,000	260	159
Professional fees	71,800	49,130	56,657
Publications - French translation	20,000	-	-
Rent (Note 12)	61,693	61,693	61,693
Salaries and benefits	543,000	384,234	465,637
Implications of In House Staffing - Ph II	5,000	-	-
Staff travel	17,000	9,346	17
Staff training	4,000	-	-
Staff recruitment and relocation	2,000	-	-
Total expenses	985,693	641,905	713,745
Surplus (deficit) before other items	-	625	(11,942)
Loss on disposal of tangible capital assets	-	-	1,982
Operating surplus (deficit)	-	625	(13,924)
Transfer to (from) tangible capital assets	-	585	13,924
Surplus	\$ -	\$ 1,210	\$ -

Inuvialuit Water Board**Statement of Accumulated Surplus**

For the year ended March 31,**2022****2021**

	Capital Asset Fund	Operating Fund	Total	Total
Balance, beginning of year	\$ 24,118	\$ 290,964	\$ 315,082	\$ 329,006
Operating surplus (deficit)	-	625	625	(13,924)
Acquisition of tangible capital assets	11,390	(11,390)	-	-
Amortization of tangible capital assets	(11,975)	11,975	-	-
Balance, end of year	\$ 23,533	\$ 292,174	\$ 315,707	\$ 315,082

Inuvialuit Water Board

Statement of Change in Net Financial Assets

For the year ended March 31,	Budget (Note 12)	2022	2021
Operating surplus (deficit)	\$ -	\$ 625	\$ (13,924)
Acquisition of tangible capital assets	(11,390)	(11,390)	-
Amortization of tangible capital assets	10,000	11,975	11,942
Loss on disposal of tangible capital assets	-	-	1,982
Net change in financial assets	(1,390)	1,210	-
Net financial assets, beginning of year	290,964	290,964	290,964
Net financial assets, end of year	\$ 289,574	\$ 292,174	\$ 290,964

Inuvialuit Water Board**Statement of Financial Position**

As at March 31,	2022	2021
------------------------	-------------	-------------

Financial Assets

Cash	\$ 560,975	\$ 515,031
Temporary investments (Note 4)	201,200	200,000
Accounts receivable (Note 5)	3,008	3,084
	765,183	718,115

Liabilities

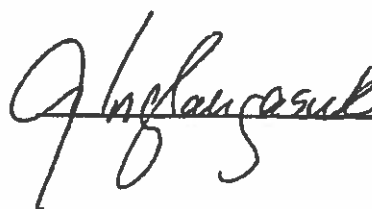
Accounts payable and accrued liabilities (Note 6)	128,637	143,261
Repayable contributions (Note 7)	344,372	283,890
	473,009	427,151
Net financial assets	292,174	290,964

Non-Financial Assets

Tangible capital assets (Note 8)	23,533	24,118
----------------------------------	---------------	---------------

Accumulated surplus	\$ 315,707	\$ 315,082
----------------------------	-------------------	-------------------

Commitments (Note 10)**Approved on behalf of the Board**

Director

Director

Inuvialuit Water Board**Statement of Cash Flows**

For the year ended March 31,	2022	2021
Cash provided by (used in)		
Operating activities		
Operating surplus (deficit)	\$ 625	\$ (13,924)
Item not affecting cash:		
Amortization of tangible capital assets	11,975	11,942
Loss on disposal of tangible capital assets	-	1,982
Changes in non-cash operating working capital		
Accounts receivable	75	1,974
Accounts payable and accrued liabilities	(14,625)	11,700
Repayable contributions	60,483	162,402
	58,533	176,076
Investing activity		
Purchase of temporary investments	(201,200)	(200,000)
Maturity of temporary investments	200,000	-
	(1,200)	(200,000)
Capital activity		
Acquisition of tangible capital assets	(11,390)	-
Increase (decrease) in cash	45,943	(23,924)
Cash, beginning of year	515,032	538,956
Cash, end of year	\$ 560,975	\$ 515,032

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2022

1. Organization and Jurisdiction

The Inuvialuit Water Board (the "Board") is established under the *Northwest Territories Waters Act* (Canada) and continued under the *Waters Act* (Northwest Territories). The Board monitors and approves water use and disposal of waste in that portion of the Northwest Territories in the Inuvialuit Settlement Region.

The Board is exempt from income tax under paragraph 149(1)(c) of the *Income Tax Act* (Canada).

2. Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS") as established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The following is a summary of the significant accounting policies used by management in preparing these financial statements.

(a) Financial Instruments

The Board classifies its financial instruments at cost or amortized cost. The Board's accounting policy for this financial instrument category is as follows:

This category includes cash, temporary investments, accounts receivable, accounts payable and accrued liabilities, and repayable contributions. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value, with the write-down being recognized in the statement of operations.

(b) Cash

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with maturities of three months or less from acquisition that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(c) Tangible Capital Assets

Tangible capital assets are recorded in the Capital Asset Fund at cost. Amortization is recorded in the capital asset fund using the declining balance method at the annual rates set out in Note 8.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2022

2. Accounting Policies (continued)

(d) Fund Accounting

The Board uses fund accounting to segregate transactions between the Operating Fund and the Capital Asset Fund. The Operating Fund accounts for the Board's operating and administrative activities. The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to tangible capital assets.

(e) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable, and are presented as non-financial assets in the statement of financial position.

Donation in kind for rent are recognized as contribution at their estimated fair market value at the date of the donation.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(f) Measurement uncertainty

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 disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenues and expenses during the period. Actual results could differ from those estimates. Significant accounts subject to measurement uncertainty include allowances for doubtful accounts, and the useful lives of tangible capital assets.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2022

3. Future Accounting Standards

(a) Asset Retirement Obligations, Section PS 3280

This Section will be effective for fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted. The Section is intended to enhance comparability of financial statements among public sector entities by establishing uniform criteria for recognition and measurement of asset retirement obligations, including obligations that may not have been reported. This Section would require public sector entities to review existing contract, legislation, etc., to identify retirement activities associated with its controlled capital assets. If any, the impact of the transition to this proposed accounting standard has not yet been determined.

(b) Revenue, Section PS 3400

This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations referred to as "non-exchange transactions." This Section applies to fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.

The impact of the transition to these accounting standards is not expected to be significant.

4. Temporary Investments

Temporary investments include two one-year guaranteed investment certificates with the Canadian Imperial Bank of Commerce. These investments generate interest at a rate of 0.45% per annum and mature on November 9, 2022.

5. Accounts Receivable

	2022	2021
Expense recoveries receivable	\$ -	\$ 175
Goods and Services Tax rebate	3,008	2,909
	<u>\$ 3,008</u>	<u>\$ 3,084</u>

As at March 31, 2022, the allowance for doubtful accounts is \$nil (2021 - \$nil).

6. Accounts Payable and Accrued Liabilities

	2022	2021
Government of the Northwest Territories - wages payable	\$ 94,324	\$ 126,536
Accrued liabilities	10,711	10,711
Credit card payable	20,585	1,747
Other accounts payable	3,017	4,267
	<u>\$ 128,637</u>	<u>\$ 143,261</u>

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2022

7. Repayable Contributions

	2022	2021
Government of the Northwest Territories:		
- Department of Environment and Natural Resources	\$ 344,372	\$ 283,890

8. Tangible Capital Assets

	Rate	Cost	Accumulated Amortization	2020 Net Book Value	2021 Net Book Value
Furniture and equipment	20%	\$ 52,597	\$ 34,625	\$ 17,972	\$ 18,035
Computer equipment	30%	47,907	42,346	5,561	6,083
Computer software	100%	-	-	-	-
		\$ 100,504	\$ 76,971	\$ 23,533	\$ 24,118

9. Economic Dependence

The Board depends on funding as contributions from the Government of the Northwest Territories ("GNWT"). Management is of the opinion that if the funding were reduced or altered, operations would be significantly affected.

10. Commitments

The Board's total commitments under various operating leases for office equipment are as follows:

2023	\$ 4,945
2024	206
	\$ 5,151

11. Risk Management

The Board is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risk from the Board's financial instruments by type of risk is provided below:

(i) Credit risk

Credit risk is the risk of financial loss to the Board if a debtor fails to make payments of interest and principal when due. The Board is exposed to this risk relating to its cash and accounts receivable.

Accounts receivable are due from various governments, government agencies and corporations. Credit risk related to accounts receivable is mitigated by internal controls and policies and oversight over arrears for the ultimate collection. Management has determined that no accounts receivable required impairment.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2022

11. Risk Management (Continued)

The Board's maximum exposure to credit risk is represented by the balance of the financial assets of \$762,175 (2021 - \$715,031).

(ii) Concentration of credit risk

Concentrations of credit risk is the risk that a customer(s) has a significant portion of the total accounts receivable balance, and thus, there is a higher risk to the Board in the event of a default. The Board does not have a concentration of credit risk.

At March 31, 2022, 100% (2021 - 100%) of the Board's cash and temporary investments were held within one of Canada's chartered banks. This risk has not changed from the prior year.

(iii) Liquidity risk

Liquidity risk is the risk that the Board will not meet all cash outflow obligations as they come due. The Board has a liquidity risk in accounts payable and accrued liabilities of \$473,009 (2021 - \$427,151). The Board mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. All the Board's financial assets and financial liabilities at March 31, 2022, mature within the next six months.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures, and methods used to measure the risk

12. Related Party Transactions

During the year, honoraria and travel expenditures were paid to members of the Board of Directors. These expenditures were in the ordinary course of the Board's operations and were measured at the exchange amount.

The Board is controlled by, and regularly transacts with, the Government of the Northwest Territories. Transactions include contribution funding and donation in-kind related to rent. These transactions were in the normal course of the Board's operations. Transactions were measured at the exchange amount, which is the amount of consideration paid and agreed to by related parties.

13. Budget Amounts

The budget figures presented are those approved by the Board.

Northwest Territories Business Development and Investment Corporation

Consolidated Financial Statements

For the year ended

March 31, 2022

Northwest Territories Business Development and Investment Corporation

Management's Responsibility for Financial Reporting

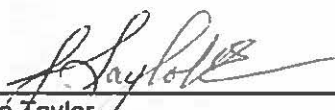
The accompanying consolidated financial statements of the Northwest Territories Business Development and Investment Corporation (the Corporation) are the responsibility of the Corporation's management and have been reviewed and approved by its board of directors.

Management is responsible for preparing these consolidated financial statements in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these consolidated financial statements.

In discharging its responsibility for the integrity, fairness and quality of the consolidated financial statements, management is responsible for maintaining financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, proper records are maintained, and the Corporation complies with applicable laws and conflict of interest rules. These controls and practices help to ensure the orderly conduct of business, the accuracy of the accounting records, the timely preparation of financial information, and adherence to the Corporation's policies and statutory requirements.

The board of directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. It exercises this responsibility through the Audit Committee, which is comprised of members who are not employees of the Corporation. The Audit Committee meets with management on a regular basis. The external auditors also have full and free access to the Audit Committee.

The Corporation's independent external auditor, the Auditor General of Canada, is responsible for auditing the transactions and consolidated financial statements of the Corporation and for issuing her report thereon.



Joyce Taylor
Chief Executive Officer

Leonard Kwong
Director, Finance and Programs

August 25, 2022



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Business Development and Investment Corporation

Opinions

We have audited the consolidated financial statements of the Northwest Territories Business Development and Investment Corporation and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Qualified Opinion on the Results of Operations and Changes in Net Financial Assets

In our opinion, except for the possible effects on the comparative information of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated statement of operations and accumulated surplus and consolidated statement of change in net financial assets present fairly, in all material respects, the consolidated results of operations and consolidated changes in net financial assets of the Group for the year ended 31 March 2022 in accordance with Canadian public sector accounting standards.

Opinion on the Financial Position and Cash Flows

In our opinion, the accompanying consolidated statement of financial position and consolidated statement of cash flows present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022 and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinions, Including Basis for Qualified Opinion on the Results of Operations and Changes in Net Financial Assets

On 11 March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). As a result, measures were put in place that impacted our ability to observe the counting of physical inventories as at 31 March 2020. We were also unable to satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories affect the determination of the results of operations and changes in net financial assets, we were unable to determine whether adjustments to the results of operations and changes in net financial assets might have been necessary in the consolidated statement of operations and accumulated surplus and in the consolidated statement of change in net financial assets, respectively, for the year ended 31 March 2021. Our audit opinion on the consolidated financial statements for the year ended 31 March 2021 was modified accordingly because of the possible effects of this limitation in scope. As a result, our opinion on the current

year's consolidated financial statements is modified because of the possible effects of this matter on the comparability of the current year's figures and the comparative information.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's *Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the financial position and cash flows and our qualified opinion on the results of operations and changes in net financial assets.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

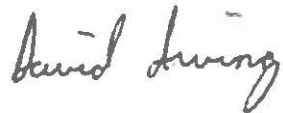
Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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.

A handwritten signature in black ink, appearing to read "David Irving". The signature is fluid and cursive, with a horizontal line extending from the end.

David Irving, CPA, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
25 August 2022

Northwest Territories Business Development and Investment Corporation
Consolidated Financial Statements (March 31, 2022)

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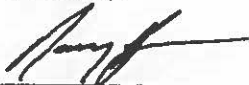
Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Financial Position (000's)**

	March 31, 2022	March 31, 2021
	\$	\$
Financial Assets		
Cash (Notes 3 and 19)	15,473	18,229
Accounts receivable (Notes 4, 16 and 19)	2,195	130
Inventories for sale (Note 5)	257	340
Loans receivable (Notes 6, 7, 8 and 19)	44,184	43,511
Venture investments (Note 9)	350	-
	62,459	62,210
Liabilities		
Accounts payable and accrued liabilities	1,142	1,061
Post-employment benefits (Note 10)	286	297
Advances from the Government of the NWT (Notes 11 and 16)	26,067	26,798
Asset retirement obligations	34	31
	27,529	28,187
Net financial assets	34,930	34,023
Non financial assets		
Tangible capital assets (Schedule A)	172	244
Prepaid expenses	2	12
	174	256
Accumulated surplus	35,104	34,279

Contractual obligations and contingencies (Notes 14 and 15)

The accompanying notes and Schedule A are an integral part of these consolidated financial statements

Approved by:



Denny Rodgers
Chairperson of the Board of Directors

Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Change in Net Financial Assets (000's)**

For the year ended March 31	Budget 2022	Actual 2022	Actual 2021
	\$	\$	\$
Annual surplus (deficit)	187	825	(358)
Amortization of tangible capital assets	77	72	74
Acquisition of prepaid expenses	-	(2)	(12)
Use of prepaid expenses	-	12	1
	-	10	(11)
Increase (decrease) in net financial assets	264	907	(295)
Net financial assets, beginning of year	34,023	34,023	34,318
Net financial assets, end of year	34,287	34,930	34,023

The accompanying notes and Schedule A are an integral part of these consolidated financial statements.

Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Operations and Accumulated Surplus (000's)**

For the year ended March 31	Budget 2022	Actual 2022	Actual 2021
	\$	\$	\$
Revenues			
Interest on loans receivable	1,950	2,270	2,212
Sales and other income	706	607	468
Interest on pooled cash (Note 3)	301	102	139
	2,957	2,979	2,819
Government transfers (Note 12)	2,879	2,882	2,954
	5,836	5,861	5,773
Expenses (Note 13)			
Lending and investments	4,310	3,912	5,171
Retail and manufacturing	1,339	1,124	960
	5,649	5,036	6,131
Annual surplus (deficit)	187	825	(358)
Accumulated surplus, beginning of year	34,279	34,279	34,637
Accumulated surplus, end of year	34,466	35,104	34,279

The accompanying notes and Schedule A are an integral part of these consolidated financial statements.

Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Cash Flows (000's)**

For the year ended March 31	2022	2021
	\$	\$
Operating transactions		
Cash received from:		
Governments	130	2,109
Customers	675	491
Interest	2,793	1,352
	3,598	3,952
Cash paid for:		
Compensation and benefits	2,240	1,953
Payments to suppliers	914	743
Interest on advances from the Government of the NWT	633	-
Grants and contributions	206	199
	3,993	2,895
Cash (used for) provided by operating transactions	(395)	1,057
Investing transactions		
Loans receivable disbursed	(6,002)	(9,649)
Venture investment disbursed	(350)	-
Loans receivable repaid	4,358	1,885
Cash (used for) investing transactions	(1,994)	(7,764)
Financing transactions		
Repayment of advances from the Government of the NWT	(367)	-
Advances from the Government of the NWT	-	5,500
Cash (used for) provided by financing transactions	(367)	5,500
(Decrease) in cash	(2,756)	(1,207)
Cash, beginning of year	18,229	19,436
Cash, end of year	15,473	18,229

The accompanying notes and Schedule A are an integral part of these consolidated financial statements.

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2022

1. The Corporation

(a) Authority

The Northwest Territories Business Development and Investment Corporation (the Corporation) was established on April 1, 2005 pursuant to the *Northwest Territories Business Development and Investment Corporation Act* (the Act).

The Corporation is a territorial corporation of the Government of the Northwest Territories (Government of the NWT) named in Schedule B of the *Financial Administration Act* (the FAA). Accordingly, the Corporation operates in accordance with Part 3 of the FAA, the Act and its regulations, and any directives issued to it by the Minister responsible for the Corporation (the Minister) under Section 4 of the Act.

(b) Mandate

The mandate of the Corporation is to support the economic objectives of the Government by encouraging the creation and development of business enterprises in the Northwest Territories and by providing information and financial assistance to, and making investments in, such enterprises.

(c) Government of the NWT transfers and advances

In accordance with Section 30 of the Act, the Corporation must annually submit a corporate plan, operating budget and capital budget identifying the transfers requested from the Government of the NWT for approval by the Financial Management Board (the FMB) prior to the commencement of the fiscal year. The transfers received from the Government of the NWT are for the purposes of financing the Corporation's general operations; making capital investments in, and providing working capital advances and operating subsidies to, business enterprises based on need; providing transfers for business development projects; and purchasing tangible capital assets for the Corporation. The transfers are repayable to the Government of the NWT if not completely spent within the fiscal year in which they were provided.

The Corporation and its organizations are economically dependent upon the transfers received from the Government of the NWT for their ongoing operations (Note 18).

Section 26 of the Act also authorizes the Government of the NWT to advance to the Corporation an amount out of the Consolidated Revenue Fund not exceeding \$150 million for the purposes of providing financial assistance to, or making investments in, business enterprises. These advances are repayable to the Government of the NWT on demand.

(d) Taxes

The Corporation and its organizations are exempt from the payment of municipal and territorial taxes pursuant to Section 35 of the Act and federal income tax pursuant to Section 149(1)(d) of the *Income Tax Act* of Canada.

(e) Budget

The consolidated budget figures have been derived from the budgets approved by the FMB and the Corporation's board of directors. Other budgeted amounts have been approved by the Corporation's senior management.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2022

2. Summary of significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board (the PSAB).

(a) Measurement uncertainty

The preparation of the consolidated financial statements, in accordance with PSAS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect on the consolidated financial statements of changes to such estimates and assumptions in future periods could be significant, although at the time of preparation of these consolidated financial statements, management believes the estimates and assumptions to be reasonable.

The more significant estimates relate to the determination of the valuation of loans receivables, impaired loans, venture investments, amortization, and the allowance for credit losses, the provision for termination and removal benefits, and services received without charge. A variation in the quality of the loan portfolio or economic conditions under which these estimates are made could result in significant changes in these management estimates.

The significant accounting policies followed by the Corporation in the preparation of these consolidated financial statements are summarized below:

(b) Principles of consolidation

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity, which includes the Corporation and the organizations it controls. All inter-entity transactions and balances have been eliminated upon consolidation. These consolidated financial statements include the accounts of the following organizations:

Organization	Location	Percentage Ownership	Incorporation Date
Light manufacturing			
913044 N.W.T. Ltd.			
(o/a Fort McPherson Tent & Canvas)	Fort McPherson, NT	100%	September 25, 1991
Aklavik & Tuktoyaktuk Furs Ltd.	Tuktoyaktuk, NT	100%	June 30, 1997
Dene Fur Clouds Ltd.	Fort Providence, NT	100%	December 18, 1997
Fine arts and crafts			
Acho Dene Native Crafts Ltd.	Fort Liard, NT	100%	October 15, 1992
5983 N.W.T. Ltd. (o/a Ulukhaktok Arts Centre)	Ulukhaktok, NT	100%	February 12, 2008
Wholesale/retail stores			
Arctic Canada Trading Co. Ltd.	Yellowknife, NT	100%	June 28, 1997
Muskox Harvesting			
6355 N.W.T. Ltd.	Sachs Harbour, NT	100%	May 12, 2011

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2022**

2. Summary of significant accounting policies (continued)**(c) Cash**

Cash is comprised of bank account balances (net of outstanding cheques). Surplus cash is pooled with the Government of the NWT's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets which can be withdrawn at any time, and are not restricted by maturity dates on investments made by the Government of the NWT. Cash also includes funds and reserves subject to restrictions as described in Note 3.

(d) Accounts receivable

Accounts receivable are recorded at cost. A valuation allowance is recorded when the collection of a receivable is considered doubtful.

(e) Inventories for sale

Inventories for sale consist of finished goods, work-in-process and raw material and are carried at the lower of cost and net realizable value, with cost being determined on a first in, first out basis.

(f) Loans receivable

Loans receivable are initially recognized at cost. Valuation allowances are used to adjust the carrying amount of loans receivable to the lower of cost and net recoverable value. Concessionary loans are recorded at net present value at issue, and related present value discounts are expensed. Loans are classified as impaired when, in management's opinion, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest.

Previously, loans were considered in default when payment was three months past due (unless the loan was fully secured), or six months past due (regardless of whether the loan was fully secured). However, under the COVID-19 economic relief programs, clients were able to obtain low interest loans and/or reduce or defer their loan payments for the 2020-2021 fiscal year without penalty or additional interest charges. Impairment for these loans were assessed differently. The Corporation conducted client surveys, reviewed loan extension and restructuring requests as well as loan payments received in 2021-2022 to determine whether loans were performing or impaired.

Loans receivable with concessionary terms are considered in part to be grants and are recorded on the date of issuance at face value discounted by the amount of the grant portion. The discounted value and the effective interest rate are determined using the prime rate adjusted for risk at the date of issuance. At the date of issue, the grant portion is calculated as the difference between the face and discounted value of the loan and recorded as interest expense. The grant portion is recognized as an expense at the date of issuance of the loan or when the concession is provided. These loans are carried at amortized costs with the discount being recorded as an increase in the loan balance and an increase to interest income over the term of the loan using the effective interest rate method.

When a loan is classified as impaired, the carrying amount of the loan is reduced to its estimated net recoverable value through an adjustment to the allowance for credit losses. Subsequent changes in the estimated net recoverable value are also adjusted through the allowance for credit losses.

Interest income is recognized on an accrual basis using the effective interest rate method until such time as the loan is classified as impaired. All payments received (i.e., recoveries) subsequent to a

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2022**

2. Summary of significant accounting policies (continued)**(f) Loans receivable (continued)**

loan, or loan with concessionary terms, being classified as impaired are offset against the allowance for credit losses. The loan reverts to performing status when all provisions for credit losses are reversed and, in management's opinion, the ultimate collection of principal and interest is reasonably assured. At that time, previously non-accrued interest income is recognized as interest income.

In accordance to the FAA, the Corporation's board of directors may approve the write-off of debts owing to the Corporation. An account that has been written off is still subject to collection action. An account can only be approved for forgiveness by the board of directors (\$500 or less) or the FMB (over \$500). Once an account has been forgiven, no further collection action is possible.

(g) Allowance for credit losses

The allowance for credit losses represents management's best estimate of the probable credit losses existing in the loan portfolio. In determining the allowance for credit losses, management segregates probable credit losses into two components: specific and general.

The specific allowance is established on an individual loan basis to recognize credit losses. When a loan is considered impaired, the carrying amount of the loan is reduced to its estimated net recoverable value by discounting the expected future cash flows at the effective interest rate inherent in the loan. If the expected future cash flows cannot be reasonably determined, the fair value of the underlying security of the loan is used to determine net recoverable value.

The general allowance is established using management's best judgement to reflect the probable losses on performing loans which cannot yet be specifically identified as impaired. The general allowance is based on the Corporation's historical loan loss experience, aggregate exposure to particular industries or geographical regions and prevailing economic conditions.

The allowance for credit losses is an accounting estimate based on historical loan loss experience and an assessment of current economic conditions. Events may occur that render the underlying assumptions invalid and thus cause actual credit losses to vary significantly from management's best estimate.

The allowance is increased or decreased by changes in the estimated net recoverable values during the current period and is reduced by recoveries and loan write-offs.

(h) Venture investments

Venture investments are recognized at cost less any write-downs to reflect impairment in value.

Gains and losses on disposal are recognized in income when realized. Where there has been a significant and other than temporary decline in value, the investment is written down to recognize the loss. Dividends from venture investments are included in revenue when received. When they are received, they are deposited to the Venture Investment Fund to be used for additional investments in venture activities.

There is no active quoted market.

2. Summary of significant accounting policies (continued)**(i) Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities include trade payables and liabilities, accrued payroll and benefits and vacation pay payable. These liabilities are valued at cost.

(j) Asset retirement obligations

The fair value of an asset retirement obligation is recognized in the period in which the obligation is incurred and is discounted from the expected date of settlement back to its present value using the Corporation's credit-adjusted risk-free rate. The fair value of the estimated obligation is recognized as a liability, with a corresponding increase in the carrying amount of the related asset.

The costs capitalized to the related assets are amortized to earnings in a manner consistent with the amortization of the underlying asset. The liability amount is increased in each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted costs could also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of a retirement obligation are charged against the obligation to the extent of the liability recognized.

(k) Government transfers

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

The Government of the NWT provides certain services without charge to the Corporation. The estimated cost of these services is recognized as services received without charge, which is included in government transfers, and is included in the Corporation's expenses.

(l) Post-employment benefits

i) **Pension benefits:** Substantially all of the employees of the Corporation are covered by the public service pension plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

ii) **Termination and removal benefits:** Employees are entitled to termination benefits and reimbursement of removal costs, as provided for under labour contracts and conditions of employment, based upon years of service. The benefits are paid upon resignation, retirement or death of an employee. The cost of these benefits is accrued as employees render the services necessary to earn them. Termination benefits are also recognized when employees are identified for lay-off. The cost of the benefits has been determined based on an actuary assessment.

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2022

2. Summary of significant accounting policies (continued)

(m) Tangible capital assets

Tangible capital assets are carried at cost less accumulated amortization and write-downs. Amortization is recognized on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Vehicle and equipment	4 years
Leasehold improvements	4 years
Computer equipment	4 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

(n) Financial instruments

The Corporation's financial instruments consists of cash, accounts receivable, loans receivable, venture investments, accounts payable and accrued liabilities, and the advances from the Government of the NWT. These financial instruments are measured at cost.

(o) Non financial assets

Non financial assets are not available to discharge existing liabilities and are held for use in provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non financial assets during the year, together with the excess revenues over expenses, provides the change net financial assets during the year.

(p) Segment disclosure

The Corporation presents segment information for lending and investment and retail and manufacturing activities. Lending and investment represent the activities of the Corporation and retail and manufacturing represents the activities of the organizations the Corporation controls. All revenues except for sales and other income are generated from lending and investment activities.

(q) Future accounting changes

The PSAB issued the following two new sections effective on or after April 2022 and 2023. The Corporation is currently assessing the impact of the two sections.

Section PS 3280, "Asset Retirement Obligation": This section establishes standards on how to account for and report for assets retirement obligations. This section is effective for fiscal year beginning on or after April 1, 2022 with earlier adoption permitted.

Section PS 3400, "Revenue": This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. This section is effective for fiscal year beginning on or after April 1, 2023 with earlier adoption permitted.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2022

3. Cash

Cash is comprised of cash held by the Corporation for operations, in funds and reserves established under the Act, and for post-employment benefits, as well as cash held by the Corporation's organizations. Cash is pooled with the Government of the NWT's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets. Cash can be withdrawn at any time and is not restricted by maturity dates on investments made by the Government of the NWT. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments, depending on the investment class, are rated R-2 High or better from the Dominion Bond Rating Service Limited. The Corporation earned \$102,000 in interest at an average investment yield of 0.71% during the year (2021: \$139,000 at an average investment yield of 0.83%).

In accordance with Section 27 of the Act, the Corporation is required to establish a Loan and Investments Fund for its lending and investing activities. The Program, Projects and Services Continuation Regulations (Regulations) of the Corporation specifies in Part 1 Section 4 (2), that a Loans and Bonds Fund will be used to record the lending operations while in Part 2 Section 19 (2), a Venture Investment Fund will be used to record the venture investment operations. Furthermore, under the Regulations Part 2 Section 18 (2), the Corporation has the obligation to continue to maintain a Capital Fund and the Subsidy Fund.

In addition to these funds, the Corporation is required under the Regulations Part 2 Sections 18 (6) and 19 (5) to establish a Capital Reserve Fund and Venture Reserve Fund respectively. The Corporation will continue to deposit to the reserve funds an amount equal to 10% of each capital or venture investment made. The Corporation may use the reserve funds for further investment or financing for its organizations and venture investments through approved drawdowns.

The Corporation is responsible for administering post-employment benefits including the cash held (Note 10b).

	000's	
	2022	2021
	\$	\$
Cash held by the Corporation for operations	3,509	5,284
Cash held by the Corporation's organizations	2,105	1,924
Cash held for post-employment benefits	286	297
	5,900	7,505
Venture Investment Fund	3,805	4,190
Capital Fund	873	873
Subsidy Fund	559	435
Venture Reserve Fund	521	486
Loans and Bonds Fund	3,668	4,593
Capital Reserve Fund	147	147
	9,573	10,724
	15,473	18,229

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2022

4. Accounts receivable

	000's	
	2022	2021
	\$	\$
Receivables	182	218
Receivables from the Government of the NWT	2,079	9
Receivable from the Government of Canada	49	48
Less: provision for doubtful accounts	115	145
	2,195	130

5. Inventories for sale

	000's	
	2022	2021
	\$	\$
Arts and crafts	70	146
Canvas products	187	194
	257	340

During the year, \$60,000 of inventories were written down (2021: \$101,000) and no inventories were pledged as security. Also, during the year, the Corporation had \$99,000 recoveries on inventory that had been previously written down (2021: \$35,000). Inventory write-downs and recoveries are included in the cost of goods sold.

6. Impact of COVID-19

On March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. Global business and investment markets were immediately and substantively affected. Within the Corporation's portfolio, industries have been impacted differently. In response to the pandemic, the Government of the NWT announced on March 20, 2020 certain economic relief measures through the Corporation effective April 1, 2020. The Corporation's interest rate reduction measure was considered to provide concessionary terms to qualified businesses.

Interest Rate Differential

The Corporation offered low interest working capital loans during the pandemic in 2021. Loans up to \$25,000 or higher in certain circumstances, were provided to qualified businesses at a rate of 1.75% on unsecured loans, which normally have an interest rate of 6.45% (prime + 4%). Two loans totalling \$55,000 approved in 2021, were disbursed under this measure (2021: Ninety-one loans totaling \$2,319,000). At March 31, 2022, allowance for credit losses on these loans totalled \$56,000 (2021: \$111,000).

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2022

6. Impact of COVID-19 (continued)**Economic relief measure extended**

In 2021, the Corporation allowed clients that applied to have their loan repayments reduced or deferred until March 31, 2021 without penalty or additional interest charges. Approval was provided for interest and payment deferrals throughout the year for all qualified loans receivable.

With the continued impact of COVID-19 affecting the Northwest Territories' economy in 2022, the Corporation's Application Review Committee approved thirty-one loans (2021: thirty-two loans) additional deferral options March 31, 2022.

These deferrals have no concessionary terms and will include penalty and/or additional interest charges. Of these loans a total of \$6,645,000 have been classified as impaired (2021: \$4,491,000) due to the increased risk of default on account and \$2,029,000 (2021: \$1,220,000) are included in specific allowance.

7. Loans receivable

The Corporation provides variable and fixed rate loans for periods up to five years with the amortization period not to exceed twenty-five years.

The Corporation charges its clients prime plus 2%, 3%, or 4%, depending on the security provided, client's management ability, the client's investment, and the amortization period. The Corporation holds various types of security on its loans, including real property, equipment, guarantees and general security agreements. Loans receivable are expected to mature as follows:

		000's			
		2022		2021	
		Rate Range	Balances	Rate Range	Balances
		%	\$	%	\$
Performing loans due within:	1 year	4.70-7.95	6,305	4.70-7.95	7,657
	1-2 years	5.45-7.45	3,636	4.70-6.70	7,857
	2-3 years	2.95-6.95	3,920	5.45-7.45	3,591
	3-4 years	1.75-6.95	9,881	2.95-6.95	4,501
	over 4 years*	1.75-6.45	12,173	1.75-6.95	12,790
			35,915		36,396
Accrued loan interest receivable			662		1,154
Impaired loans			11,200		11,160
			47,777		48,710
Less: allowance for credit losses (Note 8)			3,593		5,199
			44,184		43,511

* These loans receivable have been reduced by \$153,000 (2021: \$303,000) under the concessionary terms (Note 6)

In 2022, four accounts representing two borrowers totalling \$230,000 (including impaired interest of \$36,000 not recognized) were written off by the board of directors (2021: nil) and fourteen accounts

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2022

7. Loans receivable (continued)

representing ten borrowers totalling \$3,473,000 (including impaired interest of \$1,513,000 not recognized) were forgiven (2021: nil) by the FMB. The board of directors also wrote off a receivable unrelated to loans in the amount of \$6,000. Recoveries on loans previously written off from both loans receivable and allowance totalled \$18,000 (2021: \$38,000).

Concentration of credit risk

Concentration of credit risk may arise from exposure to groups of debtors having similar characteristics such that their ability to meet their obligations may be affected similarly by changes in economic or other conditions. The concentrations of performing loans and impaired loans by industry sector and geographic concentrations are displayed in the following tables:

Industry sector concentration

Sectors	000's			
	2022		2021	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
Accommodations, food and beverage	6,852	1,207	5,493	1,791
Agriculture	276	2,333	1,715	388
Arts and craft	5	346	6	375
Business services	125	3	185	304
Communication	-	523	-	559
Construction	5,566	2,715	6,345	2,870
Educational services	31	-	25	-
Entertainment and recreation	18	-	39	58
Finance and insurance	296	-	318	-
Fisheries and wildlife	37	13	22	30
Forestry and logging	57	-	89	-
Health care	68	-	82	-
Information and cultural industries	69	-	84	-
Management of companies	1,555	-	1,232	-
Manufacturing	1,183	2	1,113	8
Mining	123	-	127	-
Oil and gas	-	359	-	359
Other services	1,852	38	2,073	82
Professional, scientific and technical services	331	-	385	-
Real estate	7,498	157	6,752	155
Retail	6,390	1,236	6,058	1,243
Transportation and storage	2,317	1,495	2,961	897
Travel and tourism	539	773	565	2,041
Wholesale	727	-	727	-
	35,915	11,200	36,396	11,160

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2022

7. Loans receivable (continued)

Geographic concentration

Regions	000's			
	2022		2021	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
Beaufort-Delta	3,387	512	3,536	856
Dehcho	4,990	2,251	5,634	1,658
North Slave	7,893	4,465	6,920	4,185
Sahtu	2,071	67	2,176	133
South Slave	17,574	3,905	18,130	4,328
	35,915	11,200	36,396	11,160

The following table illustrates performing loans outstanding classified by the Corporation's credit risk rating system:

Credit risk rating	000's	
	2022	2021
	\$	\$
Low	19,293	19,040
Medium	14,193	15,020
High	2,429	2,336
	35,915	36,396

The Corporation considers a loan past due when a client has not made a payment in accordance with the payment terms. The following table presents the carrying value of loans that are past due but not classified as impaired because they did not meet the criteria of impairment:

Loans past due but not impaired	000's	
	2022	2021
	\$	\$
31 – 60 days	22	-
61 – 90 days	-	-
Over 90 days	-	-
	22	-

The risk exposure relating to loans is directly impacted by the clients' ability to meet their obligations. Among other factors, this ability is impacted by the clients' exposure to fluctuations in the economy of the Northwest Territories. To mitigate this risk, the Corporation limits the concentration of loans with any individual client. Under its regulations, the maximum the Corporation can lend to or invest in any one business enterprise or group of related enterprises is \$2 million. Amounts greater than \$2 million must be approved by the FMB. There were no loans approved by the FMB in 2022 (2021: nil).

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2022

7. Loans receivable (continued)

The table represents loans receivable with and without concessionary terms before allowance:

Concessionary loans	000's	
	2022	2021
	\$	\$
With no concessionary terms	45,278	45,846
With concessionary terms	1,837	1,710
Accrued loan interest receivable	662	1,154
	47,777	48,710

8. Allowance for credit losses

	000's	
	2022	2021
	\$	\$
Balance, beginning of year	5,199	3,490
Provision for credit losses	912	1,878
Loans written off and forgiven	(2,154)	-
Recoveries from repayments of allowance	(364)	(169)
Balance, end of year	3,593	5,199
Comprised of:		
Specific allowance*	2,875	4,471
General allowance	718	728
Balance, end of year	3,593	5,199

* The specific allowance includes \$56,000 (2021: \$111,000) for the economic relief working capital loans that were disbursed in 2021 (Note 6).

9. Venture investments

The Corporation's portfolio of venture investments is focused on providing financing in the form of preferred shares and debt to companies in the Northwest Territories. As at March 31, 2022, the Corporation does not have significant influence in the companies in which it has invested.

The total cumulative venture investments at March 31, 2022 were \$943,000 (2021: \$593,000) with accumulated write-downs of \$593,000 (2021: \$593,000). In 2022, no venture investments were approved for write-off (2021: nil) by the board or for forgiveness by the FMB (2021: nil).

Preferred shares and dividends

Investments in preferred shares carry the right of conversion to common shares. This right, if exercised, may result in the holding of a controlling interest under certain circumstances. Preferred shares are

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2022

9. Venture investments (continued)**Preferred shares and dividends (continued)**

redeemable at the option of the Corporation and earn dividends at variable rates. Investment yields vary from year to year due to the amount and timing of the dividends received.

10. Post-employment benefits**(a) Pension benefits**

Substantially all of the employees of the Corporation are covered by the Plan (Note 2(j)(i)). Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate is dependent on the employee's employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate effective at year-end was 1.01 times (2021: 1.01) the employee's contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate effective at year-end was 1.0 times (2021: 1.0) the employee's contribution. Total contributions of \$154,000 (2021: \$126,000) were recognized as an expense in the current year. The Corporation's and employees' contributions to the Plan for the year were as follows:

	000's	
	2022	2021
	\$	\$
Corporation's contributions	154	126
Employees' contributions	154	125

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan and they are indexed to the increase in the Consumer Price Index.

(b) Termination, removal benefits and leave

The Corporation provides termination benefits to employees based on years of service and final salary (Note 2(l)(ii)). It also provides removal assistance, along with sick and special leave to employees, as provided under labour contracts. This benefit plan is pre-funded from current contributions and recognized as part of cash.

The most recent actuarial valuation was completed in February 2022 and the information has been extrapolated to year-end. The values presented below are for the benefits under the severance, removal and compensated absences for the Corporation.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2022

10. Post-employment benefits (continued)**(b) Termination, removal benefits and leave (continued)**

Change in Obligation	000's	
	2022	2021
	\$	\$
Accrued benefit obligation, beginning of year	142	249
Current period benefit cost	11	11
Interest cost	4	5
Benefit payments	(21)	(58)
Actuarial loss (gain)	62	(65)
Accrued benefit obligation, end of year	198	142
Unamortized net actuarial gain	88	155

Accrued benefit liability*	286	297
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*Total retirement, post-employment, and other leave benefits includes \$246,158 (2021 - \$262,922) related to severance and removal and \$31,955 (2021 - \$34,376) related to compensated absences.

Benefit Expense

	000's	
	2022	2021
	\$	\$
Current period benefit cost	11	11
Interest cost	4	5
Amortization of actuarial (gain) loss	(6)	(6)
Post-employment benefits	9	10

The discount rate used in determining the accrued benefit obligation is an average of 4.10% (2021: 3.30%). The assumed rate of compensation increase is 2% (2021: 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 10.3 years (2021: 8.3 years). No inflation was applied.

11. Advances from the Government of the NWT

For the purpose of providing financial assistance to or making investments in business enterprises, the Act authorizes the Corporation to borrow up to \$150 million from the Government of the NWT through advances. Increases to the outstanding balance of the advances must be approved by the FMB based on the needs of the Corporation. The balance was not to exceed \$45 million (2021: \$45 million) as at March 31, 2022.

Interest on the advances is based on the rate set during the last week of each month for the Government of Canada 3-year bonds, compounded annually. The rate varied from 0.48% to 2.31% (2021: 0.19% to 0.49%) during the year.

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2022

11. Advances from the Government of the NWT (continued)

	000's	
	2022	2021
	\$	\$
Balance, beginning of year	26,798	21,228
Interest charged on Advances (Note 13)	269	70
Repayment of Advances (Note 19)	(1,000)	
Advances received	-	5,500
Balance, end of year	26,067	26,798

During the year, no advances were provided to the Corporation (2021: \$5,500,000) to cover new loans and economic relief working capital loans (Notes 6 and 7). The \$1,000,000 paid during the year represents \$367,000 in principal and \$633,000 in interest.

12. Government transfers

	000's					
	Lending/ Invest- ments	2022 Retail/ Manufac- turing	Total	Lending/ Invest- ments	2021 Retail/ Manufac- turing	Total
	\$	\$	\$	\$	\$	\$
Government of the NWT:						
Operations and maintenance	1,565	510	2,075	1,410	602	2,012
Services received without charge (Note 17)	710	-	710	845	-	845
	2,275	510	2,785	2,255	602	2,857
Federal programs	97	-	97	97	-	97
	2,372	510	2,882	2,352	602	2,954

A stipulation included in the agreement is for any unspent funds to be repaid to the Government of the NWT. There were no unspent amounts in 2022 (2021: nil).

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2022

13. Consolidated budgeted figures and expenses by object

The consolidated budgeted figures have been approved by the Minister and the FMB.

	Consolidated (000's)							
	2022		Retail / Manufac- turing	Total	2021		Retail / Man- ufacturing	Total
	Total Budget	Lending / In- vestments			Total Budget	Lending / In- vestments		
	\$	\$	\$	\$	\$	\$	\$	\$
Advertising and promotion	29	14	2	16	31	10	2	12
Amortization	77	53	19	72	77	52	22	74
Asset retirement	-	-	2	2	-	-	1	1
Bad debts	6	-	2	2	-	-	5	5
Bank charges and interest	29	2	26	28	26	18	21	39
Board members	48	14	2	16	52	37	2	39
Business Development Fund	200	206	-	206	200	199	-	199
Business Service Centre	233	246	-	246	240	223	-	223
Compensation and benefits	2,727	2,203	225	2,428	2,598	2,154	209	2,363
Computers and communications	128	81	21	102	133	102	21	123
Cost of goods sold	763	-	640	640	794	-	497	497
Insurance	24	-	28	28	27	-	23	23
Interest expense and cost of interest rate reduction*	225	269	-	269	425	373	-	373
Office and general	77	50	10	60	70	44	11	55
Provision for (recovery of) credit losses (net)	650	547	-	547	400	1,709	-	1,709
Professional services	118	47	53	100	350	68	39	107
Rent	176	170	15	185	216	169	15	184
Repairs and maintenance	15	-	19	19	10	-	29	29
Training and workshops	-	7	-	7	-	13	-	13
Travel	53	3	1	4	55	-	2	2
Utilities	71	-	59	59	59	-	61	61
	5,649	3,912	1,124	5,036	5,763	5,171	960	6,131

* Cost of interest rate reduction totalling \$303,000 as a result of concessionary terms was recorded in 2021 (Note 6). The unamortized balance of this reduction has been reduced to \$153,000 (2021: \$222,000).

14. Contractual obligations

As at March 31, 2022, loans to businesses approved but not yet disbursed, totalled \$370,000 at a weighted average interest rate of 5.1% (2021: \$3,592,000 at a weighted average interest rate of 5.0%). These loans do not form part of the loans receivable balance until disbursed. Also, as at March 31, 2021, there were no approved ventures not disbursed (2021: \$350,000) and all contributions to businesses approved have been disbursed (2021: nil).

15. Contingencies**Loans**

The Corporation has one outstanding loan to a Northern Community Futures organization for their own lending purposes totalling \$296,000 (2021: one loan totalling \$318,000). Loans provided by this organization may be assigned to the Corporation when impaired. If assigned, the Corporation would then write off the Northern Community Futures organization loan balance and would attempt to recuperate its loss directly from the borrowers. In 2022, no accounts were assigned to the Corporation (2021: nil).

Letters of credit

The Corporation has one outstanding irrevocable standby letter of credit in the amount of \$2,000,000 (2021: \$2,000,000) that expires in fiscal 2023. Payment by the Corporation is due from this letter in the event that the applicant is in default of the underlying debt. To the extent that the Corporation must pay third parties as a result of this agreement, this payment will be owed to the Corporation by the applicant. The letter of credit is secured by promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payment was made (2021: nil).

16. Related party transactions

The Corporation is related in terms of common ownership to all Government of the NWT created departments, territorial corporations, public agencies, its board of directors and key management personnel and their close family members. The Corporation enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises except that certain services are provided without charge (Note 17).

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2022

16. Related party transactions (continued)

Transactions with related parties during the year and balances at year end are as follows:

	000's	
	2022	2021
	\$	\$
Revenues		
Sales	15	3
Government of the NWT transfers (Note 12)	2,785	2,857
Expenses		
Purchases	208	225
Interest on advances from the Government of the NWT	269	70
Balances at year end		
Accounts receivable	2,079	9
Accounts payable and accrued liabilities	182	129
Advances from the Government of the NWT	26,067	26,798

17. Services received without charge

The Corporation records the estimated cost of services provided by the Government of the NWT without charge. Services received without charge from the Government of the NWT include regional and human resource services and office accommodation. The estimated cost of such services is as follows:

	000's	
	2022	2021
	\$	\$
Staff support	488	623
Accommodation	222	222
	710	845

18. Economic dependence

The Corporation received 47.5% (2021: 49.5%) of its revenues in the form of a contribution and services without charge from the Government of the NWT. The Corporation's continued operations are dependent on these arrangements.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2022

19. Risk management

The Corporation is exposed to the following risks as a result of holding financial instruments:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its obligations.

The risk associated with cash is minimized substantially by ensuring that these financial assets are placed with well-capitalized financial institutions.

Credit granting and loan management are based on established credit policies. The maximum exposure to credit risk from borrowers and investees is limited to the carrying amount of the loans and investments. The Corporation's management of credit exposures from borrowers and investees includes:

- a standardized credit risk rating classification system established for all loans;
- credit policies and directives, communicated to lending officers whose activities and responsibilities include credit granting and monitoring client performance;
- Application Review Committee (consisting of senior management) reviews and approves loans over \$500,000; and
- limiting the concentration of loans and investments with any one business enterprise or group of related enterprises to \$2 million. Amounts greater than \$2 million must be approved by the FMB.

The principal collateral held as security and other credit enhancements for loans include real property, equipment, guarantees; and general security agreement.

As at March 31, 2022, \$4,649,000 (2021: \$3,378,000) of the impaired loans are fully secured by assets the Corporation has the ability to sell in order to satisfy borrowers' commitments. There were no significant changes to the Corporation's credit risk management policies and practices from the prior year. However, under the economic relief that provided working capital loans to qualified businesses with a 1.75% interest rate creates an increase to credit risk as these loans did not require any security or financial support (Note 6).

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2022:

	000's	
	2022	2021
	\$	\$
Cash	15,473	18,229
Accounts receivable	2,195	130
Loans receivable	44,184	43,511
Letters of credit	2,000	2,000

19. Risk management (continued)**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the future cash flows of the advances from the Government of the NWT, fluctuations in the fair value and future cash flows of loans receivable, and interest revenue from cash.

The Corporation's borrowing from the Government of the NWT is based on a variable market rate and it lends to the majority of its clients at fixed term rates. The Corporation's interest rate margin or spread widens when interest rates fall and it narrows when interest rates rise.

The Corporation manages its interest rate risk by paying down the advances from the Government of the NWT with cash available from the Loans and Bonds fund. During the year, \$1,000,000 (Note 11) were made to the Government (2021: nil).

Based on the Corporation's advances from the Government of the NWT as at March 31, 2022 and the monthly cash balance on hand, a 100-basis point increase in interest rates would decrease annual surplus by \$117,000 (2021: decrease of \$85,000). A 100-basis point decrease in interest rates would increase annual surplus by \$102,000 (2021: decrease of \$57,000).

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities. The Corporation manages its liquidity risk by regularly monitoring forecasted and actual cash flows.

The advances from the Government of the NWT are due on demand with no fixed repayment terms. Repayment on advances is made whenever the Corporation has sufficient cash on hand which is not earmarked for lending purposes.

Accounts payable and accrued liabilities are expected to be settled within the next 12 months.

Northwest Territories Business Development and Investment Corporation

Consolidated Schedule of Tangible Capital Assets March 31, 2022

Schedule A 000's

	Land	Buildings	Vehicle and Equipment	Leasehold Im- provements	Computer Equipment	March 31, 2022	March 31, 2021
Cost of tangible capital assets, opening	\$ 78	\$ 1,789	\$ 668	\$ 540	\$ 9	\$ 3,084	\$ 3,100
Acquisitions	-	-	-	-	-	-	-
Disposals	-	-	(10)	-	-	(10)	(16)
Cost of tangible capital assets, closing	78	1,789	658	540	9	3,074	3,084
Accumulated amortization, opening	-	1,698	654	479	9	2,840	2,782
Amortization expense	-	11	8	53	-	72	74
Disposals	-	-	(10)	-	-	(10)	(16)
Accumulated amortization, closing	-	1,709	652	532	9	2,902	2,840
Net book value	78	80	6	8	-	172	244

NORTHWEST TERRITORIES HERITAGE FUND

Financial Statements

For The Year Ended March 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Northwest Territories Heritage Fund have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of the Northwest Territories Heritage Fund's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The financial statements have been audited on behalf of the members by Metrix Group LLP, in accordance with Canadian public sector accounting standards.



Mr. William MacKay
Secretary, Financial Management Board

Yellowknife, Northwest Territories
August 26, 2022

INDEPENDENT AUDITORS' REPORT

To the Members of Northwest Territories Heritage Fund

Opinion

We have audited the financial statements of Northwest Territories Heritage Fund (the "Fund"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2022, 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 Fund in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we 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 the 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are 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.

(continues)



Independent Auditors' Report to the Members of Northwest Territories Heritage Fund *(continued)*

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 Fund'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 Fund'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 auditor's report. However, future events or conditions may cause the Fund 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.

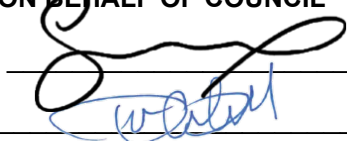
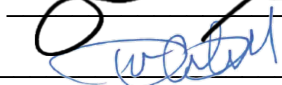
METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
August 26, 2022

NORTHWEST TERRITORIES HERITAGE FUND**Statement of Financial Position****As at March 31, 2022**

	2022	2021
FINANCIAL ASSETS		
Cash	\$ 20,446	\$ 1,361,947
Interest receivable	159,267	143,998
Portfolio investments (Note 2)	<u>37,034,743</u>	<u>28,676,851</u>
	<u>37,214,456</u>	<u>30,182,796</u>
LIABILITIES		
Accounts payable and accrued liabilities	<u>31,227</u>	<u>30,674</u>
NET FINANCIAL ASSETS	<u>37,183,229</u>	<u>30,152,122</u>
ACCUMULATED SURPLUS	<u>\$ 37,183,229</u>	<u>\$ 30,152,122</u>

ON BEHALF OF COUNCIL*Chairperson of the Financial Management Board**Deputy Secretary of the Financial Management Board*

The accompanying notes are an integral part of these financial statements

NORTHWEST TERRITORIES HERITAGE FUND
Statement of Operations and Accumulated Surplus
For The Year Ended March 31, 2022

	2022 (Budget)	2022 (Actual)	2021 (Actual)
REVENUES			
Contributions from the			
Government of the Northwest Territories	\$ 7,600,000	\$ 5,655,952	\$ 2,538,486
Investment income	-	1,190,279	877,857
Gain on sale of investments	-	252,163	52,038
	7,600,000	7,098,394	3,468,381
EXPENSES			
Professional fees	-	67,287	69,088
ANNUAL SURPLUS	7,600,000	7,031,107	3,399,293
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	30,152,122	26,752,829
ACCUMULATED SURPLUS, END OF YEAR	\$ 7,600,000	\$ 37,183,229	\$ 30,152,122

The accompanying notes are an integral part of these financial statements

NORTHWEST TERRITORIES HERITAGE FUND
Statement of Changes in Net Financial Assets
For the Year Ended March 31, 2022

	2022 (Budget)	2022 (Actual)	2021 (Actual)
ANNUAL SURPLUS	\$ 7,600,000	\$ 7,031,107	\$ 3,399,293
NET FINANCIAL ASSETS, BEGINNING OF YEAR	30,152,122	30,152,122	26,752,829
NET FINANCIAL ASSETS, END OF YEAR	\$ 37,752,122	\$ 37,183,229	\$ 30,152,122

The accompanying notes are an integral part of these financial statements

NORTHWEST TERRITORIES HERITAGE FUND**Statement of Cash Flows****For The Year Ended March 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Annual surplus	\$ 7,031,107	\$ 3,399,293
Items not affecting cash:		
Gain on disposal of investments	(252,163)	(52,038)
Amortization of investment premiums/discounts	(72,112)	(91,613)
	6,706,832	3,255,642
Changes in non-cash working capital:		
Interest receivable	(15,269)	149,885
Accounts payable and accrued liabilities	553	11,978
	(14,716)	161,863
	6,692,116	3,417,505
INVESTING ACTIVITIES		
Purchase of investments	(21,681,934)	(16,402,656)
Proceeds from disposals and redemptions of investments	13,648,317	14,217,421
	(8,033,617)	(2,185,235)
INCREASE (DECREASE) IN CASH FLOWS	(1,341,501)	1,232,270
CASH, BEGINNING OF YEAR	1,361,947	129,677
CASH, END OF YEAR	\$ 20,446	\$ 1,361,947

The accompanying notes are an integral part of these financial statements

NORTHWEST TERRITORIES HERITAGE FUND

Notes to Financial Statements

Year Ended March 31, 2022

PURPOSE OF FUND

The Northwest Territories Heritage Fund (the "Fund") was established under the authority of the Northwest Territories Heritage Fund Act.

The Fund has been established for the benefit and use of the people of the Northwest Territories. A portion of resource revenues is to be set aside to provide financial resources for the Government of the Northwest Territories (the "Government") to fund long-term investments that would allow Northwest Territories residents to receive benefits from the development of the territory's non-renewable resources.

The Fund is not subjected to taxation under the Income Tax Act of Canada.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fund are the representations of management and were prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Fund are as follows.

(a) Portfolio investments

Portfolio investments are long-term investments in organizations that do not form part of the government reporting entity and are accounted for by the cost or amortized cost method. Investment premiums and discounts are amortized over the term of the respective investments. Where there is a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

Interest income is recorded on the accrual basis, dividend income is recognized as it is declared, and gains and losses on disposal and redemption of investments are recognized when realized.

(b) Government transfers

Government transfers are transfer of assets from other levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(c) 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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(continues)

NORTHWEST TERRITORIES HERITAGE FUND

Notes to Financial Statements

Year Ended March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(d) *Future changes in significant accounting policies*

The following summarizes upcoming changes to the Canadian public sector accounting standards. The Fund will continue to assess the impact and prepare for the adoption of these standards.

(i) Financial Statement Presentation

PS 1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. Included in this new statement are the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currencies, as well as the government's proportionate share of other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(ii) Foreign Currency Translation

PS 2601, Foreign Currency Translation, requires that monetary assets and liabilities denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement dates. Unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard must be adopted in conjunction with PS 2601 and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

(iii) Portfolio Investments

PS 3041, Portfolio Investments, has removed the distinction between temporary and portfolio investments and amended to conform to PS 3405. This standard must be adopted in conjunction with PS 1201, PS 2601, and PS 3450 and is applicable for fiscal years beginning on or after April 1, 2022.

(iv) Financial Instruments

PS 3450, Financial Instruments, established recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. The standard requires fair value measurement of derivative and equity instruments; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of re-measurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(v) Asset Retirement Obligations

PS 3280, Asset Retirement Obligations, establishes standards on how to account and report for legal obligations associated with the retirement of certain tangible capital assets including solid waste landfill sites. As a result, PS 3270, Solid Waste Landfill Closure and Post-Closure Liability has been withdrawn but will remain in effect until the adoption of PS 3280. This standard is applicable for fiscal years beginning on or after April 1, 2022.

(continues)

NORTHWEST TERRITORIES HERITAGE FUND

Notes to Financial Statements

Year Ended March 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(vi) Public Private Partnerships

PS 3160, Public Private Partnerships, establishes standards on how to account for public private partnership agreements. This standard is applicable to fiscal years beginning on or after April 1, 2023.

vii) Revenue

PS 3400, Revenue, establishes standards on how to account for and report revenue differentiating between revenue arising from transactions that include performance obligations and transactions that do not. This standard is applicable to fiscal years beginning on or after April 1, 2023.

2. PORTFOLIO INVESTMENTS

	2022 Cost	2022 Market value	2021 Cost	2021 Market value
Canadian papers	\$ 24,488,222	\$ 23,187,816	\$ 18,923,427	\$ 19,209,094
Equities and other financial instruments	8,093,605	9,137,439	5,976,693	6,798,282
Bonds	4,452,916	3,597,669	3,776,731	3,919,234
	\$ 37,034,743	\$ 35,922,924	\$ 28,676,851	\$ 29,926,610

Bonds are recorded at amortized cost. Bond premiums and discounts are amortized over the term of the bond. The effective interest rate method is used to determine investment income. Total bond amortization in the year amounted to \$72,112 (2021 - \$91,613).

Any declines in market value below cost are considered to be temporary and therefore no write-downs have been recorded.

3. FINANCIAL INSTRUMENTS

The Fund is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Fund's risk exposure and concentration as of March 31, 2022.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Fund is mainly exposed to other price risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Fund is exposed to other price risk through its investment in equities and other financial instruments.

Unless otherwise noted, it is management's opinion that the Fund is not exposed to significant other price risks arising from these financial instruments.

NORTHWEST TERRITORIES HERITAGE FUND

Notes to Financial Statements

Year Ended March 31, 2022

4. BUDGET

Budget figures presented in these financial statements are based on the 2021-2022 Government of Northwest Territories "Main Estimates".

Northwest Territories Housing Corporation
Consolidated Financial Statements
March 31, 2022

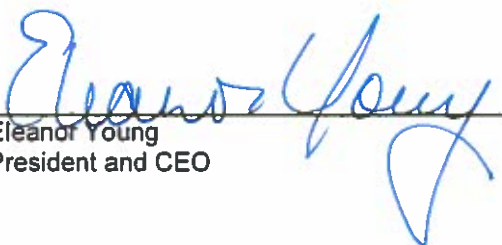
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for preparing these accompanying consolidated financial statements in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and the Corporation complies with applicable laws and regulations. These controls and practices ensure the orderly conduct of business, the preparation of reliable financial information, and adherence to the Corporation's statutory requirements and policies.

The Corporation's external auditor, the Auditor General of Canada, conducts an independent audit, in accordance with Canadian general accepted auditing standards, and expresses her opinion on the consolidated financial statements. The Corporation's external auditor has full and free access to financial management of Northwest Territories Housing Corporation.

On behalf of the Northwest Territories Housing Corporation


Eleanor Young
President and CEO
Jim Martin, FCPA, FCGA, MBA, MA
Vice President
Finance and Infrastructure Services

Yellowknife, Northwest Territories
August 22, 2022



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Housing Corporation

Opinion

We have audited the consolidated financial statements of the Northwest Territories Housing Corporation and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and the consolidated results of its operations, consolidated changes in its net financial assets, and its consolidated 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

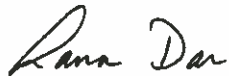
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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.



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

Vancouver, Canada
22 August 2022

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Financial Position As at March 31, 2022 (in thousands)

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash and cash equivalents	\$ 91,465	\$ 48,996
Portfolio investments (Note 3)	37,467	37,406
Accounts receivable (Note 4)	6,126	41,775
Mortgages and loans receivable (Note 5)	<u>3,969</u>	<u>2,787</u>
	<u>139,027</u>	<u>130,964</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	24,000	25,920
Deferred revenue	359	261
Loans and mortgages payable to CMHC (Note 7)	4,645	5,270
Environmental liabilities (Note 8)	913	1,106
Retirement, post-employment, and other leave benefits (Note 9)	<u>2,236</u>	<u>2,383</u>
	<u>32,153</u>	<u>34,940</u>
Net financial assets	106,874	96,024
Non-financial assets		
Tangible capital assets (Schedule A)	337,981	325,550
Inventories held for use	2,529	2,635
Prepaid expenses	<u>116</u>	<u>69</u>
	<u>340,626</u>	<u>328,254</u>
Accumulated surplus	<u>\$ 447,500</u>	<u>\$ 424,278</u>
Contractual rights, obligations and contingencies (Notes 12, 13 and 14)		

Approved by:



Hon. Paulie Chinna
Minister Responsible for the
Northwest Territories Housing Corporation



Eleanor Young
President and CEO

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2022

(in thousands)

	<u>2022</u> <u>Budget</u>	<u>2022</u> <u>Actual</u>	<u>2021</u> <u>Actual</u>
Revenues			
Government funding:			
Government of the Northwest Territories	\$ 76,781	\$ 77,286	\$ 76,600
CMHC (Note 10)	20,703	20,725	45,086
CIRNAC (Note 11)	-	25,000	-
Other grants and transfers	-	532	583
	<u>97,484</u>	<u>123,543</u>	<u>122,269</u>
Generated revenues:			
Rental revenue	9,754	13,338	10,654
Recoveries from mortgages and loans	475	692	605
Income from portfolio investments	440	735	686
Other revenue and recoveries	419	2,759	1,808
Interest revenue on mortgages and loans	120	82	94
	<u>11,208</u>	<u>17,606</u>	<u>13,847</u>
	<u>108,692</u>	<u>141,149</u>	<u>136,116</u>
Expenses (Note 15)			
Public housing program	69,817	68,532	63,335
Unilateral CMHC programs and other programs	2,533	2,419	2,199
HELP and market housing	6,400	10,021	9,243
Non-residential building operations	200	925	971
Rent subsidy program	1,750	1,658	749
Homelessness fund program	3,876	4,677	3,874
Homeownership assistance grants	14,858	8,410	6,558
Housing operations and support	18,875	21,285	21,435
	<u>118,309</u>	<u>117,927</u>	<u>108,364</u>
Annual (deficit) surplus	<u>\$ (9,617)</u>	<u>\$ 23,222</u>	<u>\$ 27,752</u>
Accumulated surplus, beginning of year	<u>424,278</u>	<u>424,278</u>	<u>396,526</u>
Accumulated surplus, end of year	<u>\$ 414,661</u>	<u>\$ 447,500</u>	<u>\$ 424,278</u>

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31, 2022

(in thousands)

	<u>2022</u>	<u>2022</u>	<u>2021</u>
	Budget	Actual	Actual
Net financial assets, beginning of the year	\$ 96,024	\$ 96,024	\$ 74,390
Items affecting net financial assets:			
Annual (deficit) surplus	(9,617)	23,222	27,752
Acquisition of tangible capital assets	(10,625)	(30,297)	(22,043)
Amortization of tangible capital assets	14,800	15,495	15,373
Proceeds from disposal of tangible capital assets	-	441	249
Loss on disposal of tangible capital assets	-	1,018	369
Grants in kind	-	912	-
Acquisition of inventories held for use	-	(1,614)	(1,428)
Consumption of inventories held for use	-	1,720	1,361
Acquisition of prepaid expenses	-	(106)	(54)
Consumption of prepaid expenses	-	59	55
Increase/(decrease) in net financial assets	<u>(5,442)</u>	<u>10,850</u>	<u>21,634</u>
Net financial assets, end of the year	<u>\$ 90,582</u>	<u>\$ 106,874</u>	<u>\$ 96,024</u>

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Cash Flow For the year ended March 31, 2022 (in thousands)

	2022	2021
Operating transactions		
Annual surplus	\$ 23,222	\$ 27,752
Items not affecting cash:		
Amortization of tangible capital assets	15,495	15,373
Other grants and transfers	-	(583)
Building from foreclosure	-	(110)
Loss on disposal of tangible capital assets	1,018	369
Grant in kind	912	-
Non-cash portfolio investment income	39	47
Non-cash mortgage funding	(88)	(45)
Change in valuation allowance for doubtful accounts	104	180
Change in valuation allowance for mortgages and loans receivable	<u>(1,432)</u>	<u>-</u>
	16,048	15,231
Change in non-cash assets and liabilities:		
Change in accounts receivable	35,649	(29,878)
Change in inventories held for use	106	(67)
Change in prepaid expenses	(47)	1
Change in accounts payable and accrued liabilities	229	4,308
Change in deferred revenue	98	(148)
Change in environmental liabilities	(193)	548
Change in retirement, post-employment, and other leave benefits	<u>(147)</u>	<u>(383)</u>
	<u>35,695</u>	<u>(25,619)</u>
Cash provided by operating transactions	<u>74,965</u>	<u>17,364</u>
Capital transactions		
Acquisition of tangible capital assets	(32,504)	(19,501)
Proceeds from disposal of tangible capital assets	<u>441</u>	<u>249</u>
Cash used for capital transactions	<u>(32,063)</u>	<u>(19,252)</u>
Financing transactions		
Repayment of loans payable to CMHC	<u>(625)</u>	<u>(588)</u>
Cash used for financing transactions	<u>(625)</u>	<u>(588)</u>

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Cash Flow (continued)

For the year ended March 31, 2022

(in thousands)

	<u>2022</u>	<u>2021</u>
Investing transactions		
Proceeds from sale of portfolio investments	5,000	44,421
Acquisition of portfolio investments	(5,058)	(38,511)
Repayments of mortgages and loans receivable	<u>250</u>	<u>288</u>
Cash provided by investing transactions	<u>192</u>	<u>6,198</u>
Increase in cash and cash equivalents	<u>42,469</u>	<u>3,722</u>
Cash and cash equivalents at beginning of the year	<u>48,996</u>	<u>45,274</u>
Cash and cash equivalents at end of the year	<u>\$ 91,465</u>	<u>\$ 48,996</u>

Total interest paid during the year was \$312 (2021 - \$354).

Total interest received during the year was \$817 (2021 - \$879).

Interest received includes interest revenue on mortgages and loans receivable and interest revenue included in income from portfolio investments.

Cash and cash equivalents are comprised of \$65,840 (2021 - \$28,165) of cash and \$25,625 (2021 - \$20,831) of cash equivalents.

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

1. PURPOSE OF THE ORGANIZATION

(a) Authority and reporting entity

The Northwest Territories Housing Corporation (the "Corporation") is a territorial corporation, established under the *Northwest Territories Housing Corporation Act* (the "Act") and named in Schedule B of the *Financial Administration Act* (FAA) of the Northwest Territories (NWT). Accordingly, the Corporation operates in accordance with its Act and regulations, the FAA, and any directives issued to it by the Minister responsible for the Corporation. The Corporation is exempt from income tax but is subject to Goods and Services Tax.

The Corporation's mandate is to ensure, where appropriate and necessary, that there is a sufficient supply of affordable, adequate, and suitable housing stock to meet the housing needs of residents in the NWT. The Corporation works in partnership with the local communities in the NWT to ensure residents have access to housing that supports a healthy, secure, independent, and dignified lifestyle.

(b) Economic dependence

The Corporation's public housing program is delivered by twenty-four community-based local housing organizations (LHOs). Each LHO has a board of directors and management and staff who are responsible for the day-to-day activities associated with the delivery of the program in the communities. Agreements are in place between the Corporation and the LHOs which outline the roles and responsibilities of each party.

The Corporation and the LHOs are economically dependent upon the Government of the NWT (the "Government") for the funds required to finance the net cost of their operations and capital acquisitions.

(c) Budget

Budgeted figures have been provided for comparison purposes and have been derived from the Main Estimates approved by the Legislative Assembly.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

The significant accounting policies are as follows:

(a) Measurement uncertainty

The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ significantly from the estimates. The more significant management estimates relate to the valuation of tangible capital assets transfers, the allowance for impaired mortgages and loans receivable, the allowance for tenant rent receivables, the useful lives of tangible capital assets, and contingencies.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses, change in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of the Corporation and the accounts of the following twenty-three LHOs, via consolidation, which are controlled by the Corporation:

Aklavik Housing Association	Lutsel K'e Housing Authority
Behchokö Kö Gha K'òdèe	Norman Wells Housing Authority
Deline Housing Association	Paulatuk Housing Association
Fort Liard Housing Authority	Radlilh Koe Housing Association
Fort McPherson Housing Association	Sachs Harbour Housing Association
Fort Providence Housing Association	Tsiigehtchic Housing Association
Fort Resolution Housing Authority	Tuktoyaktuk Housing Association
Fort Simpson Housing Authority	Tulita Housing Association
Fort Smith Housing Authority	Ulukhaktok Housing Association
Gameti Housing Authority	Whati Housing Authority
Hay River Housing Authority	Yellowknife Housing Authority
Inuvik Housing Authority	

The Yellowknife Dene First Nation (Housing Division) has been excluded from the reporting entity since it is considered to be part of a separate level of government.

All inter-entity balances and transactions have been eliminated in the preparation of the consolidated financial statements.

(c) Revenue recognition

The Corporation receives funding for operating and capital purposes from the Government.

The Corporation also receives funding from the Government of Canada for the operation and maintenance of the various public housing programs, the acquisition of public housing and to provide assistance to eligible homeowners and landlords for repair and rehabilitation of properties.

Government transfer revenues are recognized as revenue in the period in which events giving rise to the transfer occurred as long as:

- i. the transfer is authorized;
- ii. eligibility criteria have been met;
- iii. there are no stipulations that give rise to a liability; and,
- iv. a reasonable estimate of the amount can be made.

Transfers received before these criteria are fully met are recorded as a liability.

The Corporation also sometimes receives transfers of housing units from government entities and third parties for a nominal fee, which are recognized as "Other grants and transfers" on the Consolidated Statement of Operations and Accumulated Surplus. The Corporation records these transfers consistent with its policy for government transfer revenues above at estimated fair value. Where the Corporation owns or leases the land that housing units are being constructed on, the Corporation records the assets and the related transfer revenues as the housing units are being built on a percentage of completion basis.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements **For the year ended March 31, 2022** (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Rental revenue is recognized on a monthly accrual basis. An allowance is recognized for any rental amounts owing which are deemed uncollectible.

(d) Programs

i) Contributions for public and affordable housing (HELP and market housing programs)

The Corporation provides income-based subsidies for the rental of housing for residents in need. The Corporation provides financial, administrative, maintenance, construction and repair to its public and affordable housing units. The Corporation operates multiple public housing units located in NWT communities.

ii) Contributions for unilateral Canada Mortgage and Housing Corporation (CMHC) programs and other programs

The Corporation provides subsidy assistance to various non-profit housing sponsor groups and co-operatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recognized based on actual or estimated costs incurred by each sponsor group in the year.

iii) Homeownership assistance grants

The Corporation, under section 44(1) of its Act, may make a homeownership assistance grant in the form of a forgivable loan to eligible homeowners on terms and conditions that may be imposed by the Corporation. The property must remain the principal residence and the annual income must remain below the core need income threshold for the term of the agreement. The conditional grants, which vary in amount depending on the income or community of the applicant and are not expected to be repaid unless certain conditions are not met, are expensed in the year the grant is approved. Any recoveries on the conditional grants are recognized in the year the amount is recovered from the borrower.

The Corporation has not since 2007 provided any new repayable mortgages/loans or loan guarantees to eligible homeowners under its Homeownership Assistance program.

(e) Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short-term investments that have terms to maturity of less than or equal to 90 days from the date of acquisition. Included in cash are tender and security deposits from contractors on construction projects and rental housing damage deposits held in trust.

(f) Portfolio investments

Portfolio investments are investments in debt securities of organizations that do not form part of the reporting entity and are accounted for using the amortized cost method.

Investment income is recognized on the accrual basis; premiums and discounts arising on purchase are amortized over the term of the respective investment, and capital gains and losses are recognized when realized. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements **For the year ended March 31, 2022** (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Mortgages and loans receivable

The net carrying amount of the mortgages and loans receivable represents the present value of the expected future principal and interest payments to be received, net of the grants provided to the borrowers, any restructuring costs, and the allowance for impairment. Interest income on mortgages and loans receivable is recognized when earned. The effective interest method is used to recognize interest income. The costs related to a mortgage or loan restructuring, if any, are expensed in the year of the restructuring.

Valuation allowances for impaired loans are established by management based on past events, current conditions and all circumstances known at the date of the preparation of the consolidated financial statements and are adjusted annually to reflect the current circumstances by recording write downs or recoveries, as appropriate. Mortgages are classified as impaired when the Corporation no longer has reasonable assurance of timely collection of the full amount of principal and interest due. The valuation allowance adjusts a mortgage's carrying value to its net recoverable value. Valuation allowance writedowns are recognized when the loans have been deemed uncollectable. Valuation allowance recoveries are recorded when loans previously written down are subsequently collected or when loans revert to a performing status. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

Borrowers in arrears may choose to settle their obligation with a quit claim. A quit claim is an agreement between the owner of a housing unit and the Corporation to transfer ownership of the housing unit back to the Corporation for a nominal fee. The fair value of the housing unit acquired through the quit claims process is determined to be the original purchase price or construction costs (if available) less amortization from the original purchase date to the date the quit claim occurred. This is considered to be a reasonable estimate of the fair value of the assets recovered. Quit claim units are evaluated for suitability for delivery of programs and if suitable are added to tangible capital assets at a value as described above. Where suitability criteria are not met the units are disposed of by sale to a third party or demolished and are written down to their residual value if any.

(h) Loan guarantees

An obligation and expense is recognized related to a loan guarantee when it is likely that a loss will be incurred, and the amount of the loss can be reasonably estimated. When estimating the amount of contingent loss, management considers the value of any security (properties) which could be sold to cover the loan guarantee. Provisions for losses are reviewed annually.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Tangible capital assets

i) Land and buildings

Land and housing units constructed or purchased by the Corporation are recorded at cost. Housing materials are also recorded at cost and included in construction in progress.

Tangible capital assets transfers are recorded at their estimated fair value at the date of contribution.

When the Corporation enters into lease agreements where the risks and benefits of ownership are transferred to the Corporation, the Public and affordable (HELP and market) housing units are recorded as capital leases. In such cases, the cost of the asset is determined as the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs.

Housing units are amortized at an annual rate of 5% on a declining balance basis. Amortization begins in the year the housing unit is placed into service. Work in progress is not amortized.

ii) Property and equipment

Property and equipment are stated at cost. Amortization is provided using the following methods and annual rates:

Warehouses and offices	Declining balance	5%
Office furniture and equipment	Declining balance	20%
Mobile equipment	Declining balance	20%
Software	Straight-line over 10 years	
Leasehold improvements	Straight-line over term of lease	

(j) Inventories held for use

Inventory held for use consists of materials and supplies to be used for the maintenance or minor modifications of buildings. The inventory is valued on a weighted average basis at the lower of cost and replacement value.

(k) Employee future benefits

i) Pension benefits

All eligible employees of the Corporation are covered in the Public Service Pension Plan (the "Plan") a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. The Corporation's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee future benefits (continued)

ii) Retirement, post-employment, and other leave benefits

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefits entitlements are paid upon resignation, retirement or death of an employee.

The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences including sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

iii) Northern Employee Benefits Service (NEBS) Pension Plan

Eligible employees of the following LHOs are covered by the NEBS. This plan is a multi-employer contributory defined benefit plan and accordingly contributions are expensed as incurred. NEBS is a member-owned, not-for-profit, corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north.

Behchokö Kö Gha K'òdèe	Inuvik Housing Authority
Deline Housing Association	Lutsel K'e Housing Authority
Fort McPherson Housing Association	Radlilh Koe Housing Association
Fort Resolution Housing Authority	Tulita Housing Association
Fort Simpson Housing Authority	Whati Housing Authority
Fort Smith Housing Authority	Yellowknife Housing Authority
Gameti Housing Authority	

NEBS establishes contribution rates for participating employers/employees, and contributions are remitted to NEBS on a regular basis throughout the year.

(I) Environmental liabilities

Contaminated sites are a result of contamination that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Corporation:
 - is directly responsible; or
 - accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

The liability is recognized net of any expected recoveries.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Related party transactions

The Corporation is related to all Government of the Northwest Territories departments, territorial corporations and public agencies; and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

i) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following: when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

ii) Other related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

iii) Services provided without charge

The Corporation receives services provided by the Government without charge which include legal, human resource and other services. The Corporation does not recognize any amounts related to these services.

(n) Future accounting changes

Effective April 1, 2022, the Corporation will be required to adopt PS 3280 Asset Retirement Obligations. This standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets. The Corporation is currently assessing the potential future impact of this standard and anticipates that it will significantly impact liabilities, tangible capital assets, opening accumulated surplus and accumulated amortization. The Corporation will not early adopt this standard.

Effective April 1, 2023, the Corporation will be required to adopt PS 3400 Revenue. This standard provides guidance on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The Corporation is assessing the impact of this standard however does not expect the adoption will have a significant impact on the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

3. PORTFOLIO INVESTMENTS

	<u>2022</u>	<u>2021</u>
Marketable Securities (fair value \$35,989; 2021 - \$37,463)	\$ <u>37,467</u>	\$ <u>37,406</u>

4. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Trade accounts receivable	\$ 3,503	\$ 5,110
Tenant rents receivable	<u>13,482</u>	<u>12,407</u>
	16,985	17,517
Less allowance for doubtful accounts	<u>(12,534)</u>	<u>(12,334)</u>
	4,451	5,183
Receivables from CMHC	1,095	31,903
Receivables from related parties:		
Government of the Northwest Territories	<u>580</u>	<u>4,689</u>
	<u>\$ 6,126</u>	<u>\$ 41,775</u>

Of the allowance for doubtful accounts balance disclosed above, \$954 (2021 - \$950) relates to trade accounts receivable and \$11,580 (2021 - \$11,384) relates to tenant rents receivable. Tenant rents receivable of \$191 were forgiven (2021 - \$1,009) during the year.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

5. MORTGAGES AND LOANS RECEIVABLE

The Corporation's mortgages and loans to individuals are receivable over a maximum of 25 years, some of which are unsecured and others are secured by registered charges against real property, bearing fixed interest rates between 0.00% and 10.50% (2021 - 0.00% and 12.00%).

Less allowance for impaired mortgages and loans receivable

<u>2022</u>	<u>2021</u>
\$ 11,479	\$ 12,383
<u>(7,510)</u>	<u>(9,596)</u>
<u>\$ 3,969</u>	<u>\$ 2,787</u>

There were 28 write-offs in the current year totalling \$1,447 (2021 - two write-offs totalling \$37).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Trade payables
Contractor holdbacks
Tender and security deposits
Wages and employee benefits
Accrued interest
Damage deposits
Payables to related parties:
 Government of the Northwest Territories

<u>2022</u>	<u>2021</u>
\$ 11,138	\$ 13,874
1,364	1,830
596	442
2,450	2,438
79	79
2,536	2,469
<u>5,837</u>	<u>4,788</u>
<u>\$ 24,000</u>	<u>\$ 25,920</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

7. LOANS AND MORTGAGES PAYABLE TO CMHC

	<u>2022</u>			<u>2021</u>
	<u>Debt balance</u>	<u>CMHC funded portion</u>	<u>Net debt balance</u>	<u>Net debt balance</u>
Mortgages payable to CMHC (NHA Section 79 debt), repayable in monthly or quarterly installments, maturing from 2023 to 2038, at interest rates from 7.63% to 19.00% (2021 - 6.88% to 19.00%).	\$ 19,230	\$ (19,230)	\$ -	\$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2021 - 6.97%). These loans are guaranteed by the Government.	8,907	(4,948)	3,959	4,441
Mortgages payable to CMHC for housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 0.68% to 1.01%, (2021 - 0.68% to 1.05%).	686	-	686	829
	<u>\$ 28,823</u>	<u>\$ (24,178)</u>	<u>\$ 4,645</u>	<u>\$ 5,270</u>

Under the terms of the 1999 Social Housing Agreement (SHA), CMHC originally provided funding to the Corporation to build public housing assets in the form of long-term mortgages payable to CMHC (referred to as *National Housing Act* (NHA) Section 79 debt under the SHA) and loans payable to CMHC (referred to as NHA) Section 82 debt under the SHA). Under the SHA, CMHC also agreed to provide additional funding to the Corporation to reduce 100% of the NHA Section 79 debt and to reduce by 5/9th the NHA Section 82 debt, and to fund the related interest repayments that the Corporation would make each year to CMHC. This additional funding receivable from CMHC and the related payments due by the Corporation each year on the long-term debt payable to CMHC are offset, resulting in no exchange of cash between the Corporation and CMHC.

Had CMHC not funded the repayments of the long-term debt principal and interests payable to CMHC, the Corporation would have incurred additional interest expense of \$2,913 (2021 - \$3,048) and would have made additional principal long-term debt repayments to CMHC of \$1,353 (2021 - \$1,467).

The above mortgages and loans payable to CMHC are not secured.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

7. LOANS AND MORTGAGES PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (CMHC) (continued)

Principal repayments and interest requirements over the life of the outstanding loans are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 661	\$ 285	\$ 946
2024	699	248	947
2025	711	207	918
2026	695	166	861
2027	638	126	764
2027-2031	1,197	206	1,403
2032-2038	44	3	47
	<u>\$ 4,645</u>	<u>\$ 1,241</u>	<u>\$ 5,886</u>

8. ENVIRONMENTAL LIABILITIES

The Corporation has identified fourteen fuel spill sites and no other contaminated sites (2021 - eleven fuel spill sites and no other contaminated sites) for which an environmental liability has been recorded. There were two sites (2021 - one) closed during the fiscal year as it has been remediated. Five new sites (2021 - four) were identified during the year. The liability is calculated as costs remaining to remediate the sites to the required environmental standard. The estimated amount of recoveries is nil (2021 - nil). The Corporation has not identified any sites where an environmental liability may exist but no liability has been recorded.

9. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS

Pension benefits

Employees of the Corporation participate in Canada's Public Service Pension Plan (the "Plan"). The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in legislation; they are not based on the financial status of the pension plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

The plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the plan on or after January 1, 2013. For members with start dates before January 1, 2013, the normal retirement age remains age 60. Furthermore, contributions rates for current service for all members of the public service increased to an employer: employee cost sharing of 50:50 in 2017. The Corporation contributed \$1,285 (2021 - \$1,170) to the Public Service Pension Plan. The employees' contributions to this plan were \$1,199 (2021 - \$1,121). Total contributions were recognized as an expense in the current year.

Other benefits include survivor pensions, minimum benefits in the event of death, unreduced early retirement pensions, and disability pensions.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

9. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS (continued)

Other employee future benefits and compensated absences

In addition to pension benefits, the Corporation provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Corporation's employees based on the type of termination (e.g. resignation versus retirement) and inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Accrued compensated absence benefits were valued actuarially using the expected utilization methodology.

Valuation results

The most recent actuarial valuation was completed as at February 11, 2022 and extrapolated to March 31, 2022. The effective date of the next actuarial valuation is March 31, 2023. The values presented below are for all of the benefits under the severance and removal and compensated absences for the Corporation.

Changes in Obligation	2022	2021
Accrued benefit obligation, beginning of year	\$ 1,927	\$ 2,509
Current period benefit cost	130	94
Accrued interest	29	29
Benefits payments	(232)	(462)
Actuarial losses/(gains)	<u>701</u>	<u>(243)</u>
Accrued benefit obligation, end of year	2,555	1,927
Unamortized net actuarial (gains)/loss	<u>(319)</u>	<u>456</u>
Retirement, post-employment, and other leave benefits*	<u>\$ 2,236</u>	<u>\$ 2,383</u>

*Total retirement, post-employment, and other leave benefits includes \$2,121 (2021 – \$2,278) related to severance and removal and \$115 (2021 – \$105) related to compensated absences.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

9. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS (continued)

Benefits Expense	2022	2021
Current period benefit cost	\$ 130	\$ 94
Accrued interest	29	29
Actuarial gains	<u>(74)</u>	<u>(44)</u>
	<u>\$ 85</u>	<u>\$ 79</u>

The discount rate used to determine the accrued benefit obligation is an average of 4.10% (2021 - 3.30%). The assumed rate of compensation increase is 2% (2021 - 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is ten years (2021 - eight years). No inflation rate was applied.

Northern Employees Benefits Services (NEBS) Pension Plan

Eligible employees of member LHOs are covered by the Northern Employee Benefits Services (NEBS) Pension Plan, a contributory defined benefit plan. NEBS is a member owned, not-for profit corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north. The employer and employee contribution rates effective at year end were both 8% (2021 - 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were \$439 and \$440 (2021 - \$414 and \$406 respectively).

The plan serves 3,655 Employee Members and 118 Employer Members. As of April 2004, the Office of the Superintendent of Financial Institutions (OSFI) exempted NEBS from compliance with the *Pension Benefits Standards Act* (PBSA). NEBS has agreed to voluntarily comply with PBSA until the plan can be registered under Territorial legislation. The Governments of the NWT and Nunavut passed the *NEBS Pension Plan Protection Act* in February 2014 which sets rules to protect Plan Members funds. As of December 31, 2021, the plan had a surplus of \$102,750 (December 31, 2020 - \$64,776).

10. FUNDING FROM CMHC

	<u>2022</u>	<u>2021</u>
Funding from CMHC recognized as government funding under the:		
SHA (Note 12):		
Contributions for public housing rental subsidies	\$ 8,147	\$ 8,659
Contributions to non-profit housing sponsor groups and cooperatives	3,600	3,600
Repairs, maintenance and other costs	1,068	1,132
Bilateral Agreement (Note 12)	7,910	6,195
Co-Investment Fund Agreement	<u>-</u>	<u>25,500</u>
	<u>\$ 20,725</u>	<u>\$ 45,086</u>

Under the terms of the 1999 SHA with CMHC, the Corporation assumed full responsibility for the management of various public housing programs specified in the SHA. CMHC provides annual funding to the Corporation to manage these programs. The SHA and the funding expire in 2038.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

10. FUNDING FROM CMHC (continued)

On March 31, 2021, the Corporation signed the Co-Investment Fund Agreement under National Housing Co-Investment Fund. Funding under this agreement is provided to assist with financing the construction of a portfolio of new construction projects of 60 housing units.

On April 1, 2018, the Corporation signed the Bilateral Agreement under the 2017 NHS. Funding under this agreement is provided to increase access to housing, reduce housing needs, and achieve better housing solutions. An action plan for the 3 year period 2019-2022 has been developed, within the Bilateral Agreement parameters, with a priority of focusing on maintaining or increasing social housing stock, replacing existing housing stock, and providing homeownership repair programs. The Bilateral Agreement funding expires in 2028.

11. FUNDING FROM CROWN-INDIGENOUS RELATIONS AND NORTHERN AFFAIRS CANADA (CIRNAC)

On August 12, 2021, the Corporation signed the CIRNAC Agreement with the Government of Canada to provide one-time funding in the amount of \$25,000. Funding under this agreement is provided to assist with financing of expenditures related to infrastructure including housing needs.

12. CONTRACTUAL RIGHTS

	Expiry Date	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028+</u>	<u>Total</u>
CMHC SHA	2039	\$ 11,868	\$ 11,068	\$ 9,659	\$ 8,394	\$ 7,346	\$ 26,517	\$ 74,852
CMHC Bilateral	2028	9,310	9,804	11,485	12,847	14,305	15,697	73,448
RCMP Lease	2042	<u>530</u>	<u>530</u>	<u>530</u>	<u>530</u>	<u>530</u>	<u>7,677</u>	<u>10,327</u>
		<u>\$ 21,708</u>	<u>\$ 21,402</u>	<u>\$ 21,674</u>	<u>\$ 21,771</u>	<u>\$ 22,181</u>	<u>\$ 49,891</u>	<u>\$158,627</u>

13. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Also included in the 2023 contractual obligations are capital construction commitments for housing construction projects with contracts signed prior to year-end.

	Expiry Date	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028+</u>	<u>Total</u>
Lease	2031	\$ 4,368	\$ 3,700	\$ 2,409	\$ 565	\$ 448	\$ 1,119	\$ 12,609
Construction	2023	<u>41,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,220</u>
		<u>\$ 45,588</u>	<u>\$ 3,700</u>	<u>\$ 2,409</u>	<u>\$ 565</u>	<u>\$ 448</u>	<u>\$ 1,119</u>	<u>\$ 53,829</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2022

(in thousands)

14. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. As at March 31, 2022 a total of five (2021 - seven) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$262 (2021 - \$322). All of these loans are secured by registered charges against real property. The period covered by these guarantees extends up to 2026.

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, cost and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2022 was \$4,781 (2021 - \$6,426). The period covered by these related loans extends up to 2029.

The outstanding balances represent the maximum amount of future loan principal payments under the guarantees and indemnities. In the event of default by the borrowers, the lenders could request payment from the Corporation. The obligation under loan guarantees as at March 31, 2022 is nil (2021 - nil).

15. EXPENSES BY OBJECT

	<u>2022</u>	<u>2021</u>
Amortization	\$ 15,495	\$ 15,373
Compensation and benefits	31,452	28,928
Computer costs	84	54
Contract services	8,658	6,633
Controllable assets	224	341
Fees and payments	166	157
Grants and contributions	16,815	14,195
Interest on long-term debt	312	354
Loss on TCA Disposal	1,018	369
Materials and supplies	2,951	2,563
Minor modernization and improvements	5,535	5,489
Other expenses	984	928
Property taxes and land leases	2,256	2,245
Purchased services	924	841
Rental leasing	3,755	3,738
Travel	557	420
Utilities	26,637	25,556
Valuation allowances	<u>104</u>	<u>180</u>
	<u>\$ 117,927</u>	<u>\$ 108,364</u>

16. FINANCIAL RISK MANAGEMENT

The Corporation's financial instruments consist of cash and cash equivalents, portfolio investments, accounts receivable, mortgages and loans receivable, accounts payable and accrued liabilities, and loans payable to CMHC and are measured at amortized cost. The Corporation has exposure to the following risks from its use of financial instruments:

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

16. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities or cash outflow obligations as they come due. The Corporation manages its liquidity risk by maintaining adequate cash balances and investing in money market instruments. These instruments are readily convertible into known amounts of cash. The Corporation does not believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities. The table below shows when various financial liabilities mature.

Financial Liabilities	<u>Up to 1 year</u>	<u>1 to 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Accounts payable and accrued liabilities	\$ 24,000	\$ -	\$ -	\$ 24,000
Loans and mortgages payable to CMHC	<u>661</u>	<u>2,743</u>	<u>1,241</u>	<u>4,645</u>
Total financial liabilities	<u>\$ 24,661</u>	<u>\$ 2,743</u>	<u>\$ 1,241</u>	<u>\$ 28,645</u>

Credit risk

The Corporation is exposed to credit risk on its cash and cash equivalents, portfolio investments, accounts receivable and mortgages and loans receivable.

Cash and cash equivalents and portfolio investments

Credit risk on cash equivalents and portfolio investments arises from the possibility that the counter-party to the instrument fails to meet their obligations. In order to manage this risk, the Corporation only invests in high quality fixed income investments. The maximum exposure to credit risk held in cash and cash equivalents and portfolio investments is \$63,092 (2021 - \$58,237).

Accounts receivable

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. In order to manage this risk, the Corporation actively monitors the age of accounts receivable and initiates collection action. The maximum exposure to credit risk is \$6,126 (2021 - \$41,775).

Mortgages and loans receivable

Credit risk on mortgages and loans receivable arises from the possibility that the borrower fails to meet their obligations. In order to manage this risk, the Corporation actively monitors mortgage and loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. The maximum exposure to credit risk is \$3,969 (2021 - \$2,787).

As at March 31, 2022, \$1,212 (2021 - \$1,142) of the impaired mortgages and loans are secured by homes the Corporation has the ability to sell or use in its operations in order to satisfy borrowers' commitments. The fair value of the security is not readily determinable.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2022 (in thousands)

16. FINANCIAL RISK MANAGEMENT (continued)

As at March 31, 2022, the following financial assets were past due but not impaired:

Financial assets	30 days	60 days	90 days	120+ days	Total
Tenants rent receivable	\$ 387	\$ 292	\$ 171	\$ 560	1,410
Trade accounts receivable	64	5	11	205	285
Mortgages and loans receivable	20	152	205	194	571

The Corporation does not face cash flow interest rate risk on its loans payable to the CMHC because these interest rates are fixed for the full term of the loans. Because the Corporation accounts for these loans at amortized cost, a change in interest rates would not affect the consolidated statement of operations and accumulated surplus with respect to these loans payable.

17. RELATED PARTY TRANSACTIONS

The Corporation enters into transactions with related parties in the normal course of business under terms and conditions similar to those with unrelated parties. Balances receivable and payable resulting from transactions that the Corporation had with related parties during the year are disclosed in Notes 4 and 6.

	2022	2021
Related party expenses		
Arctic Energy Alliance	\$ 159	\$ 50
Aurora College	-	2
Fuel Services Division	2,968	3,183
Government of the Northwest Territories Departments	3,304	2,099
Marine Transportation Services	3	-
Northwest Territories Power Corporation	7,177	7,244
	<u>\$ 13,611</u>	<u>\$ 12,578</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Schedule of Tangible Capital Assets As at March 31, 2022 (in thousands)

Schedule A

Lands and Buildings:

	Cost					Accumulated amortization				Net Book Value (NBV)	
	Opening balance	Acquisitions	Transfers	Disposals	Closing balance	Opening balance	Amortization	Disposals	Closing balance	2022	2021
Land	\$ 9,375	\$ 972	\$ 223	\$ -	\$ 10,570	\$ -	\$ -	\$ -	\$ -	\$ 10,570	\$ 9,375
Public Housing ¹	403,272	1,078	10,352	(2,510)	412,192	185,514	11,067	(1,823)	194,758	217,434	217,758
HELP and market housing	101,733	-	10,016	(1,043)	110,706	35,556	3,602	(440)	38,718	71,988	66,177
Non-residential properties	8,246	-	-	(2,012)	6,234	4,218	155	(1,061)	3,312	2,922	4,028
Work in Progress	20,445	28,029	(20,591)	-	27,883	-	-	-	-	27,883	20,445
Sub-total	543,071	30,079	-	(5,565)	567,585	225,288	14,824	(3,324)	236,788	330,797	317,783
Property and equipment:											
Warehouses and offices	12,890	-	-	(267)	12,623	6,781	299	(137)	6,943	5,680	6,109
Mobile equipment	3,697	218	-	-	3,915	2,540	253	-	2,793	1,122	1,157
Leasehold improvements	1,030	-	-	-	1,030	828	40	-	868	162	202
Office furniture and equipment	6,073	-	-	-	6,073	5,800	68	-	5,868	205	273
Software	114	-	-	-	114	88	11	-	99	15	26
Sub-total	23,804	218	-	(267)	23,755	16,037	671	(137)	16,571	7,184	7,767
Total	\$ 566,875	\$ 30,297	\$ -	\$ (5,832)	\$591,340	\$ 241,325	\$ 15,495	\$ (3,461)	\$ 253,359	\$ 337,981	\$ 325,550

(1) Not included in acquisition of tangible capital assets on the Consolidated Statement of Cash Flow are non-cash items of \$nil (2021 - \$2,063)

(2) There were no capital leases as at March 31, 2022

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2022

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2022

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Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations. When necessary, the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Commission's management recognizes its responsibility for conducting the Commission's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to charitable foundations.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements prepared in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations.

Northwest Territories Human Rights Commission

A handwritten signature in blue ink, appearing to be "W.D.", written over a horizontal line.

Executive Director
Yellowknife, Northwest Territories
June 20, 2022

Independent Auditors' Report

To the Commission Members of Northwest Territories Human Rights Commission

Opinion

We have audited the accompanying financial statement of Northwest Territories Human Rights Commission ("the Commission"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northwest Territories Human Rights Commission as at March 31, 2022 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

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 Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we 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 the financial statements in accordance with Canadian public sector accounting standards for not-for-profit organizations, 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 Commission'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 Commission or to cease operations, or has no realistic alternative but to do so.

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



Independent Auditors' Report (continued)

Auditors's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 Commission'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 Commission'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 Commission 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.

**Yellowknife, Northwest Territories
June 20, 2022**

Crowe MacKay LLP
Chartered Professional Accountants

Northwest Territories Human Rights Commission

Statement of Operations

For the year ended March 31,	2022	2021
Revenue		
Legislative Assembly of the Northwest Territories		
- Operating grant	\$ 180,000	\$ 180,000
- Expense reimbursement (Note 5)	(27,094)	(7,592)
	152,906	172,408
Expenses		
Accounting	8,130	7,015
Advertising and promotion	5,063	7,333
Benefits and pension	703	707
Contracts - administration	-	560
Events	1,843	123
Honorarium - commission chair	24,534	15,461
Honorarium - commission members	24,999	10,454
Legal expenses	705	14,066
Membership fees	2,000	3,700
Office and administration	1,243	1,810
Professional development	1,500	10,468
Telephone	-	475
	70,720	72,172
Excess revenue	\$ 82,186	\$ 100,236

Northwest Territories Human Rights Commission

Statement of Changes in Net Assets

For the year ended March 31,	2022	2021
	Total	Total
Balance, beginning of year	\$ 280,008	\$ 179,772
Excess revenue	82,186	100,236
Balance, end of year	\$ 362,194	\$ 280,008

Northwest Territories Human Rights Commission

Statement of Financial Position

As at March 31,	2022	2021
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Assets

Current

Cash	\$ 344,915	\$ 262,226
Due from the Legislative Assembly of the Northwest Territories	22,906	24,408
Prepaid expenses	2,000	-

	\$ 369,821	\$ 286,634
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Liabilities

Current

Accounts payable and accrued liabilities	\$ 7,625	\$ 6,626
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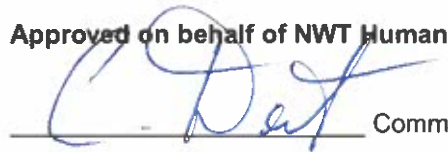
Net Assets

General Fund	362,194	280,008
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	\$ 369,819	\$ 286,634
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Contingency (Note 7)

Approved on behalf of NWT Human Rights Commission



Commission Chair



Commission Member

Northwest Territories Human Rights Commission

Statement of Cash Flows

For the year ended March 31,	2022	2021
Cash provided by (used in)		
Operating activities		
Excess revenue	\$ 82,186	\$ 100,236
Change in non-cash operating working capital		
Due from the Legislative Assembly of the Northwest Territories	1,502	(21,660)
Prepaid expenses	(2,000)	2,600
Accounts payable and accrued liabilities	1,001	(409)
Increase in cash	82,689	80,767
Cash, opening	262,226	181,459
Cash, closing	\$ 344,915	\$ 262,226

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2022

1. Nature of Operations

The Northwest Territories Human Rights Commission (the "Commission") was established to promote human rights through education and advocacy and to provide the administration of the complaints process. The Commission was established by the *Human Rights Act* of the Northwest Territories which came into effect on July 1, 2004. The Commission is exempt from income taxes and GST on the basis that they are an entity of the Government of the Northwest Territories ("GNWT").

2. COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic:

- The management of the Commission has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the entity.
- The impact to operations has been minimal.
- The Commission has not pursued nor received government assistance specifically related to COVID-19.

Subsequent to April 1, 2022, all restrictions in the Northwest Territories were lifted, and the Commission resumed its pre-pandemic activities.

3. Accounting Policies

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations ("PSA-GNPO") as issued by the Public Sector Accounting Board ("PSAB"). The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Financial Instruments

The Commission classifies its financial instruments at cost or amortized cost. The Commission's accounting policy for this financial instrument category is as follows:

This category includes cash, due from the Legislative Assembly of the Northwest Territories, and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently measured at amortized cost.

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2022

3. Accounting Policies (continued)

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

(b) Revenue recognition

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

(c) Measurement uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenues and expenses during the period. Actual results could differ from those estimates.

(d) Contributed services

These financial statements only report the funding and expenses relating to the contribution funding from the Legislative Assembly of the Northwest Territories. The Legislative Assembly incurs expenses on behalf of the Commission and the expenses are not included in these financial statements. The salaries for the Director, Deputy Director, and staff, rent, legal and office expenses are paid directly by the Legislative Assembly and are not reflected in these financial statements.

(e) Tangible capital assets

The GNWT retains ownership of all tangible capital assets (TCA) used by the Commission. The GNWT's financial statements include these TCAs and as such, the Commission has no TCAs recognized in its financial statements.

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2022

4. Future Accounting Changes

Revenue, Section PS 3400

This new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

This section is effective for fiscal periods beginning on or after April 1, 2022. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

5. Expense Reimbursement

The Commission gave the Legislative Assembly of the Northwest Territories a portion from its funding to pay for various expenses on behalf of the Commission. In the current year, \$50,000 of the \$180,000 funding was given to the Legislative Assembly of the Northwest Territories for travel. The GNWT spent \$27,094 on behalf of the Commission and \$22,906 is shown as a receivable.

	Account 5785 Travel	Account 5892 Member Fees	Account 5893 Chair Fees	Account Misc	TOTAL 2022	TOTAL 2021
Administration	\$ -	\$ 1,406	\$ 425	\$ 1,411	\$ 3,242	\$ 2,947
Commission meetings	1,685	-	-	1,421	3,106	-
Legal	-	-	-	4,140	4,140	1,645
Community events	-	-	-	4,061	4,061	1,692
Publishing	-	-	-	8,948	8,948	987
Materials	-	-	-	3,597	3,597	321
Total	\$ 1,685	\$ 1,406	\$ 425	\$23,578	\$ 27,094	\$ 7,592

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2022

6. Financial Instruments

The Commission is exposed to credit risks from its financial instruments. Qualitative and quantitative analysis of the significant risk from the Commission's financial instruments by type of risk is provided below:

(a) Credit risk

Credit risk is the risk of financial loss to the Commission if a debtor fails to make payments of interest and principal when due. The Commission is exposed to this risk relating to its, cash and due from the Legislative Assembly of the Northwest Territories.

The Commission has a credit risk in cash \$344,915 (2021 - \$262,226) as a result of having funds in excess of insurable limit with one financial institution.

Credit risk related to amount due from the Legislative Assembly of the Northwest Territories is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that no impairment was required.

The Commission's maximum exposure to credit risk is represented by the financial assets for a total of \$367,821 (2021 - \$286,634).

(b) Concentration of credit risk

The Commission does have concentration of credit risk. At March 31, 2022, receivables from one government agency comprised \$22,906 (2021 - \$24,408), representing 100% (2021 - 100%) of the total outstanding accounts receivables.

At March 31, 2022, 100% (2021 - 100%) of the Commission's cash was held within one of Canada's chartered banks. This risk has not changed from the prior year.

7. Contingency

The Commission has received statements of claim related to matters arising in the ordinary course of business. These matters are at various stages and their outcome and an estimate of loss, if any, is not determinable. Liabilities related to these matters, if any, will be recorded when the matters are resolved.

NORTHWEST TERRITORIES HYDRO CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2022

NORTHWEST TERRITORIES HYDRO CORPORATION

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. A summary of significant accounting policies are described in Note 2 to the consolidated financial statements. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Northwest Territories Hydro Corporation (NT Hydro) maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further NT Hydro's objectives, are protected from loss or unauthorized use and that NT Hydro acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting NT Hydro's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an agent of the territorial government. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors oversees management's responsibilities for financial reporting and reviews and approves the consolidated financial statements. The internal and external auditors have full and free access to the Board.

These consolidated financial statements have been approved by the Board of Directors.



Cory Strang
Chief Executive Officer



Paul Grant
Chief Financial Officer

Hay River, NT
August 3, 2022



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Hydro Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Northwest Territories Hydro Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and the consolidated results of its operations, consolidated changes in its net debt, and its consolidated 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Management Discussion and Analysis section included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Northwest Territories Hydro Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are the *Financial Administration Act* of the Northwest Territories and regulations, the *Northwest Territories Hydro Corporation Act* and regulations, and the by-laws of the Northwest Territories Hydro Corporation.

In our opinion, the transactions of the Northwest Territories Hydro Corporation that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Northwest Territories Hydro Corporation Act*, we report that, in our opinion, proper books of account have been kept by the Northwest Territories Hydro Corporation and the consolidated financial statements are in agreement therewith.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Northwest Territories Hydro Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Northwest Territories Hydro Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

A handwritten signature in black ink, reading "Lana Dar". The signature is written in a cursive, flowing style.

Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

Vancouver, Canada
3 August 2022

NORTHWEST TERRITORIES HYDRO CORPORATION

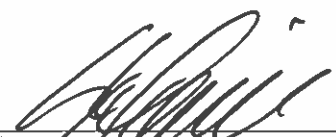
CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31 (in thousands of dollars)

	2022	2021
Financial assets		
Cash	\$ 9,927	\$ 4,748
Revenues receivable (Note 3)	13,229	13,292
Government contributions receivable (Note 17)	3,505	2,364
Loan receivable (Note 4)	-	9,741
Investment in Aadrii Ltd.	372	440
	27,033	30,585
Liabilities		
Operating line of credit (Note 5)	950	2
Accounts payable and accrued liabilities	27,276	20,342
Debenture debt owing to third parties (Note 6)	190,749	203,415
Debenture debt owing to the GNWT (Note 6)	38,573	39,527
Asset retirement obligations (Note 7)	7,962	8,959
Environmental liabilities (Note 8)	17,619	14,368
Capital lease obligation (Note 4)	15,950	16,355
Other employee future benefits (Note 9)	1,977	2,831
Deferred government contributions (Note 17)	13,117	5,343
	314,173	311,142
Net debt	(287,140)	(280,557)
Non-financial assets		
Tangible capital assets (Note 10)	458,839	433,910
Inventories (Note 11)	10,459	9,025
Prepaid expenses	1,472	1,554
	470,770	444,489
Accumulated surplus / equity (Note 12)	\$ 183,630	\$ 163,932

Contractual obligations and contingent liability (Note 19)

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

Approved on behalf of the Board:


Stephen Louth, Chairperson of the Board


Martin Goldney, Director

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31 (in thousands of dollars)

	2022 Budget	2022 Actual	2021 Actual
Revenues			
Sale of power (Note 13)	\$ 109,599	\$ 110,155	\$ 109,536
Fuel rider revenue	2,062	2,150	2,120
Other revenue and customer contributions (Note 14)	1,816	2,117	1,521
Interest income (Note 16)	947	424	1,091
(Loss) income from investment in Aadrii Ltd.	75	(69)	(39)
	114,499	114,777	114,229
Expenses (Note 15)			
Thermal generation	67,039	69,164	63,265
Hydro generation	24,222	22,770	20,646
Corporate services	16,663	14,661	14,465
Transmission, distribution and retail	11,262	10,811	11,036
Purchased power	2,707	3,141	2,063
Alternative power generation	203	201	218
	122,096	120,748	111,693
Surplus (Deficit) for the year before government contributions	(7,597)	(5,971)	2,536
Government contributions			
Other government contributions (Note 17)	23,613	25,669	17,582
Surplus for the year	\$ 16,016	\$ 19,698	\$ 20,118
Accumulated surplus / equity, beginning of year	163,932	163,932	143,814
Accumulated surplus / equity, end of year	\$ 179,948	\$ 183,630	\$ 163,932

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

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT For the year ended March 31 (in thousands of dollars)

	2022 Budget	2022 Actual	2021 Actual
Surplus for the year	\$ 16,016	\$ 19,698	\$ 20,118
Tangible capital assets			
Additions	(82,902)	(41,874)	(39,796)
Capitalized overhead	(6,160)	(3,339)	(5,597)
Capitalized interest (Note 16)	(1,400)	(1,488)	(1,288)
Disposals	10,199	2,043	1,185
Amortization (Note 10)	19,558	19,729	19,684
	(60,705)	(24,929)	(25,812)
Acquisition of inventories	(7,500)	(7,745)	(7,687)
Use of inventories	7,500	6,311	7,789
Acquisition of prepaids	(1,700)	(3,307)	(2,992)
Use of prepaids	1,700	3,389	2,766
	-	(1,352)	(124)
Increase in net debt for the year	\$ (44,689)	\$ (6,583)	\$ (5,818)
Net debt, beginning of year	(280,557)	(280,557)	(274,739)
Net debt, end of year	\$ (325,246)	\$ (287,140)	\$ (280,557)

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

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended March 31 (in thousands of dollars)

	2022	2021
Cash provided by operating activities		
Cash receipts from customers	\$ 115,386	\$ 113,766
Government contributions received (Note 17)	32,302	20,786
Cash paid to suppliers	(50,978)	(56,940)
Cash paid to employees	(30,607)	(30,448)
Interest paid	(10,071)	(10,011)
Interest received	64	85
	56,096	37,238
Cash provided by investing activities		
Loan receivable receipts (Note 4)	9,220	397
	9,220	397
Cash used in capital activities		
Acquisition and development of tangible capital assets	(45,459)	(48,978)
Proceeds on sale of tangible capital assets	27	139
	(45,432)	(48,839)
Cash (used in) provided by financing activities		
Issuance of debenture debt	-	40,000
Repayment of capital lease obligation (Note 4)	(202)	(8)
Repayment of debenture debt	(13,664)	(5,086)
Prepayment penalty for debenture debt (Note 6)	(1,787)	-
Proceeds from (repayments of) operating line of credit	948	(20,957)
	(14,705)	13,949
Increase in cash	\$ 5,179	\$ 2,745
Cash, beginning of year	4,748	2,003
Cash, end of year	\$ 9,927	\$ 4,748

The accompanying notes are an integral part of these consolidated financial statements

NORTHWEST TERRITORIES HYDRO CORPORATION

1. The Corporation

a) Authority and corporate information

The Northwest Territories Hydro Corporation (NT Hydro) was established under the *Northwest Territories Hydro Corporation Act*. NT Hydro is a public agency under Schedule B of the *Financial Administration Act* of the Northwest Territories and is exempt from income tax. The Government of the Northwest Territories (GNWT) owns all shares of NT Hydro (Note 12).

NT Hydro's primary asset is its 100% ownership interest in Northwest Territories Power Corporation (NTPC), which owns and operates hydroelectric, diesel, natural gas and photovoltaic generation facilities for the distribution and transmission of utility services to residents and businesses in the Northwest Territories (NWT). NTPC is a regulated company, established under the *Northwest Territories Power Corporation Act* and controls one wholly-owned subsidiary, the Northwest Territories Energy Corporation Ltd. (NWTEC). NWTEC, under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation in 1996 for the construction of a 4.3 MW hydro facility (Note 4). NWTEC is also responsible for the joint operation and shared ownership (50%) in one residual heat project in Fort McPherson, Aadrii Ltd.

NT Hydro has another subsidiary, the Northwest Territories Energy Corporation (03) Ltd. (NT Energy). NT Energy is unregulated and involved in construction and development of energy related capital projects. NT Energy is also undertaking any work to develop prices and respond to requests for electricity pricing for potential mining operations.

b) Regulated activities

The activities of NTPC are regulated by the Public Utilities Board (PUB) of the Northwest Territories pursuant to the *Public Utilities Act*. The PUB regulates matters covering rates, financing, accounting for regulatory purposes, construction, operation and service area. As the PUB is a board appointed by the GNWT, and NTPC is a public agency of the GNWT, NTPC and the PUB are related parties.

The PUB uses cost of service regulation to regulate NTPC's earnings on a return on equity basis. NTPC filed its 2016/19 GRA on June 30, 2016. This application requested a change to NTPC's amortization rates as well as its energy rates, which include a return on equity component. In Decision 16-2017 the PUB approved amortization rates and a return on equity for 2018-19 of 8%. The approved return on equity will remain in effect until it is reassessed at the time of the next GRA. As actual operating conditions will vary from forecast, actual returns achieved may differ from approved returns.

The PUB reviews the affairs, earnings and accounts of NTPC every year by way of its annual report of finances.

The regulatory hearing process used to establish or change rates begins when NTPC makes a General Rate Application (GRA) for its proposed electricity rate changes.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 1. The Corporation (continued)

On March 15, 2019, NTPC filed a collection rider application with the PUB to reduce the balance of the regulated Territory-wide Rate Stabilization Fund as a result of high fuel costs as well as reduced access to lower cost generation through purchased power in Norman Wells and liquefied natural gas generation in Inuvik in the last two years. PUB Decision 4-2019 approved the rider effective May 1, 2019. The rider ranges between 0.69 cents/kWh to 0.99 cents/kWh for all firm power customers with the exception of Northland Utilities (NWT) Limited.

NTPC filed a GRA in March 2022 with a single test year of 2022-23. The application is currently pending approval. There are no accounting implications of filing the GRA on the 2021-22 consolidated financial statements.

c) Economic dependence

NT Hydro has historically been dependent on the GNWT to maintain its operations and meet its liabilities. It is expected that the ongoing operations of NT Hydro will depend on continued financial support from the GNWT.

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB). The accounting policies set out below have been applied in preparing the consolidated financial statements.

a) Basis of consolidation

The consolidated financial statement of NT Hydro consist of the transactions and balances of NT Hydro and its wholly-owned subsidiaries. Inter-entity transactions and balances with the wholly-owned subsidiaries are eliminated upon consolidation. NTPC's investment in its government business partnership (GBP) is accounted for under the modified equity method to record its investment, net income and other changes in equity. Inter-entity transactions and balances with the GBP are not eliminated.

The consolidated budget figures presented in these consolidated financial statements were approved by the Board of Directors and include adjustments to eliminate budgeted inter-entity revenues and expenses. The budget figures do not reflect any forecast changes made throughout the year.

b) Measurement uncertainty

To prepare these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities. Significant estimates include the estimated useful life, impairment and the value of future economic benefits associated with the tangible capital assets, the provision for other employee future benefits and the provisions for asset retirement obligations and environmental liabilities.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ significantly from these estimates.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

c) Inventories

Inventories are only held for use and consist mainly of materials, supplies, lubricants, critical spare parts and fuel. Inventories are recorded at cost. Cost is determined using the weighted average cost method. Impairments, when recognized, result in write-downs to net realizable value.

d) Financial instruments

The financial instruments of NT Hydro are classified and measured at amortized cost using the effective interest method and include the following: cash, revenues receivable, government contributions receivable, loan receivable, due from related party, operating line of credit, accounts payable and accrued liabilities, debenture debt, and capital lease obligations.

A provision for impairment of revenues receivable, government contributions receivable, and the loan receivable is established when there is objective evidence that NT Hydro will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that revenues receivables are impaired. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of operations and accumulated surplus as bad debt expense. When a receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in the consolidated statement of operations and accumulated surplus.

All financial assets are tested annually for impairment or more frequently if indicators of impairment exist. When these financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. Such impairment is not reversed following a subsequent increase in value. Transaction costs, with respect to financial assets and liabilities carried at amortized cost, are added to the initial cost of the acquired financial asset or financial liability.

e) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at historical cost less accumulated amortization and impairment losses. Costs include amounts that are directly related to the acquisition, design, construction, development, improvement and betterment of the assets. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, capitalized interest directly attributable to construction or development (IDC) and statutory, contractual or legal obligations associated with the retirement of tangible capital assets. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use.

The IDC rate for 2021-22 was 4.97% (2020-21 – 4.97%). Gains or losses on disposition are included in the consolidated statement of operations and accumulated surplus

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

i) Leased tangible capital assets

Leases that transfer substantially all of the benefits and risks incidental to ownership of tangible capital assets are accounted for as leased tangible capital assets and a lease liability.

The value of the leased tangible capital asset and lease liability is recorded at the inception of the lease based upon the present value of the minimum lease payments, excluding executory costs.

ii) Contributions of tangible capital assets

Tangible capital assets received as contributions from third parties are recorded as assets and revenue at their fair value at the date of receipt, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value.

iii) Impairment

When conditions indicate that a tangible capital asset no longer contributes to NT Hydro's ability to provide services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect that a permanent decline in the value of the asset has occurred. The related expense is recorded in the consolidated statement of operations and accumulated surplus and is not reversed if conditions subsequently change.

iv) Amortization

Management has utilized amortization rates approved by the PUB in Decision 8-2018 (Note 1(b)). The cost, less residual value, is amortized over its useful life on a straight-line basis based on the average life of the group. Amortization rates remain unchanged since 2016-17. Assets under construction are not amortized until they are ready for their intended productive use. NT Hydro uses amortization studies and other information to assess amortization rates and substantiate amortization rate changes. Amortization rate changes are accounted for on a prospective basis.

Annual amortization rates are as follows:

	2022	2021
	Rates (%)	Rates (%)
Electric power plants	1.00 – 4.86	1.00 – 4.86
Transmission and distribution systems	1.54 – 6.67	1.54 – 6.67
Warehouse, equipment, motor vehicles and general facilities	1.31 – 20.00	1.31 – 20.00
Electric power plant under capital lease	1.00 – 4.86	1.00 – 4.86

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

f) Government contributions

Government contributions are recognized as revenue when the contributions are authorized and any eligibility criteria are met, except to the extent that stipulations of a contribution give rise to an obligation that meets the definition of a liability, in which case the contribution is recorded as a deferred government contribution and subsequently recognized as revenue when the stipulations are met.

g) Customer contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of cash contributions from customers. These contributions are recorded as revenues when all external restrictions or stipulations imposed by an agreement with the external party related to the contribution have been satisfied, generally when the resources are used for the purposes intended.

h) Public service pension plan

All eligible employees participate in the Public Service Pension Plan (the Plan), administered by the Government of Canada. The Plan is a multi-employer contributory defined benefit plan established through legislation. NT Hydro's contributions to the Plan are charged as an expense on a current year basis and represent the total pension obligations. NT Hydro is not required under present legislation to make contributions with respect to actuarial deficiencies of the Plan.

i) Other employee future benefits

The expected cost of providing these benefits is actuarially determined using assumptions based on management's best estimates and are recognized as employees render service. The benefit plans are not funded and thus have no assets, resulting in plan deficits equal to the accrued benefit obligation.

i) Severance and ultimate removal benefits

Under the terms and conditions of employment, eligible employees may earn severance and removal benefits based on employee start dates, years of service, final salary and location of hire. The benefits are paid upon resignation, retirement or death of an employee.

ii) Sick leave benefits

NT Hydro provides certain sick leave benefits that are available to be used in future periods when claimed by the employee upon becoming sick. The sick leave benefits accumulate but do not vest and are not paid out to employees upon resignation, retirement or death of an employee.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

j) Asset retirement obligations (ARO)

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discount and any changes in the expected amount or timing of the underlying future cash flows. The amortization method utilized on ARO costs is consistent with the rates as outlined under Tangible Capital Assets *iv) Amortization*.

NT Hydro has identified sites where NT Hydro expects to maintain and operate these assets indefinitely and therefore no related ARO has been recognized. NT Hydro reviews its estimates of ARO on an annual basis.

k) Environmental liabilities

A contaminated site is a site where physical, chemical, biological or radiological substances have been introduced in air, soil, water or sediment and have an adverse effect. A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, NT Hydro is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects NT Hydro's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

Environmental liabilities consist of the estimated costs related to the monitoring, maintenance and remediation of environmentally contaminated sites. Environmental liabilities are discounted for the time value of money. NT Hydro reviews its estimates of environmental liabilities on an annual basis.

l) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using rates in effect at the time the transactions were entered into. All realized exchange gains and losses are included in surplus for the year according to the activities to which they relate.

m) Revenues

Revenues for the sale of power and fuel riders are recognized in the period earned based on cyclical meter readings. Sale of power revenues and fuel riders include accruals for electricity sales not yet billed.

Interest, other revenue and customer contributions are recognized on an accrual basis.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

n) Expenses

Expenses are recognized on an accrual basis.

o) Contractual obligations and contingent liabilities

The nature of NT Hydro's activities requires contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to funding commitments for operating and capital projects. Contractual obligations are obligations of NT Hydro to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingent liabilities of NT Hydro are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount of the liability cannot be reasonably estimated, the contingency is disclosed. If the occurrence of the confirming future event is not determinable, the contingency is disclosed.

p) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the change in net debt during the year.

q) Future accounting changes

PSAB issued a new standard PS 3400 Revenues in November 2018. This standard has an effective date of April 1, 2023.

PSAB issued a new standard in November 2018 on Asset Retirement Obligations (PS 3280). This standard has an effective date of April 1, 2022.

NT Hydro continues to evaluate the potential impacts on its consolidated financial statements from the adoption of these standards.

NORTHWEST TERRITORIES HYDRO CORPORATION

3. Revenues receivable

At March 31, 2022, the aging of revenues receivable was as follows:

	2022			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	\$ 11,339	\$ 839	\$ 228	\$ 12,406
Non-utility	909	3	114	1,026
Allowance for doubtful accounts	-	-	(203)	(203)
	<u>\$ 12,248</u>	<u>\$ 842</u>	<u>\$ 139</u>	<u>\$ 13,229</u>

At March 31, 2021, the aging of revenues receivable was as follows:

	2021			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	\$ 12,256	\$ 857	\$ 449	\$ 13,562
Non-utility	246	15	48	309
Allowance for doubtful accounts	-	(82)	(497)	(579)
	<u>\$ 12,502</u>	<u>\$ 790</u>	<u>\$ -</u>	<u>\$ 13,292</u>

The changes in the allowance for doubtful accounts were as follows:

	2022	2021
Balance, beginning of the year	\$ (579)	\$ (482)
Receivables written off	191	74
Change to allowance	185	(171)
Balance, end of the year	<u>\$ (203)</u>	<u>\$ (579)</u>

Revenues receivable on utility and non-utility accounts are generally due in 28 days and interest is charged after 28 and 30 days, respectively, at rates in the terms of service agreement. As at March 31, 2022, NT Hydro provided an allowance for doubtful accounts for the estimated portion of its revenues receivable accounts that will not be collected. Additional disclosures on NT Hydro's exposure and management of credit risk associated with revenues receivable can be found in Note 20.

NORTHWEST TERRITORIES HYDRO CORPORATION

4. Loan receivable and capital lease obligations

Loan receivable

NWTEC loaned \$22,900 to the Dogrib Power Corporation (DPC) to finance the construction of a hydroelectric generating plant on the Snare River (Snare Cascades) in the NWT between 1994 and 1996. The interest rate on the loan was 9.6%, which was the average rate of interest on NWTEC's debenture debt issued to finance the loan. During the year, DPC repaid the balance of the loan in full.

Prior to DPC paying off the loan receivable, the loan payments and the capital lease payments for the Snare Cascades were settled on a net basis and are presented on a net basis on the consolidated statement of cash flows. Loan receivable principal payments of \$9,741 (2020-21 - \$1,335) were received in the year and interest income of \$360 (2020-21 - \$1,005) was recorded in the year. The receipts net of lease payments received from DPC in the year were \$9,220 (2020-21 - \$397).

The lease payments made on the Snare Cascades lease after the DPC loan repayment were \$202 (2020-21- \$NIL).

Capital lease obligation

Snare Cascades

NTPC has a 65-year lease from the DPC for the Snare Cascades at a variable interest rate based on the weighted average return of equity and cost of debt. The interest rate on the lease as of March 31, 2022 was 7.75% (2020-21 – 8.92%). This rate is recalculated periodically in accordance with PUB orders as established through the GRA process (Note 1(b)). The lease can be renewed at NTPC's option subject to the same covenants, obligations and agreements except for the monthly rental price which shall be determined by mutual agreement or arbitration. The renewal term will be based on the useful life of the property at the end of the term or the expiry of the Ground Lease, whichever comes first. To reflect the effective acquisition and financing nature of the lease, the Snare Cascades is included in electric power plant under capital lease (Note 10).

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 4. Loan receivable and capital lease obligation (continued)

Present value of minimum lease payments

The undiscounted contractual obligations, the effects of discounting and the present values of the minimum lease payments required for the capital lease obligation over the next five years and thereafter are as follows:

2023	\$	1,687
2024		1,656
2025		1,624
2026		1,593
2027		1,562
Thereafter		34,575
		<u>42,697</u>
Less: amounts representing imputed interest		(26,747)
Total capital lease obligation	\$	<u>15,950</u>

Additional disclosures on NT Hydro's exposure and management of risk associated with the loan receivable and capital lease obligation can be found in Note 20.

5. Operating line of credit

NT Hydro has a \$50,000 (2020-21 - \$50,000) operating line of credit with its bank. The operating line of credit allows NT Hydro to borrow using Bankers' Acceptances or other advances directly against the line of credit.

As at March 31, 2022, NT Hydro has borrowed \$950 (2020-21 - \$2) against the line of credit including outstanding cheques and bank overdraft.

NT Hydro has one outstanding letter of credit for \$3,145 as of March 31, 2022 (2020-21 - two letters of credit totalling \$3,645) against its operating line of credit. This commitment terminates in 2022-23.

NORTHWEST TERRITORIES HYDRO CORPORATION

6. Debenture debt

a) Owing to Third Parties

	<u>2022</u>	<u>2021</u>
3.982% amortizing debenture, due February 17, 2047 repayable semi-annually in blended payments of \$1,722	\$ 54,224	\$ 55,472
5.16% amortizing debenture, due September 13, 2040 repayable semi-annually in blended payments of \$1,684	39,846	41,109
5.443% debenture – interest payable semi-annually, principal is due August 1, 2028	25,000	25,000
5.995% debenture – interest payable semi-annually, principal is due December 15, 2034	25,000	25,000
3.818% debenture – interest payable semi-annually, principal is due November 25, 2052	25,000	25,000
5% debenture – interest payable semi-annually, principal is due July 11, 2025	15,000	15,000
6.42% amortizing debenture, due December 18, 2032 repayable semi-annually. The first payment is interest only, the second payment is interest plus \$667 principal	7,333	8,000
9.11% debenture series 3	-	3,737
9.75% debentures series 2	-	2,988
10% debenture series 1	-	2,807
	<u>\$ 191,403</u>	<u>\$ 204,113</u>
Less: unamortized premium, discount and issuance costs	(654)	(698)
	<u>\$ 190,749</u>	<u>\$ 203,415</u>

The GNWT guarantees all third party debenture debt.

The series 1, 2 and 3 debentures had due dates between May 1, 2025 and September 1, 2026. During the year, NWTEC repaid these three debentures after DPC repaid NTPC's loan receivable (Note 4). Included in the payout amount was principal, accrued interest and a prepayment penalty. The prepayment penalty of \$1,787 is included in expenses (Note 15).

b) Owing to the GNWT

	<u>2022</u>	<u>2021</u>
2.265% amortizing debenture, due September 30, 2050 repayable semi-annually in blended payments of \$922	<u>\$ 38,573</u>	<u>\$ 39,527</u>

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 6. Debenture debt (continued)

Principal repayments for future years on all debenture debt are as follows:

2023	2024	2025	2026	2027	Thereafter	Total
\$ 4,271	\$ 4,413	\$ 4,566	\$ 19,721	\$ 4,885	\$192,120	\$ 229,976

7. Asset retirement obligations

ARO include costs related to the disposal of generating plants on leased land, storage tank systems and the associated piping for petroleum products in all communities served by NTPC.

Following is a summary of the key assumptions upon which the carrying amount of the ARO is based:

- Total expected future cash flows - \$14,161 (2020-21 - \$15,103).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 30 years with the majority occurring after 2039.
- The discount rate is the year-end cost of borrowing of 3.33% (2020-21 – 2.40%) for those obligations to be settled in less than 10 years and 3.61% (2020-21– 3.12%) for those obligations to be settled in 10 years or longer.

Following is a summary of the asset retirement obligations:

	2022	2021
Opening balance	\$ 8,959	\$ 8,878
Liabilities settled	(2)	-
Accretion expense	259	259
Valuation adjustment	(1,292)	(334)
Additions	38	156
Balance, end of year	\$ 7,962	\$ 8,959

8. Environmental liabilities

Environmental protection legislation (Environmental Guideline for Contaminated Site Remediation, Northwest Territories Department of Environment and Natural Resources, 2003) establishes maximum standards for concentrations of petroleum hydrocarbons and other substances in soil to protect environmental quality and human health from the long-term effect of exposure to them. Legislation requires a responsible party to perform remediation activities if the concentrations exceed standard levels. NTPC estimates that it has 23 sites (2020-21 - 23 sites) which have contaminated soil that exceed the accepted maximum standard in the Northwest Territories. NTPC is responsible for remediation of the contaminated site upon sale of the land or termination of the lease.

Management estimates that over 75% of the contamination occurred prior to May 5, 1988 when the Government of Canada controlled Northern Canada Power Commission (NTPC's predecessor company). There is no provision recorded in these consolidated financial statements for a potential recovery from the Government of Canada.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 8. Environmental liabilities (continued)

Following is a summary of the key assumptions upon which the carrying amount of the environmental liabilities is based:

- Total expected future cash flows - \$52,551 (2020-21 - \$35,779).
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 68 years with the majority occurring after 2054.
- The discount rate is the year-end cost of borrowing of 3.33% (2020-21 – 2.40%) for those obligations to be settled in less than 10 years and 3.61% (2020-21 – 3.12%) for those obligations to be settled in 10 years or longer.

Following is a summary of the estimated environmental liabilities:

	2022	2021
Opening balance	\$ 14,368	\$ 16,521
Liabilities settled	(1,383)	(171)
Valuation adjustment	4,634	(1,982)
Balance, end of year	<u>\$ 17,619</u>	<u>\$ 14,368</u>

The valuation adjustment relates to changes in the timing of or amount of expected future cash flows and changes to the discount rate applied. The valuation adjustment is recognized in supplies and services expense (Note 15).

9. Other employee future benefits

a) Public Service Pension Plan

The employees of NTPC participate in the Plan. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is 2% per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.02 times (2020-21 – 1.01) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2020-21 – 1.00) the employees' contributions for all other employees. The employer contribution rate at the end of the year for the portion of the employee's salary above \$191 (2020-21 - \$182) was 5.91 times (2020-21 – 3.59) the employee's contributions. Employer contributions of \$2,288 (2020-21 - \$2,306) were recognized as an expense in the current year. The employees' contribution to this plan was \$2,148 (2020-21 - \$2,188).

The Plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the Plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 9. Other employee future benefits (continued)

b) Other employee future benefits

Summary of other employee future benefit liabilities:

	2022			2021		
	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total	Severance and Removal Benefit	Accumulated Sick Leave Benefit	Total
Accrued benefit obligation, beginning of year	\$ 2,799	\$ 221	\$ 3,020	\$ 3,089	\$ 250	\$ 3,339
Benefits earned	299	21	320	295	21	316
Interest	77	6	83	80	6	86
Benefits paid	(1,269)	(36)	(1,305)	(415)	(158)	(573)
Actuarial (gains) losses	1,391	55	1,446	(250)	102	(148)
Accrued benefit obligation, end of year	3,297	267	3,564	2,799	221	3,020
Unamortized net actuarial gain/(loss)	(1,255)	(332)	(1,587)	144	(333)	(189)
Net future obligation	<u>\$ 2,042</u>	<u>\$ (65)</u>	<u>\$ 1,977</u>	<u>\$ 2,943</u>	<u>\$ (112)</u>	<u>\$ 2,831</u>

NT Hydro provides accumulating sick leave employee benefits of one and one quarter days of sick leave per month which will require funding in future periods when claimed upon an employee becoming sick. Sick leave can only be used for paid time off for illness of the employee. Sick leave taken is paid at the employee's normal rate of pay. The sick leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick days accumulate and there are no limits to the accumulation. Sick leave benefits accumulate over the periods of service provided by employees and are recognized as services are performed to earn them.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 9. Other employee future benefits (continued)

Total expenses related to the severance, removal and sick leave benefits include the following components:

	<u>2022</u>	<u>2021</u>
Current benefits earned	\$ 320	\$ 316
Interest	83	86
Amortization of net actuarial loss	48	65
	<u>\$ 451</u>	<u>\$ 467</u>

The actuarial valuation reflects management's best estimate based upon a number of assumptions including:

	<u>2022</u>	<u>2021</u>
Expected inflation rates	2%	2%
Discount rate used to determine the accrued benefit obligation	3.4%	2.7%
Expected average remaining service life of related employee groups (EARSL)	<u>10.4 years</u>	<u>8.5 years</u>

NORTHWEST TERRITORIES HYDRO CORPORATION

10. Tangible capital assets

March 31, 2022						
	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	\$ 399,016	\$ 107,816	\$ 77,480	\$ 28,733	\$ 63,291	\$ 676,336
Additions	38	-	-	-	46,663	46,701
Transfers – completed projects	9,763	997	3,762	-	(14,522)	-
Disposals and adjustments	(2,933)	(165)	(1,891)	-	-	(4,989)
Closing balance	405,884	108,648	79,351	28,733	95,432	718,048
Accumulated amortization						
Opening balance	(148,662)	(40,279)	(43,344)	(10,141)	-	(242,426)
Amortization	(11,854)	(2,624)	(4,791)	(460)	-	(19,729)
Disposals and adjustments	1,303	144	1,499	-	-	2,946
Closing balance	(159,213)	(42,759)	(46,636)	(10,601)	-	(259,209)
Net book value	\$ 246,671	\$ 65,889	\$ 32,715	\$ 18,132	\$ 95,432	\$ 458,839

March 31, 2021						
	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	\$ 366,414	\$ 104,929	\$ 73,833	\$ 28,733	\$ 58,222	\$ 632,131
Additions	156	-	-	-	46,525	46,681
Transfers – completed projects	34,404	3,098	3,954	-	(41,456)	-
Disposals and adjustments	(1,958)	(211)	(307)	-	-	(2,476)
Closing balance	399,016	107,816	77,480	28,733	63,291	676,336
Accumulated amortization						
Opening balance	(138,003)	(37,784)	(38,565)	(9,681)	-	(224,033)
Amortization	(11,574)	(2,597)	(5,053)	(460)	-	(19,684)
Disposals and adjustments	915	102	274	-	-	1,291
Closing balance	(148,662)	(40,279)	(43,344)	(10,141)	-	(242,426)
Net book value	\$ 250,354	\$ 67,537	\$ 34,136	\$ 18,592	\$ 63,291	\$ 433,910

NORTHWEST TERRITORIES HYDRO CORPORATION

11. Inventories

	2022	2021
Materials, supplies and lubricants	\$ 5,200	\$ 5,253
Critical spare parts	4,989	3,483
Fuel	270	289
	<u>\$ 10,459</u>	<u>\$ 9,025</u>

Inventories are used to make repairs, complete overhauls or generate electricity. Production fuel inventory is held in five of NTPC's operating plants. The liquefied natural gas (LNG) fuel requirement for NTPC's Inuvik plant is managed under the LNG fuel supply agreement described in Note 19. Diesel fuel requirements for the remaining 20 plants are managed under the fuel management services agreement described in Note 19.

12. Accumulated surplus / equity

	2022	2021
Share capital, common and preferred shares	\$ 43,129	\$ 43,129
Accumulated operating surplus / equity	140,501	120,803
	<u>\$ 183,630</u>	<u>\$ 163,932</u>

The authorized share capital of NT Hydro is comprised of one common share without par value and one preferred, non-cumulative share without par value. As at March 31, 2022, 1 common share (2020-21 – 1 common share), at \$43,129 per share (2020-21 – \$43,129 per share), has been issued and fully paid, and one preferred share at one dollar. NT Hydro may only issue its shares to the GNWT.

13. Sale of power

	2022	2021
Power sales to external customers	\$ 82,023	\$ 81,954
Power sales to GNWT and related parties	16,947	16,441
GNWT TPSP payments	6,550	6,442
GNWT HSP payments	4,635	4,699
	<u>\$ 110,155</u>	<u>\$ 109,536</u>

Sale of power includes GNWT support program payments received by NTPC on behalf of customers. The GNWT offers these support programs to both NTPC and Northland Utilities Ltd. customers.

The GNWT Territorial Power Support Program (TPSP) payments subsidize residential power rates to the rate paid in Yellowknife for energy used within a specified threshold.

The GNWT Housing Support Program (HSP) payments subsidize the difference between the specified rate paid by GNWT residential customers living in public housing and the PUB residential rate for that community.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 13. Sale of power (continued)

NTPC administers these support programs on behalf of the GNWT and invoices the GNWT monthly for the payments. The support payments are subject to the same terms as other utility customers as per NTPC's Terms and Conditions of Service.

14. Other revenue and customer contributions

	2022	2021
Contract work	\$ 575	\$ 343
Heat revenues	482	370
Connection fees	410	302
Pole rental	373	346
Contributions in aid of construction	277	160
	<u>\$ 2,117</u>	<u>\$ 1,521</u>

15. Expenses

The following is a summary of the expenses for the year by object:

	2022	2021
Salaries and wages	\$ 29,485	\$ 30,320
Fuel and lubricants (Notes 18, 19)	27,638	27,178
Supplies and services	27,449	19,471
Amortization (Note 10)	19,729	19,684
Interest expense (Note 16)	10,775	11,569
Travel and accommodation	2,422	2,033
Loss on settlement of NWTEC debentures (Note 6)	1,787	-
Loss on disposal of assets	1,204	1,179
Accretion on ARO (Note 7)	259	259
	<u>\$ 120,748</u>	<u>\$ 111,693</u>

16. Interest expense and interest income

Interest expense

	2022	2021
Interest on debenture debt and capital leases (Notes 4, 6)	\$ 12,014	\$ 12,526
Short-term debt financing costs	249	331
Capitalized interest during construction	(1,488)	(1,288)
	<u>\$ 10,775</u>	<u>\$ 11,569</u>

Interest income

	2022	2021
Income on loan receivable (Note 4)	\$ 360	\$ 1,005
Income from overdue accounts and bank balances	64	86
	<u>\$ 424</u>	<u>\$ 1,091</u>

NORTHWEST TERRITORIES HYDRO CORPORATION

17. Other government contributions

Government of Canada's Low Carbon Economy Leadership Fund

In 2021-22, NTPC entered into an agreement with the GNWT under the Government of Canada's Low Carbon Economy Leadership Fund (LCELF) for the following project:

Inuvik Power Plant – 3rd LNG Fuel Tank

This agreement is to support 75% of the cost of installation of a 3rd LNG tank at the Inuvik Power Plant to a maximum of \$659. The agreement expires on March 31, 2023. During the year, NTPC did not receive any payments but incurred \$135 in eligible expenditures. The amount of expenditures in excess of amount received, \$135, has been recorded as a deferred government contribution.

Investing in Canada Infrastructure Program

In 2019-20, NTPC entered into agreements with the GNWT under the Government of Canada's Investing in Canada Infrastructure Program (ICIP) for the following projects:

Taltson Hydroelectric Facility Major Overhaul

This agreement is to support 75% of the cost of completing upgrades to various hydro, mechanical and electrical components of the facility in addition to the installation of a tailrace gate to a maximum of \$17,820. The agreement expired March 31, 2022. During the year, NTPC received payments of \$3,586 (2020-21 - \$11,269). As of March 31, 2022, NTPC has incurred the maximum eligible expenditures per the agreement of \$17,820. The amount of eligible expenditures incurred in excess of the amount received, \$2,965 (2020-21 - \$2,306), has been recorded as a deferred government contribution.

Lutsel K'e – New Diesel Power Plant Facility Project

This agreement is to support 75% of the cost of replacing the existing power plant in the community to a maximum of \$8,775. The agreement expired March 31, 2022. During the year, NTPC received payments of \$6,000 (2020-21 - \$2,775). As of March 31, 2022, NTPC has incurred \$7,155 of eligible expenditures. The amount received in excess of eligible expenditures incurred, \$1,620 (2020-21 - \$698), has been recorded as a deferred liability.

Fort Simpson – Liquefied Natural Gas Power Generation Facility

This agreement is to support 75% of the cost to complete construction, installation and commissioning of a gas generation plant, as well as sufficient LNG storage and regasification to a maximum of \$11,250. The agreement expires March 31, 2023. During the year, NTPC received payments of \$0 (2020-21 - \$2,350). As of March 31, 2022, NTPC has incurred \$835 of eligible expenditures. The amount received in excess of eligible expenditures incurred, \$1,515 (2020-21 - \$1,631), has been recorded as a deferred liability.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 17. Other government contributions (continued)

In 2018-19, NT Hydro's subsidiaries entered into agreements with the GNWT under the Government of Canada's ICIP for the following projects:

Snare Forks Overhauls on Units 1 and 2

This agreement is to support 75% of the cost of completing turbine and generator upgrades on two units at NTPC's Snare Forks powerhouse to a maximum of \$14,100. During the year, the agreement's expiry date was extended to May 30, 2022.

In October 2018, Unit 1 experienced a mechanical failure prior to the start of the planned overhaul. NTPC initiated an insurance claim related to the Unit 1 failure including the costs associated with additional diesel generation. In 2019-20, NTPC received \$5,000 in a preliminary installment on the insurance claim and recognized this amount as revenue. Further insurance proceeds may be receivable in the future and the amount, if any, will be recognized as revenue and a portion of the ICIP funding may be repayable. As of March 31, 2022, the amount of additional insurance proceeds cannot be reasonably estimated.

During the year, NTPC received payments of \$1,080 (2020-21 - \$0). Lifetime payments of \$9,270 have been received. As of March 31, 2022, NTPC has incurred \$9,170 of eligible expenditures. The amount received in excess of eligible expenditures incurred, \$100 (2020-21 - \$726), has been recorded as a deferred liability.

Sachs Harbour Plant Replacement

This agreement is to support 75% of the costs to fund the installation and commissioning of a new power plant and fuel storage tanks in Sachs Harbour to a maximum of \$7,481. The agreement expired March 31, 2022 and NTPC is currently in talks with the GNWT to amend the original agreement to extend beyond the expiration date. During the year, NTPC received payments of \$1,881 (2020-21 - \$1,200). Lifetime payments of \$7,481 have been received. As of March 31, 2022, NTPC has incurred \$5,265 of eligible expenditures. The amount received in excess of eligible expenditures incurred, \$2,216 (2020-21 - \$517), has been recorded as a deferred liability.

Inuvik Wind

This agreement between NT Energy and the GNWT is to support 100% of the costs of the design, construction and commissioning of the Inuvik High Point Wind project, to a maximum of \$39,900. The agreement has an expiry date of March 31, 2023. During the year, NT Energy received payments of \$19,205 (2020-21 - \$2,588). Lifetime payments of \$26,652 have been received. As of March 31, 2022, NT Energy has incurred \$19,556 (2020-21 - \$5,698) of eligible expenditures. The amount received in excess of eligible expenditures incurred, \$7,096, (2020-21 - \$1,750) has been recorded as a deferred liability.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 17. Other government contributions (continued)

The following table summarizes NT Hydro's budget and the actual eligible costs incurred on the respective projects. The actuals reflect the amounts that NT Hydro has recorded as other government contributions:

	2022 Budget	2022 Actuals	2021 Actuals	Total Lifetime Costs
Taltson Hydroelectric Overhaul				
Salaries and wages	\$	4	\$ 19	\$ 28
Supplies and services		4,209	10,084	17,724
Transportation costs		32	3	68
\$ -	\$ 4,245	\$ 10,106	\$ 17,820	
Lutsel K'e Diesel Plant				
Salaries and wages	\$	8	\$ 8	\$ 20
Supplies and services		5,029	1,765	7,091
Transportation costs		41	1	44
\$ 6,000	\$ 5,078	\$ 1,774	\$ 7,155	
Fort Simpson LNG				
Salaries and wages	\$	(9)	\$ 91	\$ 102
Supplies and services		124	490	730
Transportation costs		1	2	3
\$	\$ 116	\$ 583	\$ 835	
Snare Forks Overhauls				
Salaries and wages	\$	25	\$ 114	\$ 375
Supplies and services		1,651	1,070	8,295
Transportation costs		30	84	500
\$ 3,800	\$ 1,706	\$ 1,268	\$ 9,170	
Sachs Harbour Plant Replacement				
Salaries and wages	\$	9	\$ 17	\$ 49
Supplies and services		165	1,841	5,163
Transportation costs		8	11	53
\$ 1,881	\$ 182	\$ 1,869	\$ 5,265	
Inuvik Wind				
Salaries and wages	\$	74	\$ 270	\$ 628
Supplies and services		13,785	1,110	18,863
Transportation costs		-	(2)	66
\$ 11,586	\$ 13,859	\$ 1,378	\$ 19,557	
Total ICIP contributions	\$ 23,267	\$ 25,186	\$ 16,978	\$ 59,802
LCELF and other contributions	\$ 346	\$ 483	\$ -	\$ 483
Total government contributions	\$ 23,613	\$ 25,669	\$ 16,978	\$ 60,285

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 17. Other government contributions (continued)

Other agreements

In 2021-22, NT Energy entered into three single year agreements with the GNWT. The first is for bridge funding costs associated with establishing an unregulated entity to facilitate the expansion of the electricity system through alternative energy development. The total agreement was for \$250, all of which recognized as revenue in 2021-22 and included in government contributions receivable as of March 31, 2022.

The second agreement was to support lease costs for the NT Energy office in Hay River. The total agreement was for \$98 of which \$98 was recognized as revenue in 2021-22 and included in government contributions receivable as of March 31, 2022.

The third agreement was entered into to be utilized to further the work on the Fort Providence/Kakisa Transmission Line. The total agreement was for \$550, all of which was received during the year. No costs as of March 31, 2022 were incurred for the project, and the amounts received are recorded as a deferred liability as it is anticipated that the agreement will be extended to March 31, 2023.

18. Related party transactions and balances

NT Hydro is a Territorial public agency and consequently is related to the GNWT and its agencies and corporations. NT Hydro, through NTPC, provides utility services to, and purchases fuel and other services from, these related parties. These transactions are in the normal course of operations and are at the same rates and terms as those with similar unrelated customers and suppliers.

Transactions with related parties and balances at year-end not disclosed elsewhere in these consolidated financial statements are as follows:

Revenues	2022	2021
Other revenue	\$ 558	\$ 341
Fuel rider revenue	457	458
	<u>\$ 1,015</u>	<u>\$ 799</u>
Expenses		
Purchases of fuel from Fuel Services Division of the GNWT (FSD) (Note 19)	\$ 20,295	\$ 21,418
Other operating expenses	1,302	1,128
	<u>\$ 21,597</u>	<u>\$ 22,546</u>
Financial assets		
Revenues receivable		
Utility	\$ 469	\$ 966
Non-utility	-	2
	<u>\$ 469</u>	<u>\$ 968</u>
Liabilities		
Accounts payable to FSD for fuel (Note 19)	\$ 3,731	\$ 3,007
Other accounts payable and accrued liabilities	152	44
	<u>\$ 3,883</u>	<u>\$ 3,051</u>

NORTHWEST TERRITORIES HYDRO CORPORATION

19. Contractual obligations and contingent liability

a) Contractual obligations

NT Hydro is contractually committed for the following expenses with non-related parties that will be incurred subsequent to March 31, 2022.

	<u>2023</u>	<u>2024 and subsequent</u>
Operational and lease commitments	\$ 18,158	\$ 60

Capital projects

NT Hydro has contractual obligations of \$30,327 related to capital projects, of which payments are expected to be made in 2022-23 and \$4,880 in 2023-24.

In addition, NT Hydro had entered into the following contractual obligations with related parties:

Fuel management services agreement

NTPC had a fuel management services agreement with the FSD. Under this agreement, fuel inventory and maintenance of fuel tank farms of 20 communities served by NTPC were provided by FSD. The price of fuel under this agreement changed with the change in market price, the cost of freight, the GNWT fuel tax rate and the amount of fuel purchased by NTPC from FSD in a given year. There was an annual minimum purchase requirement of 13,000 liters averaged over a 2 year period. The contract expired March 31, 2021 and a new contract is currently under negotiation. NTPC is following the terms of the old contract until a new contract is finalized.

LNG purchases

NTPC had an agreement with FSD to supply NTPC's Inuvik facilities with LNG that expired on March 31, 2020. The price of LNG under this agreement varied with FSD's costs, which included LNG fuel costs, which were subject to changes in the market price, transportation costs and an administrative fee. There were no minimum purchase requirements under the old contract. NTPC is currently in negotiations with FSD to sign a new agreement. NTPC is following the terms of the old contract until a new contract is finalized.

b) Contingent liability

NTPC has been charged with 11 counts of violating the Safety Act with respect to a worker fatality. Each charge carries a potential \$500 fine and a \$25 victim impact surcharge. The total fine and surcharge may therefore be \$5,775. The likelihood of loss is unknown.

NORTHWEST TERRITORIES HYDRO CORPORATION

20. Financial instruments and risk management

NT Hydro's financial instruments include cash, revenues receivable, government contributions receivable, loan receivable, accounts payable and accrued liabilities, capital lease obligations, the operating line of credit and debenture debt.

NT Hydro is exposed to the following risks from its use of financial instruments: credit risk, liquidity risk, and interest rate risk. NT Hydro manages these risk exposures on an ongoing basis.

a) Credit risk

Credit risk is the risk that a third party will cause a financial loss for NT Hydro by failing to discharge its obligation. The following table sets out NT Hydro's maximum exposure to credit risk under a worst case scenario and does not reflect results expected.

	2022	2021
Revenues receivable	\$ 13,229	\$ 13,292
Government contributions receivable	3,505	2,364
Loan receivable	-	9,741
Cash	9,927	4,748
	<u>\$ 26,661</u>	<u>\$ 30,145</u>

Revenues receivable

NT Hydro minimizes revenues receivable credit risk by taking cash deposits from customers. The size of the deposit varies depending on the risk exposure. Established customers or those with good credit are waived from having to provide a deposit. Thirty-seven percent (2020-21 - 37%) of NTPC's sales of power are to two other utilities. Twenty-six percent (2020-21 - 26%) of sales of power, including HSP and TPSP are to the GNWT.

Government contributions receivable

The GNWT accounts for 100% of the government contributions receivable.

Loan receivable

The credit risk for the loan receivable for the Snare Cascades hydro project was minimized by security in place.

Cash

NT Hydro minimizes the credit risk of cash by dealing with only reputable financial institutions and investing in securities that meet minimum credit ratings as stipulated by its investment policy and limiting exposure to any one security or asset class. An ongoing review is performed to evaluate changes in the status of counterparties.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 20. Financial instruments and risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that NTPC will encounter difficulty in meeting its obligations associated with its financial liabilities. Debt liquidity risk is managed by the use of amortization provisions. NTPC arranges its financing in such a manner that the total amount of debt maturing in any given year does not exceed its ability to borrow in any given year. This practice gives NTPC the maximum flexibility over the use of its cash flow such that both its existing capital expenditure program and its ability to consider any future investment opportunities will not be constrained.

Liquidity risk is also managed by continuously monitoring actual and forecast cash flows, having the opportunity to borrow on a short-term basis from its shareholder and by maintaining a \$50,000 operating line of credit with a reputable financial institution. The following table shows the maturities of the debenture debt, operating line of credit, Share capital lease obligation and the associated loan receivable:

March 31, 2022					
	1 year or less	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	\$ 4,271	\$ 38,641	\$ 132,401	\$ 54,663	\$ 229,976
Operating line of credit	950	-	-	-	950
Capital lease obligation	1,687	7,965	18,124	14,921	42,697
	<u>\$ 6,908</u>	<u>\$ 46,606</u>	<u>\$ 150,525</u>	<u>\$ 69,584</u>	<u>\$ 273,623</u>

March 31, 2021					
	1 year or less	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	\$ 5,834	\$ 45,687	\$ 133,212	\$ 58,907	\$ 243,640
Operating line of credit	2	-	-	-	2
Capital lease obligation	1,886	8,482	18,564	16,012	44,944
Loan receivable	(2,341)	(10,144)	-	-	(12,485)
	<u>\$ 5,381</u>	<u>\$ 44,025</u>	<u>\$ 151,776</u>	<u>\$ 74,919</u>	<u>\$ 276,101</u>

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 20. Financial instruments and risk management (continued)

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Changes in market interest rates will cause fluctuations in fair value of the loan receivable and debenture debt as these have fixed interest rates. Changes in market interest rates will cause fluctuations in cash flows of the capital lease obligation and operating line of credit as these have variable interest rates.

21. Comparative figures

Certain comparative figures included in these financial statements have been reclassified to conform with the current year presentation.

**NORTHWEST TERRITORIES
SURFACE RIGHTS BOARD**

Financial Statements

March 31, 2022

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Financial Statements
Year ended March 31, 2022

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INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

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Independent Auditor's Report

Board of Directors, Northwest Territories Surface Rights Board

Opinion

We have audited the accompanying financial statements of Northwest Territories Surface Rights Board., which comprise the statement of financial position as at March 31, 2022, the statement of changes in net financial asset, statement of operations, statements of accumulated surplus and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Northwest Territories Surface Rights Board. as at March 31, 2022, and the results of its operations and its 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Northwest Territories Surface Rights Board. in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we 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 the 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 Northwest Territories Surface Rights 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 Northwest Territories Surface Rights Board. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Northwest Territories Surface Rights Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 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 Northwest Territories Surface Rights 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 Northwest Territories Surface Rights 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 auditor's 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 auditor's report. However, future events or conditions may cause Northwest Territories Surface Rights 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.

EPR Yellowknife Accounting Prof. Corp.

EPR Yellowknife Accounting Professional Corporation
Yellowknife, Northwest Territories
June 6, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Northwest Territories Surface Rights Board are the responsibility of management and have been approved by the Board.

The financial statements have been prepared by management in accordance with Public Sector Accounting Standards (PSAS) as recommended by the board of the Canadian Institute of Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, EPR Yellowknife Accounting Professional Corporation, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Northwest Territories Surface Rights Board and meet when required.

On behalf of Northwest Territories Surface Rights Board

A handwritten signature in black ink, appearing to read 'Doug Rankin', with a stylized flourish at the end.

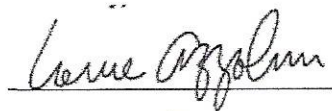
Doug Rankin, Executive Director
Northwest Territories Surface Rights Board
June 6, 2022

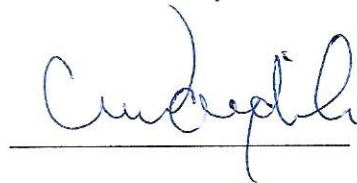
NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Statement of Financial Position
As At March 31, 2022

Statement I

	2022	2021
FINANCIAL ASSETS		
Cash & cash equivalents	\$ 185,586	\$ 182,008
Accounts receivable (Note 4)	-	52
TOTAL FINANCIAL ASSETS	185,586	182,060
LIABILITIES		
Current liabilities		
Accounts Payable (Note 5)	31,143	132,975
Deferred Revenue (Note 6)	156,573	51,116
	187,716	184,089
NET FINANCIAL ASSETS	(2,130)	(2,029)
NON FINANCIAL ASSETS		
Prepaid Expenses	2,130	2,029
	2,130	2,029
ACCUMULATED SURPLUS	\$ -	\$ -

APPROVED ON BEHALF OF BOARD

 Director

 Director

The accompanying notes and schedules form an integral part of the financial statements.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Statement of Operations
For the Year Ended March 31, 2022

Statement II

	2022	2021
REVENUE		
Government of NWT Contributions	317,645	313,189
Prior year surplus	51,117	18,372
Interest revenue	205	325
Transferred to deferred revenue	(156,573)	(51,117)
TOTAL REVENUE	212,394	280,769
OPERATING EXPENSES		
Advertising and external communication	-	900
Bank charges and interest	550	531
Board travel and other costs	368	2,024
Honorarium	35,861	54,429
Insurance	2,421	2,008
Information technology and computer costs	1,972	995
Office and other supplies	10,184	29,723
Professional fees	61,867	74,511
Rent	28,122	51,604
Staff Travel and training	-	3,423
Telephone, fax and Internet	3,514	2,723
Wages and Benefits	67,535	57,898
TOTAL EXPENSES	212,394	280,769
OPERATING SURPLUS FOR THE YEAR	-	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	-
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ -

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Statement of Changes in Net Financial Assets
For The Year Ended March 31, 2022

Statement III

	2022	2021
NET FINANCIAL ASSETS, BEGINNING OF YEAR	\$ (2,029)	\$ (1,643)
Items Affecting Net Financial Asset:		
Operating surplus for the year	-	-
Acquisition of Prepaid	(101)	(386)
NET FINANCIAL ASSETS, END OF YEAR	\$ (2,130)	\$ (2,029)

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Statement of Cash Flows
For the Year Ended March 31, 2022

Statement IV

	2022	2021
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Operating surplus (deficit) for the year	\$ -	\$ -
Items not involving cash:		
Amortization of deferred capital contributions	-	-
Deferred capital contributions recognized as revenue in the year	-	-
	-	-
Net change in non-cash working capital balances:		
Decrease in accounts receivable	52	6
Increase in prepaid expenses	(101)	(387)
Increase in accounts payable	(101,830)	33,352
Increase in deferred revenue	105,457	32,745
	3,578	65,716
Net increase (decrease) in cash and equivalents	3,578	65,716
Cash and equivalents, beginning of year	182,008	116,292
CASH AND EQUIVALENTS, END OF YEAR	185,586	182,008
Cash consists of :		
Cash in bank	\$ 185,586	\$ 182,008

The accompanying notes and schedules form an integral part of the financial statements.

1. NATURE OF ORGANIZATION

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD (The “Board”) is an institution of public government established pursuant to the Surface Right Board (SRB) Act of the NWT. The purpose of the Board is to fairly resolve matters in dispute regarding access to lands in the NWT and waters overlying those lands in the Mackenzie Valley and the compensation to be paid for that access. These lands include Gwich'in Land Claim Settlement lands, Sahtu land claim settlement lands, Tlicho land claim settlements lands, as well as private, commissioner's and crown lands. It also includes Inuvialuit land claim settlement lands.

The Board is exempt from income taxes under Section 149 of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Public Sector Accounting Standards (PSAS).

2a) Use of Estimates

The preparation of financial statements necessarily involves the use of estimates, which have been made using careful judgment. Actual results could differ from these estimates and any differences will be reflected in the financial statements in the period in which they are known. The financial statements have, in the opinion of management, been properly prepared within the reasonable limits of materiality and the framework of the significant accounting policies summarized below.

2b) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Contributed capital assets are recorded at fair value at the date of contributions. The minimum threshold for capitalization of assets is \$50,000. Amortization is calculated and recorded on a monthly basis, on a straight line basis in accordance with the asset categories. When a tangible capital asset belongs to a category that offers a range of useful lives, the board shall determine the useful life in a rational and systematic manner, appropriate to the nature and use of the tangible capital assets.

When a tangible capital asset no longer contributes to the Board's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

2c) Revenue Recognition

Government Contracts and Contribution Agreements:

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

2d) Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the organization are either recognized or disclosed in the Financial Statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable, the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

i) Interest Rate Risk

The Board is exposed to Interest rate risk on its fixed and floating rate financial instruments. Fixed interest financial instruments subject the Board to a fair value risks while the floating rate instruments subject it to cash flow risk. The Board is not subject to significant interest rate risk as it does not have any long term debt or interest bearing liabilities.

ii) Liquidity Risk

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they become due. The Board manages liquidity risk by reviewing forecasted cash flows from operating activities, forecasted financing activities and forecasted investing activities including budgeted capital expenditures and related financing.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD**Notes to the Financial Statements****For the Year Ended March 31, 2022****Financial Instruments (Contd...)****iii) Fair Values**

The methods and assumptions followed to disclose fair value are inherently matters of judgment. Accordingly, fair values do not necessarily reflect the amounts that would be recovered or paid under the circumstances that immediate settlement of the financial instruments were required. The use of different methods of estimating and different assumptions could have a material effect on the estimated fair value amounts. Due to the short-term nature of accounts receivable, accounts payable and accrued liabilities the carrying amounts approximate fair value.

2e) Risk Management

The Board reviews financial risks and sets appropriate limits and controls when necessary.

3. FUTURE ACCOUNTING CHANGES

PS 3400-Revenue: This new section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. This section is effective for fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.

4. ACCOUNTS RECEIVABLE

	2022	2021
Interest Receivable	-	52
	\$ -	\$ 52

5. ACCOUNTS PAYABLE

	2022	2021
Trades payable	\$ 10,765	\$ 88,481
Wages and honoraria fee payable	16,533	28,639
Vacation payable	1,935	321
WCB payable	108	211
Payroll remittances payable	1,619	14,374
GNWT payroll tax payable	183	947
	\$ 31,143	\$ 132,973

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Notes to the Financial Statements
For the Year Ended March 31, 2022

6. DEFERRED REVENUE

Pursuant to Contribution Agreement Paragraph 7.3, any unspent amount of the Contribution, or amount repayable in accordance with the Agreement, shall be recorded as a liability in the accounts and records of the Board until the amounts have been spent in accordance with the Agreement or repaid to the GNWT, as applicable. The deferred revenue amount of \$156,573 is repayable to GNWT.

	2022	2021
Balance, beginning of year	\$ 51,116	\$ 18,371
Deferred Revenue recognized as revenue during for the year	(51,116)	(18,371)
Deferred revenue for general operating expenses	156,573	51,116
Balance, end of year	\$ 156,573	\$ 51,116

7. ECONOMIC DEPENDENCE

Revenues

The Board derives a material amount of its revenues from contribution agreements with the Government of the Northwest Territories. Interruption of this funding would materially affect the operations of the Board.

Supplies and Expenditures

The Board may purchase all of the resources necessary for its operations at fair market values from available vendors deemed to provide best value to the Board.

The Board does not engage in the employment services of skilled individuals who could not be replaced in the labour market.

8. CONTINGENT LIABILITIES

The Board has determined that there have been no events that confirm that an asset has been impaired or liability incurred as at the financial statement date. The continued operations of the Board is dependent upon the Board securing financing by maintaining a volume of contribution funding. The Board has entered into a long term funding agreement with the Government of the Northwest Territories ending on March 31, 2026.

9. COMMITMENTS

The Board is committed to estimated annual payments under rental lease agreement over the next five years as follows.

2023	\$26,430
2024	\$26,430
2025	\$26,430
2026	\$26,430

	\$105,720

2021 – 2022 ANNUAL REPORT

June 22, 2022

Honorable Caroline Wawzonek

Minister Responsible for the Status of Women

Government of the Northwest Territories

Dear Minister Wawzonek:

I am pleased to present our Annual Report, for the year ending 31 March 2022, on behalf of the Status of Women Council of the Northwest Territories.

The Status of Women coordinated numerous events and activities intended to advance gender equality this past year. These activities include those designed to develop greater awareness, to encourage discussion of issues affecting the status of women, as well as those intended to promote a change in attitudes so that women may enjoy equality. We also conducted research, were busy with advocacy initiatives, and continued to support and encourage women seeking leadership in its many forms.

We would like to thank our funding partners for supporting our efforts over the past year to improve the status of women living in the Northwest Territories. We are encouraged to see so many individuals, organizations, and businesses participating in and supporting efforts to advance gender equality.

I would also like to thank our Status of Women Council board members and staff for their continued collaboration and coordinated efforts as we strive to advance gender equality in the territory.

Sincerely,



Violet Camsell-Blondin

President, 2021 – 2022

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Background

The Leader of the Government of the Northwest Territories ('GNWT') appointed the first Minister Responsible for the Status of Women in 1982. The following year, the GNWT enacted the NWT Advisory Council on the Status of Women Act. The first Advisory Council on the Status of Women was appointed in 1984 and two years later, the name was changed to the Women's Secretariat. In 1989, the GNWT announced its intent to establish an independent Status of Women Council that would be separate from the Women's Secretariat. In 1990, the Status of Women Council of the Northwest Territories was created through the enactment of the Status of Women Council Act. The Status of Women Council of the NWT continues to function under this legislation and remains focused on advancing equality in the territory.

The Status of Women Board

Board members are appointed by the Minister Responsible for the Status of Women. The Board is comprised of six (6) members and each member represents a region of the territory. Board members may serve for a three-year term. The Board typically meets face-to-face twice a year and holds additional virtual meetings as required. The Board directs the agencies' efforts to achieve our vision and mission. Accordingly, the Board is a group of women dedicated to improving the lives of women in the territories. They seek to empower women, to end violence against women and children, and to achieve equality.

Violet Camsell-Blondin, President
Tłıchq Region Board member
Term: June 2019 – June 2022

Violet is a Tłıchq citizen, born and raised in Behchokò. Violet is married to Ted Blondin, and they have two adult children and four grandchildren.

Violet has a passion for learning and attained a General Management Certificate through the University of Lethbridge. She is committed to lifelong learning as evidenced by the numerous business and community administration courses she has completed.

Violet has held a variety of executive director and coordinator positions and is currently the Manager of Lands Regulation with the Tłıchq Government. Violet demonstrates a commitment to women in leadership through her professional and personal life and to advancing the Status of Women's objectives so that women and girls may enjoy equality in all aspects of their lives.



**Martina Norwegian, Vice President
Deh Cho Region Board member
Term: June 2019 – June 2022**

Martina was born and raised in Líídlı́ Kúé and comes from humble origins. She has learned through experience not to take anyone for granted in her life and is a voice for women who struggle to find their own voice. Martina is passionate about language and speaks South Slavey.



Her dedication to education is strong and she has been the chairperson for the Dehcho Divisional Education Council and participated in the local District Education Authority. Martina is dedicated to spreading the word of God as a Lay Presider for the local Catholic Church and is also involved in On Eagle's Wings, a Christian ministry program. She has also been involved with the Historical Society preserving the local history for over 25 years. Martina is a strong leader, with a quiet and caring nature, who is always helping to empower women to be their best.

Denise McDonald

Beaufort Delta Board member

Term: September 2020 – November 2021

Denise McDonald is Gwich'in from the Beaufort Delta region. She is a mother, grandmother, and advocate for education, wellness, healthy families, and women's issues. She is semi-retired, having worked for many years in education throughout the north.



Currently she is adjunct faculty at the University of Alberta, School of Public Health, and is working on various educational and health research projects. She also enjoys spending time at her camp with her husband, sewing, and berry picking.

Denise left the Status of Women Council to become the President of the Native Women's Association of the Northwest Territories.

Priscilla Lepine

South Slave Board member

Term: March 2021 to March 2024

Priscilla Lepine is a Chipewyan/Métis from Fort Smith. Along with learning Traditional Knowledge from family and community members, Priscilla also completed degrees in Western educational institutions.



She has a certificate in Adult Education, a certificate in Addictions Counselling, a diploma in Social Work, as well as a B.A. & M.A. in First Nations Studies. Priscilla has sat on several boards over the years, and always worked in the healing and/or education field with the goal of helping others achieve self-empowerment. She is an active member and part-time facilitator of a local sewing/crafting group where they design and create items for self, family, or gifting to community and/or national projects/events. Priscilla retired in 2017 having worked for the GNWT for 30+ years.

Delphine Pierrot

Sahtu Board member

Term: June 2021 to June 2024

Delphine brings a wealth of knowledge and experience to the Board. Fort Good Hope is her home community, and she was their first female Chief. Delphine has worked as a social worker in the Sahtu for many years. She is currently the Sahtu Supervisor for the Healthy Family Program Team.



Shelley Browne

North Slave Board member

Term: January 2022 to January 2025

Board activities

The 2021/2022 fiscal year was a busy year for the governing board. They participated in the preliminary engagement sessions to inform the Government of the Northwest Territories **draft action plan** to address the *Calls for Justice in Reclaiming Power and Place: The Final Report of the National Inquiry into Missing and Murdered Indigenous Women and Girls*. The Board members also participated in the **review of the *Status of Women Council Act***, with recommended changes making their way throughout the legislative process. Additionally, the Board conducted a review of the Wise Woman's Award program, which included a public survey to seek input into whether to continue this program and what, if any, changes should be made.

A new finance manual was developed throughout the 2021/22 fiscal year to strengthen the organization's operational capacity. The resulting **finance policies** were approved by the board during their face-to-face March 2022 board meeting. These policies complement **human resource policies** which were approved by the board in 2020. A **Research Code of Practice** was approved in 2021 and an **advocacy strategy** and **communications strategy** were finalized in 2021. The Board directed the development of these policies, procedures, and strategies in the 2019 – 2022 Strategic Plan as a means of modernizing and formalizing policies and practices, and to strengthen the **organization's operational capacity**.

Board activities

The Board wrapped up the 2021 – 2022 fiscal year with the development of a Strategic Plan for the coming fiscal year. This plan presented an opportunity to expand on and define our values and to adopt new strategic goals. Our values now include equality and equity, diversity, inclusion, integrity, respect, compassion, and professionalism.

2022 – 2023 Strategic Goals:

1. Women in Leadership
2. A Safe Society
3. Women and the Economy
4. Advancing Gender Equity through Gender Mainstreaming
5. Celebrating Women – their contributions and achievements

For more information, please visit our website:
<https://www.statusofwomen.nt.ca/about-1>

Advocacy

In 1990, the Legislative Assembly separated the Status of Women Council from the Women's Directorate to better support the Status of Women's ability to achieves its goals and objectives and to provide women with a voice – a voice not filtered or directed by the government. As a result, the NWT Status of Women has been **listening to and advocating on behalf of women for thirty-two (32) years**.

Sometimes this advocacy takes the form of **supporting an individual woman** as she faces barriers and/or discrimination and sometimes this advocacy takes the form of **making recommendations** to government and other public entities.

We participate in various consultations, committees, groups, and make presentations throughout the year – at the local, territorial, and national level. As a public agency, we have the unique opportunity to participate in these forums from a **feminist intersectional position**.

Our participation supports sharing of information, facilitates learning from one another, and create greater awareness of gendered issues and the positions of the NWT Status of Women. (See Appendix 1 for a list of committees, groups, and consultations.)

Our national participation ensure a voice for all women of the NWT is heard in these forums and represents an opportunity to inform national policy and actions. It also helps us stay abreast of trends and best practices. The advent of the common use of virtual platforms has allowed us to have a wider reach and impact than in years past where we needed to travel to national forums to be heard.

Territorially, we focused our advocacy efforts on **family violence** and **sexual violence** with specific efforts related to emergency protection orders and services for people who have experienced sexual violence in the NWT. We provided recommendations to improve the administration of **emergency protection orders** in the NWT to the GNWT Department of Justice and the RCMP.

We continued our dialogue with GNWT Justice and the Department of Health and Social Services about **services for people who have experienced sexual violence**. This dialogue included clarifying the information in the NWT Guidelines for the Care of Survivors of Sexual Assault and providing specialized responses to people who have experienced sexual violence. The provision of these specialized responses **starts with specialized training** for existing frontline service providers.

The NWT Status of Women supports and participates in the Sexual Assault Investigation Review Committee (SAIRC) to help improve the RCMP response to people who have experienced sexual violence. In doing so, our goal is to **reduce the potential for re-traumatization** during the investigation process, to inform the creation of **safer, more supportive, and empowering environments** for these people, and to increase the likelihood that they will **seek further help** as part of their healing journey. We also want to see less sexual assault cases classified as unfounded unless they are truly unfounded. See Appendix 2 for the most recent SAIRC Annual Report which committee members inform.

We also continue to respond to media about sexual violence and other gendered issues as part of our ongoing efforts to work for the women of the NWT.



[Home](#) » [Store](#) » [Listen](#) » [Contact](#)

[HEALTH](#) [JUSTICE](#)

Review of sexual assault cases must be followed by action, groups say

Published: April 9, 2021 at 7:34am - MEAGHAN BRACKENBURY

LAST MODIFIED: APRIL 9, 2021 AT 7:48PM

In the media

North

'Gender never came into my mind,' says woman who brought N.W.T. Legislature to Canada's 1st female majority

10 out of 19 N.W.T. MLAs are women, a first for Canada

CBC News · Posted: Jul 29, 2021 8:57 AM CT | Last Updated: 21 minutes ago



Jane Weyallan Armstrong, MLA-elect for the N.W.T.'s Monfwi riding, admits that along the campaign trail, in which she competed against three men, 'A lot of people said ... that we need a woman there.' (Chantal Dubuc/CBC)

At Friday's ceremony, Status of Women's executive director Louise Elder told Cabin Radio the council was currently in the middle of a two-day engagement session with the GNWT to "help shape their action plan."



Violet Blondin-Camsell (right), president of the Status of Women Council, stands with Louise Elder, executive director. Meaghan Brackenbury/Cabin Radio

North

N.W.T. committee reviewed how RCMP handled 7 sexual assault cases. Here's what was found

Some officers misunderstood consent law, rape myths or included irrelevant personal opinions

Avery Zingel · CBC News · Posted: Apr 06, 2021 7:00 AM CT | Last Updated: April 6



RCMP are working to improve sexual assault investigations by drawing on the expertise of victim advocates. (CBC)

North

N.W.T. RCMP to undergo focused sexual assault training

Advocate says N.W.T. is at 'early stages' when it comes to resources for gender-based violence

Natalie Pressman · CBC News ·
Posted: Mar 12, 2022 9:00 AM CT | Last Updated: March 12



Leadership Gathering for Women

The Status of Women Council and the Gender Equity Division co-hosted a virtual Leadership Gathering for Women on April 27, 2021. Elder Ruth Mercredi opened the gathering with a blessing followed by Opening Remarks from Minister Wawzonek. Throughout the day, 161 women joined us for panel presentations, break-out sessions, and fabulous speeches and discussions. Premier Cochrane joined us to give the Closing Remarks, concluding an amazing gathering.

Women leading at work

1
Tara Marchiori
Senior Advisor,
Communities
Rio Tinto

2
Dawn Skinner
Women's
Committee Chair
Public Service
Alliance of Canada

3
Renee Comeau
Executive Director
Yellowknife
Chamber of
Commerce

10 minutes Q&A after panel if time allows

STATUS OF WOMEN COUNCIL
OF THE NORTHWEST TERRITORIES

Leadership challenges, triumphs and success strategies

1
Amy Amos,
Executive Director
Gwich'in
Renewable
Resources Board

2
Lucy Kuptana,
Director of
Operations,
Culture and
Communications
Inuvialuit Regional
Corporation

3
Eleanor Young,
Deputy Minister,
Department of
Municipal and
Community Affairs
GNWT

30 minute panel

15 minutes Q&A

STATUS OF WOMEN COUNCIL
OF THE NORTHWEST TERRITORIES

What is special about women as leaders?

1
**Her Worship
Mayor
Rebecca Alty**,
City of Yellowknife

2
**Her Worship
Mayor
Lynn Napier**,
Town of Fort
Smith

3
**Her Worship
Mayor
Natasha
Kulikowski**,
Town of Inuvik

30 minute panel

15 minutes Q&A

STATUS OF WOMEN COUNCIL
OF THE NORTHWEST TERRITORIES

STATUS OF WOMEN COUNCIL
OF THE NORTHWEST TERRITORIES

“There will be obstacles.
These too shall pass.”

Caroline Cochrane
13th Premier of the Northwest Territories



STATUS OF WOMEN COUNCIL
OF THE NORTHWEST TERRITORIES

“Always be
humble, be kind.”

Lucy Kuptana
Director of Operations
Culture and Communication
Inuvialuit Regional Corporation



“We don’t want a return
to normal. We want to
reset normal.”

Dawn Skinner
NWT Women’s Committee Chair,
Public Service Alliance of Canada



“Leadership
needs to reflect
the society we all
want to live in.”

Honourable Caroline Wawzonek
Minister Responsible for the Status of Women



Workplace Sexual Harassment – Education & Information

Our territorial-wide workplace sexual harassment ('WSH') project is focused on increasing awareness and understanding of workplace sexual harassment in the Northwest Territories, with the ultimate goal of eliminating it.

Public education and information resources about workplace sexual harassment continue to be developed and distributed. These materials are for employers and employees and include information about the legal framework, rights and obligations, how to prevent and address WSH, and identify resources available in the NWT.

This past fiscal year, three training courses and related materials were developed and delivered: What to do if it happens to you – responding to workplace sexual harassment; How to be an ally; and WSH for employers. Three one-hour webinars and three information booklets were also developed. The booklets include Death by 1000 Cuts – responding to microaggressions, Incivility, Bullying and Harassment, and Responding to Disclosures for Employers. Consultations also identified the need for customized materials and training for specific audiences.



Trauma and Violence-Informed Approaches Resources

Family violence, sexual violence, and all forms of gender-based violence occur daily throughout the Northwest Territories. Gender-based violence causes immediate, short-term, and long-term suffering and trauma for the person who experienced it and may also have a negative impact on their caring circle of family and friends.

This reality highlights the need for widespread adopting of trauma- and violence-informed approaches; a need and a reality identified through our intimate partner violence research project. Accordingly, Women and Gender Equality Canada provided funding to support the development of trauma and violence-informed resources for the Northwest Territories.



This project involved consultations with relevant community partners, in the gender-based violence sector, to inform the scope and development of these resources. Additionally, input was provided by consultants with the Centre for Research and Education on Violence Against Women and Children, Faculty of Education at the University of Western Ontario. Some content within these resources was also modified with permission from Equip Health Care – Equipping for Equity.

Resources developed include a comprehensive Practical Guide to Trauma and Violence-Informed Approaches available in a print and virtual format, and on a dedicated website: <https://www.walkasonetvia.com/>

This practical guide is designed to help staff and organizations deliver trauma and violence-informed services to their clients and to take better care of themselves and their staff. Training is to accompany this guide to facilitate understanding and implementation.

Below are key terms reflecting trauma and violence-informed approaches.



Family Violence Prevention Month 2021

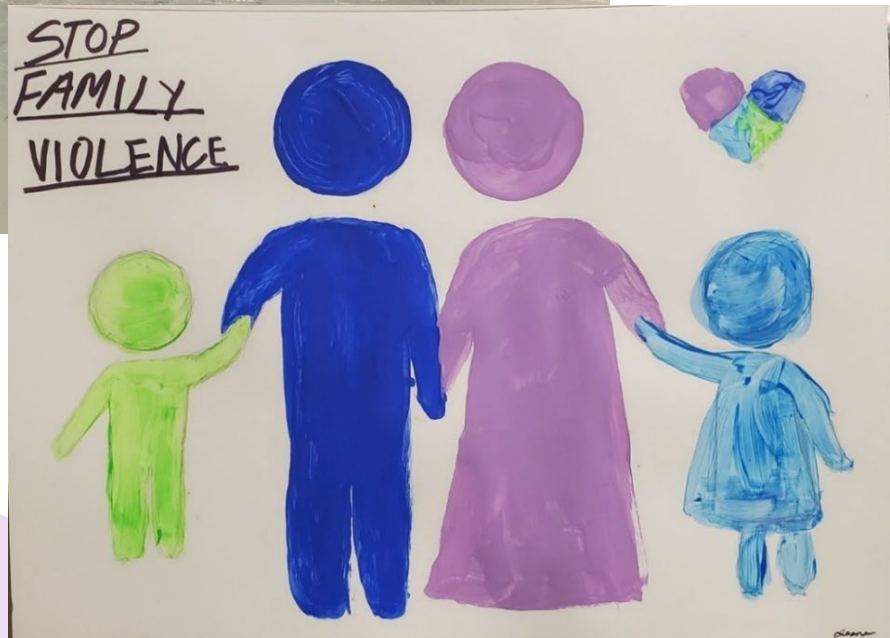
The Status of Women worked with numerous community partners to coordinate Family Violence Prevention Month activities across the territory in November 2021 (and beyond). Funding was provided to thirty community entities to host events in eighteen communities plus Yellowknife (bringing the total to 19 communities). Some community entities focused on youth, some focused specifically on women or men, and some focused on the whole community.

Scavenger hunts, community walks, family movie nights, art contests, sewing circles, workshops, training, game nights, radio shows, and more took place across the NWT as communities held covid-friendly family violence prevention/health family activities.



Photo from the Fort Liard Community Awareness Walk

The Status of Women hosted weekly public skates in Yellowknife to promote healthy relationships and healthy families. We also ran a family violence prevention month video at the local theatre. Additionally, we hosted a virtual, territorial-wide art contest. Many children submitted colouring sheets for us to feature on our Facebook. Other submissions included a video, art, and a poem featured on the next page.



Picture above submitted to our art contest by Jaana in Fort Liard

Home

By Rachel Schooley, Inuvik

Home sounds like

Laughter, music, little voices making big noise in echoing hallways

Words of encouragement, we apologize as needed.

Home smells like

Warm coffee, food cooking, clean laundry and wet dogs,

The air is clear, not heavy; we breathe deep in our shared space.

Home looks like

Laundry, LEGOs, and more indoor plants than I can realistically manage

The lights are soft, we do not need to shield our eyes.

Home tastes like

A crisp pea from the garden plot, a kiss, my child's half-eaten apple

Sweet and sour, but nothing leaves a bad taste lingering too long.

Home feels like

Walking onto the tundra on a warm summer night, softness beneath the feet

No need to creep cautiously on thin ice, we can plant our feet firmly.

16 Days of Activism against Gender-Based Violence

The 16 Days of Activism against Gender-Based Violence is an international campaign to **end violence** against women, girls, 2SLGBTQ+ and gender diverse individuals. This social media campaign runs from November 25th, the International Day for the Elimination of Violence Against Women, to December 10th, Human Rights Day. Over the 16 Days, our goal is to create greater awareness and encourage a dialogue about gender-based violence which continues to prevail as a reality that impacts women, girls, 2SLGBTQ+ and gender diverse individuals worldwide and in our communities. We shared gender-based violence statistics and information, **how to be part of the change**, encouraged everyone to **believe** and be **supportive**, and highlighted that gender equality is a human right. **Freedom from violence is a human right.**



December 6th Vigil: the National Day of Remembrance and Action on Violence Against Women

In 2021, we were able to hold our annual vigil indoors in Yellowknife on the evening of December 6th. Due to the gathering restrictions and to include people from across the territory, we also livestreamed the vigil. Each year, we host this vigil to remember the 14 women killed at L'Université de Montréal's École Polytechnique in 1989; to remember all the women we have lost to gender-based violence; to remember the missing and murdered Indigenous women; and to remember the 22 women killed in the Northwest Territories between 1997 and 2021. We paid a special tribute to the three young women murdered in the Northwest Territories in 2020:



Breanna Menacho

Breanna was violently killed in Yellowknife on May 5, 2020. She was 22 years old at the time of her death.

Breanna planned to go to college to become a personal support worker.

"She was sweet and kind and loving. This is why it is so hard to believe anyone would consider harming her in any way. I can't explain how broken my heart is or how empty I feel," says Menacho's mother, Lisa Zoe. "Each day is a struggle because sadly for us life goes on without Breanna."

December 6th Vigil: the National Day of Remembrance and Action on Violence Against Women



Meg Kruger

Meg was violently killed in Hay River on September 9, 2020.

She was 18 years old at the time of her death; mere days away from her 19th birthday.

Meg has five siblings and was the youngest child of Marnie and Jack Kruger of Hay River. Jack was a long-serving member of the RCMP. In her mother's words, Meg was "that adorable, spunky girl that brought a smile to everyone's face."

Meg is sadly missed by her family, friends, and the community of Hay River.



Viktoria Lafferty

Viktoria was violently killed in Yellowknife on October 31, 2020.

Viktoria was 29 years old at the time of her death; a lifetime of love, laughter, and adventure ahead of her.

In the words of her mother, "A piece of my heart left with you. Forever in my heart my baby girl."

Viktoria is dearly missed by her family, friends, and community.

Each year, this vigil is also a call to action – to end violence against women. Thus, after the candles were lit for Breanna, Meg, and Viktoria, and the remaining 19 women, we observed a moment of silence. Then, we invited those in attendance to make a pledge – to identify concrete actions they or all of us working together can take to eliminate violence against women and girls.

National Day of Remembrance and Action on Violence Against Women

I pledge to:

- Never stop talking about violence against women
- Believe and support those expressing violence in their relationship /life.
- Never condone jokes or slurs against women & girls
- Never justify violent acts
- Continue praying that one day violence against women & girls will end.

Premier Cochrane, NWT
Dec 6, 2021



National Day of Remembrance and Action on Violence Against Women

We pledge to:

- always face each and every situation and/circumstance with compassion to honour and be a voice against violence against women and girls.

Lisa and Chanise
In memory of Breanna Menacho
Dec 6, 2021



National Day of Remembrance and Action on Violence Against Women

I pledge to:

- continue to engage men to think about their personal accountability and complicity on issues of gender-based violence and sexual assault & harassment.

Jay Boast
Answer the Call
Dec 6, 2021



STATUS
OF THE

National Day of Remembrance and Action on Violence Against Women

I pledge to:

- Listen
- Advocate
- Act
- Raise boys who stand up and do the same

Caitlin, MLA Kam Lake
Dec 6, 2021



STATUS OF WOMEN COUNCIL
OF THE NORTHWEST TERRITORIES

National Day of Remembrance Action on Violence Against Wo

I pledge to:

- speak out when I see violence, whether physical or mental and to be a role model with my own behaviour.

Charles Dent,
NWT Human Rights
Commission
Dec 6, 2021



STATUS OF WOMEN COUNCIL
OF THE NORTHWEST TERRITORIES

Funded by NAPEG and PSAC
NWT Women's Regional
Committee

Safety Planning Resources

Women who participated in our intimate partner violence ('IPV') research project told us that they needed safe and timely access to discrete and accurate safety planning resources to help them plan and make decisions to keep them and their loved ones safe.

We secured funding from Mountain Province Diamonds and De Beers Group, operator of the Gahcho Kué Mine in the NWT, and the NWT Victims Assistance Fund to support the development of these resources.



The poster features a light blue background with a red speech bubble containing three yellow exclamation marks. The text is in various colors: red, green, and blue. A red banner at the bottom contains white text. The Status of Women Council logo is in the bottom right corner.

**Trying to survive in or
escape a violent relationship
can be exhausting and
emotionally draining.**

There are a number of things you can do to help you cope in difficult times.

Always remember that safety – your own as well as the safety of your children – is what matters the most.

Get help with creating your own safety plan whether you are staying or wanting to leave your partner. Visit [safepathwaysnt.ca](https://www.safepathwaysnt.ca)

CALL 911 IF YOU ARE IN IMMEDIATE DANGER.

STATUS OF WOMEN COUNCIL
OF THE NORTHWEST TERRITORIES

The Safety Planning print resources were distributed across the territory and at least one resource binder was provided to each community. Additionally, a dedicated Safety Planning website, <https://www.safepathwaysnt.com/>, which interacts with a web app, went live early in 2022. These resources were also advertised extensively in February 2022 with Cabin Radio and NNSL media. Bookmarks, postcards, and posters advertising SafePathways (the website and app) were distributed to an additional 80 recipients to create greater awareness of these resources.

Responding to Economic Abuse

The Status of Women started a new project, Responding to Economic Abuse – a systemic approach to change, in the fall of 2021. This project is designed to create systemic change for marginalized women in the NWT by:

- Encouraging policy and procedure changes in government, employers, and financial services around economic abuse;
- Developing resources to educate service providers and survivors of economic abuse on signs of economic abuse, and strategies for, reclaiming economic empowerment; and
- Reducing the stigma felt by those with lived experience of economic abuse

Research and consultations were conducted in 2021/22 resulting in the identifying of specific gaps in information and resources needed in the NWT. A report will be published in the summer of 2022 capturing the research findings, consultations, and resulting recommendations.

Thank you to Women and Gender Equality Canada for providing the funding to realize this project.



Policy-Makers & Legislators



Financial Institutions & Organizations



Service Providers & Affected Individuals

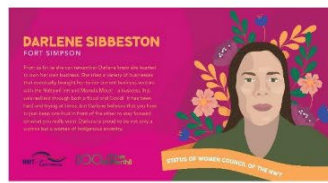
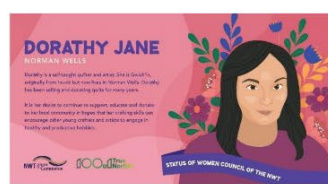
Amazing Northern Women

International Women's Month 2022

March 8th is International Women's Day – a global day to **celebrate** the social, economic, cultural, and political achievements of women and girls. It is a day to **recognize** women who inspire us. It is also a day to **reflect and renew our commitment** to advancing gender equality.

In 2022, we celebrated International Women's Day for the entire month of March. We partnered with the NWT Chamber of Commerce and TrueNorth 100.1 FM to feature amazing northern women.





Jennifer Elise Foerster

Appendix 1

Below is a list of committees, groups, and consultations we've participated in over the past fiscal year. This list is by no means exhaustive.

Committees/Groups/Consultations

Advisory Council, Equal Futures Network, Canadian Partnership for Women and Children's Health

Canadian Centre for Women's Empowerment – Policy Development Committee

Coalition Against Family Violence

Government of Canada – Policy Community Group

Government of the Northwest Territories – Budget Dialogue 2021

GNWT Diversity and Inclusion Framework – Stakeholder Engagement

Missing and Murdered Indigenous Women and Girls Territorial Group

National Advisory Council on Poverty

National Working Group for Economic Justice

NWT Anti-Poverty Roundtable

NWT Network to Prevent Abuse of Older Adults

Committees/Groups/Consultations – cont.

PLEAC Workplace Sexual Harassment Working Group

Sexual Assault Investigation Review Committee

Women in Leadership Foundation – Bridges to Gender Equality
Advisory Committee

Presentations

Gender-Based Violence in the North – presentation to CDETNO and
open to the public

Various presentations related to our Workplace Sexual Harassment
project

Leadership presentation at the Yellowknife Chamber's Trailblazer
event

Various presentations and webinars related to advancing gender
equity

Appendix 2 – SAIRC Annual Report



RCMP G Division Criminal Operations Summary - Sexual Assault Investigations Review Committee's Feedback, Recommendations & RCMP Actions - 2021

Appendix 2 – SAIRC Annual Report



BACKGROUND

The NT Sexual Assault Investigations Review Committee (SAIRC) was created to provide investigative oversight to randomly selected NT sexual assault cases classified as “not cleared by charge,” including files classified as “unfounded” to ensure investigations are thorough, impartial, and properly classified as well as to identify any systemic gaps or barriers.

The NT SAIRC is comprised of territorial stakeholders, representing victim services organizations and victim/community advocates and the RCMP. The NT SAIRC is supported by the GNWT Department of Justice.

METHODOLOGY

Since its inception, twenty-six investigations have been reviewed by the committee: two in 2019, seven in 2020, and seventeen in 2021.

The NT RCMP has held five review committee meetings since 2019

In 2021, committee meetings were held on April 15th and 16th, 2021 and November 18th and 19th, 2021. The randomly selected investigations were from eight communities, varying in size from small to large. The status for these files included the clearance codes of: Insufficient Evidence to Proceed, Unfounded and Victim/Complainant Declines to Proceed. The committee completed one standardized checklist after reviewing each case. The checklist assisted the committee in navigating police investigations and will assist the NT RCMP in identifying trends, gaps and barriers in police investigations.

Included in the checklists are feedback for: the victims, subject of complaints (SOC), witnesses, evidence collection, reports, case specific findings/recommendations and the RCMP’s follow-up actions.

RESULTS

The following information gives an overall summary of the feedback and recommendations provided by the committee; it also includes the RCMP’s follow-up actions.

Overall the committee found that NT RCMP investigations continue to improve in thoroughness, timeliness and trauma informed practices.

Appendix 2 – SAIRC Annual Report



The committee provided feedback on all cases reviewed and gave specific recommendations on one investigation which included steps for the RCMP to consider. The NT RCMP concurred with these recommendations and they were forwarded to investigators for follow up.

The committee identified that police reports should be consistent, objective and proofread. Victims should be referred to available community supports such as Victim Services and Medical Services and the NT RCMP should ensure that appropriate interview rooms are available.

The committee recommended that investigators should not assume a person's gender identity and that the NT RCMP should continue to improve upon interview training for its officers.

The committee also found that supervisory oversight and guidance were well documented on most investigations.

Detachment supervisors for each of the files reviewed were advised of the committee's findings with the goal of improving investigations.

Feedback from the review committee is presented to all Detachment Commanders by the RCMP Divisional SAIRC Coordinator on a yearly basis. The advocates' feedback has also contributed to the creation of a NT RCMP specific Sexual Assault Investigators Course.

CONCLUSION

The NT RCMP is committed to continually improving its response to survivors of sexual violence and would like to thank all their partners who are committed to SAIRC.

One Yellowknife community advocate who has been involved in all five reviews stated, "It is encouraging to be able to see improvements over time in the practices we're seeing in file reviews. Our feedback is taken seriously and acted upon, and we've witnessed real changes in the way that investigations are conducted and victims are treated, supported and followed up with."

"The NT Sexual Assault Investigations Review Committee helps bring transparency and accountability to our investigations. We are committed to providing the best service possible to survivors of sexual assault," states Cpl. Jesse Aubin, NT RCMP SAIRC Coordinator.

"The importance of having concerned and engaged members of our communities involved in initiatives, such as the SAIRC, cannot be stressed enough," states Inspector Dyson Smith, Assistant Criminal Operations Officer.

STATUS OF WOMEN COUNCIL OF THE NWT
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2022

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Status of Women Council of the N.W.T.

P.O. Box 1320, Yellowknife, NWT X1A 2L9

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian public sector accounting standards applicable to government not-for-profit organizations. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Board's management recognizes its responsibility for conducting the Board's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

Avery Cooper & Co. Ltd., Chartered Professional Accountants annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards.

Executive Director

June 15, 2022



AVERY COOPER & Co. LTD.

Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Status of Women Council of the NWT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Status of Women Council of the NWT (the "Council"), which comprise the Statement of Financial Position as at March 31, 2022, and the Statements of Operations, Changes in Fund Balances, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2022, and the results of its operations and its 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 8 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 prior to year-end and its effect on the global economy. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises:

- ♦ Annual Report, but does not include the financial statements and our auditor's report thereon

The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement of this other information, we are required to report the matter to those charged with governance.

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

Management is responsible for the preparation and fair presentation of the 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.

INDEPENDENT AUDITOR'S REPORT, continued

In preparing the financial statements, management is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 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 Council'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 Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Council 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.

INDEPENDENT AUDITOR'S REPORT, continued

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.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act* ("FAA Act") of the Northwest Territories, we report that, in our opinion, the accounting principles in the Canadian public sector accounting standards have been applied.

Further, in our opinion, proper books of account have been kept by the Council and the financial statements are in agreement therewith. In addition, the transactions of the Council have, in all significant respects, been in accordance with the FAA Act and regulations; the *Status of Women Council Act* (the "Act") and regulations; the by-laws of the Council; and any directives issued to the Council by the Minister under the FAA or Act.

Avery Cooper & Co. Ltd.

Avery Cooper & Co. Ltd.
Chartered Professional Accountants
Yellowknife, NT

June 15, 2022

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF FINANCIAL POSITION

March 31, 2022

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT		
Cash	\$ 306,457	\$ 8,185
Accounts receivable (note 3)	<u>58,052</u>	<u>114,515</u>
	364,509	122,700
DESIGNATED CASH	81,751	81,745
TANGIBLE CAPITAL ASSETS (note 4)	<u>5,321</u>	<u>7,601</u>
	<u>\$ 451,581</u>	<u>\$ 212,046</u>

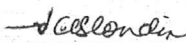
LIABILITIES

CURRENT		
Trade payables and accruals (note 5)	\$ 120,623	\$ 28,354
Wages and benefits payable (note 6)	66,415	36,367
Deferred revenue (note 7)	48,617	28,057
Government remittances payable	<u>14,443</u>	<u>16,129</u>
	<u>250,098</u>	<u>108,907</u>
CONTINGENCIES (note 8)		

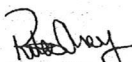
FUND BALANCES

UNRESTRICTED SURPLUS (DEFICIT) per page 3	100,624	13,806
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	5,321	7,601
CONTINGENCY FUND per page 3	65,538	51,732
BENEFITS FUND per page 3	<u>30,000</u>	<u>30,000</u>
	<u>201,483</u>	<u>103,139</u>
	<u>\$ 451,581</u>	<u>\$ 212,046</u>

Approved:



Chairperson



Member

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF OPERATIONS

For the year ended March 31, 2022

	<u>2022</u>	<u>2021</u>
REVENUES		
Core - Schedule 1	\$ 565,882	\$ 515,693
Family Violence Prevention Month - Schedule 2	57,600	53,000
Leadership Gathering for Women - Schedule 3	30,263	48,468
NGO Stabilization Fund - Schedule 4	19,238	-
Safety Planning - Schedule 5	90,000	-
Economic Abuse - Schedule 6	81,920	-
MMIWG Engagement Session - Schedule 7	8,500	-
Trauma and Violence Informed - Schedule 8	106,635	-
Vigil - Schedule 9	1,150	2,500
Wise Women Awards - Schedule 10	804	23,456
Workplace Sexual Harassment - Schedule 11	310,218	255,530
MMIWG Tree of Honour Ceremonies	-	70,250
Elimination of Violence	-	20,068
Lens and Language	-	24,150
	<u>1,272,210</u>	<u>1,013,115</u>
EXPENSES		
Core - Schedule 1	467,538	483,104
Family Violence Prevention Month - Schedule 2	57,600	53,000
Leadership Gathering for Women - Schedule 3	30,263	48,468
NGO Stabilization Fund - Schedule 4	19,238	-
Safety Planning - Schedule 5	90,000	-
Economic Abuse - Schedule 6	81,920	-
MMIWG Engagement Session - Schedule 7	8,500	-
Trauma and Violence Informed - Schedule 8	106,635	-
Vigil - Schedule 9	1,150	2,499
Wise Women Awards - Schedule 10	804	23,456
Workplace Sexual Harassment - Schedule 11	310,218	255,525
MMIWG Tree of Honour Ceremonies	-	70,250
Elimination of Violence	-	20,068
Lens and Language	-	24,143
	<u>1,173,866</u>	<u>980,513</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 98,344</u>	<u>\$ 32,602</u>

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2022

	<u>2022</u>				
	<u>Unrestricted Surplus (Deficit)</u>	<u>Invested in Tangible Capital Assets</u>	<u>Contingency Fund</u>	<u>Benefits Fund</u>	<u>Total</u>
BALANCE, opening	\$ 13,806	\$ 7,601	\$ 51,732	\$ 30,000	\$ 103,139
Excess of revenues over expenses	98,344	-	-	-	98,344
Transfers	(13,806)	-	13,806	-	-
Amortization of tangible capital assets	<u>2,280</u>	<u>(2,280)</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE, closing	<u>\$ 100,624</u>	<u>\$ 5,321</u>	<u>\$ 65,538</u>	<u>\$ 30,000</u>	<u>\$ 201,483</u>
	<u>2021</u>				
	<u>Unrestricted Surplus (Deficit)</u>	<u>Invested in Tangible Capital Assets</u>	<u>Contingency Fund</u>	<u>Benefits Fund</u>	<u>Total</u>
BALANCE, opening	\$ (20,073)	\$ 8,878	\$ 51,732	\$ 30,000	\$ 70,537
Excess of revenues over expenses	32,602	-	-	-	32,602
Amortization of tangible capital assets	<u>1,277</u>	<u>(1,277)</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE, closing	<u>\$ 13,806</u>	<u>\$ 7,601</u>	<u>\$ 51,732</u>	<u>\$ 30,000</u>	<u>\$ 103,139</u>

STATUS OF WOMEN COUNCIL OF THE NWT

STATEMENT OF CASH FLOWS

For the year ended March 31, 2022

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from contributions and donations	\$ 1,278,233	\$ 834,580
Cash paid for materials and services	(617,455)	(550,910)
Cash paid for wages and benefits	<u>(362,500)</u>	<u>(411,964)</u>
INCREASE (DECREASE) IN CASH	298,278	(128,294)
CASH, opening	<u>89,930</u>	<u>218,224</u>
CASH, closing	<u><u>\$ 388,208</u></u>	<u><u>\$ 89,930</u></u>
 REPRESENTED BY:		
Cash	\$ 306,457	\$ 8,185
Designated cash	<u>81,751</u>	<u>81,745</u>
	<u><u>\$ 388,208</u></u>	<u><u>\$ 89,930</u></u>

STATUS OF WOMEN COUNCIL OF THE NWT

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

1. NATURE OF OPERATIONS

Status of Women Council of the NWT (the "Council") is a government not-for-profit organization of the Government of the Northwest Territories ("GNWT") and was established under the *Status of Women Council Act* of the Northwest Territories dated April 4, 1990.

The objectives of the Council are:

- 1) to develop public awareness of issues affecting the status of women;
- 2) to promote a change in attitudes within the community in order that women may enjoy equality;
- 3) to encourage discussion and expression of opinion by residents of the Northwest Territories on issues affecting the status of women;
- 4) to advise the Minister on issues that the Minister may refer to the council for consideration;
- 5) to review policies and legislation affecting women and to report its findings to the relevant government departments or agencies;
- 6) to provide assistance to the Minister in promoting changes to ensure the attainment of equality of women; and
- 7) to provide the appropriate assistance to organizations and groups whose objectives promote the equality of women.

The Council may:

- 1) receive and hear submissions and suggestions from individuals and groups concerning the status of women;
- 2) research matters relating to the status of women;
- 3) suggest research areas in relation to matters relating to the status of women that may be studied by any interested persons;
- 4) recommend and participate in programs concerning the status of women;
- 5) recommend legislation, policies and practices to improve the equality of opportunity for women and to improve the status of women;
- 6) publish any reports, studies or recommendations that the Council considers advisable;
- 7) present reports to the Minister to be laid before the Legislative Assembly;
- 8) contract and be contracted in the name of the Council; and
- 9) make bylaws to regulate the affairs of the Council.

The Council is exempt from income tax under subsection 149(1) of the *Income Tax Act* (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

The Council follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

STATUS OF WOMEN COUNCIL OF THE NWT

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(a) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(b) Financial instruments

The Council initially measures its financial assets and liabilities at fair value. The Council subsequently measures its financial assets and financial liabilities at amortized cost.

(c) Tangible capital assets

Tangible capital assets are recorded at cost. The Council provides for amortization using the declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates are as follows:

Computer equipment	30%
Equipment	20%

(d) Employee future benefits

Employees are entitled to severance benefits, as provided under labour contracts and conditions of employment, based on years of service. The benefits are paid upon resignation, lay off or death of employee.

The cost of the severance benefits upon resignation are accrued annually based on a minimum of four years of service, to a payout of 12 weeks maximum. The additional cost of severance benefits paid upon lay off are recorded in the year paid.

(e) Revenue recognition

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable and the amount can be reasonably estimated and collection is reasonably assured.

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

Interest income that is not externally restricted is recognized in the Statement of Operations when earned.

STATUS OF WOMEN COUNCIL OF THE NWT

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Contributed materials and services

Directors and volunteers volunteer their time to assist in the Council's activities. While these services benefit the Council considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in the financial statements.

The GNWT provides the Council with office premises without charge. The estimated value of these rental premises are recognized as expenses with a corresponding credit to revenues to reflect the full cost of the Council's operations in the financial statements.

(g) Allocated expenses

The Council allocates certain general support expenses according to the contribution agreement to which the expenditure relates. The expenditures are any direct cost related to the fulfillment of the contribution agreement. The costs are then allocated to the contribution agreement based on the actual amount of the expenditure.

Office administrative costs are allocated to contribution agreements that allow such costs to be allocated.

(h) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary they are reported in income in the period in which they become known. Estimates are used when accounting for certain items such as allowance for doubtful accounts, the useful life of tangible capital assets, and employee future benefits.

3. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
GNWT - Health & Social Services	\$ 14,201	\$ 25,076
Canada - Justice Partnership and Innovation Program	31,022	89,439
Canada - Women and Gender Equality (WAGE)	<u>12,829</u>	<u>-</u>
	<u>\$ 58,052</u>	<u>\$ 114,515</u>

STATUS OF WOMEN COUNCIL OF THE NWT

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

4. TANGIBLE CAPITAL ASSETS

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 58,081	\$ 52,760	\$ 5,321	\$ 7,601
Equipment	4,870	4,870	-	-
	<u>\$ 62,951</u>	<u>\$ 57,630</u>	<u>\$ 5,321</u>	<u>\$ 7,601</u>

5. TRADE PAYABLES AND ACCRUALS

	<u>2022</u>	<u>2021</u>
Trade payables	\$ 90,734	\$ 1,940
Scotiabank Visa	9,209	8,289
Accrued liabilities	<u>20,680</u>	<u>18,125</u>
	<u>\$ 120,623</u>	<u>\$ 28,354</u>

6. WAGES AND BENEFITS PAYABLE

	<u>2022</u>	<u>2021</u>
Wages payable	\$ 27,959	\$ 12,449
Severance liability	11,372	5,365
Vacation and lieu payable	<u>27,084</u>	<u>18,553</u>
	<u>\$ 66,415</u>	<u>\$ 36,367</u>

STATUS OF WOMEN COUNCIL OF THE NWT

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

7. DEFERRED REVENUE

Deferred revenue as at March 31, 2022, consists of the following:

	<u>2022</u>	<u>2021</u>
Gender Equity	\$ 2,237	\$ -
NGO Stabilization	-	19,238
Trauma and Violence Informed	38,365	-
Wise women	<u>8,015</u>	<u>8,819</u>
	<u>\$ 48,617</u>	<u>\$ 28,057</u>
Deferred revenue, opening	28,057	59,049
Receipts	175,000	41,000
Funding expended	<u>(154,440)</u>	<u>(71,992)</u>
	<u>48,617</u>	<u>28,057</u>

8. CONTINGENCIES

There has been a global outbreak of a novel coronavirus known as COVID-19, which has had a significant impact on organizations through the restrictions put in place by the Canadian and U.S. governments regarding travel, business operations and isolation/quarantine orders. The extent of the impact the COVID-19 outbreak may have on the Council will depend on future developments that are highly uncertain, and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, the duration of the outbreak, including the length of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are, or may, be put in place by Canada, U.S. or other countries to fight the virus. The Council's activities have not been significantly impacted thus far; however, the Council continues to assess the impact COVID-19 will have on its operations.

STATUS OF WOMEN COUNCIL OF THE NWT

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

9. CONTRACTUAL RIGHTS

As at March 31, 2022, the Council had entered into contribution agreements with the GNWT - Department of Status of Women with the term April 1, 2021 - March 31, 2026, and Canada - Justice Partnership and Innovation Program with the term January 6, 2020 - March 31, 2024. The future maximum contributions are as follows:

	GNWT - Department of Status of Women	Canada Justice Partnership and Innovation Program	WAGE Canada	Total
2023	\$ 444,000	\$ 503,426	\$ 159,916	\$ 947,426
2024	444,000	490,615	103,644	934,615
2025	444,000	-	-	444,000
2026	444,000	-	-	444,000
	<u>\$ 1,776,000</u>	<u>\$ 994,041</u>	<u>\$ 263,560</u>	<u>\$ 2,770,041</u>

10. ECONOMIC DEPENDENCE

The Council receives the majority of its revenues from various GNWT departments. If the GNWT ceased to fund the Council, this would significantly affect operations.

11. REVENUES BY OBJECT

	2022	2021
Government grants and contributions	\$ 1,085,760	\$ 892,579
Contributed rent	71,000	71,000
Sponsorship, donations and events	65,882	2,986
Administration fees	49,562	46,538
Interest income	6	13
	<u>\$ 1,272,210</u>	<u>\$ 1,013,116</u>

STATUS OF WOMEN COUNCIL OF THE NWT

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

12. COMMITMENT

As at March 31, 2022, the Council has outstanding quarterly commitments of \$1,356 with respect to an office equipment lease expiring March 31, 2026 as follows:

2023	\$ 5,424
2024	5,424
2025	5,424
2026	<u>5,424</u>
	<u>\$ 21,696</u>

13. BENEFITS FUND

The Council, under its core contribution agreement, is allowed to create a Maternity and Parental Leave Benefits Fund, using a maximum of \$5,000 of unexpended core contribution per year, to a maximum of \$30,000. Changes during the year in the Benefits Fund are as follows:

	<u>2022</u>	<u>2021</u>
Benefits Fund	<u>\$ 30,000</u>	<u>\$ 30,000</u>

The Council maintains designated cash to cover the required fund balance. There is a sufficient balance to cover the fund balance in the current year.

14. CONTINGENCY FUND

The Council created a Contingency Fund to be fiscally responsible in discharging its responsibilities to make payments and to cover any future technology requirements. Changes during the year in the Contingency Fund are as follows:

	<u>2022</u>	<u>2021</u>
Contingency Fund	\$ 51,732	\$ 38,882
Transfer from unrestricted surplus	<u>13,806</u>	<u>12,850</u>
Contingency Fund, closing	<u>\$ 65,538</u>	<u>\$ 51,732</u>

The Council maintains designated cash to cover the required fund balance. There are insufficient funds to cover the balance in the current year.

STATUS OF WOMEN COUNCIL OF THE NWT

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

15. FINANCIAL INSTRUMENTS

The Council's financial instruments consist of cash, marketable securities, accounts receivable, trade payables and accruals, and wages and benefits payable. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest rate, market, currency, credit, liquidity, cash flow risks, nor is the Council exposed to significant concentrations of such risks. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

As March 31, 2022, the Council has a \$20,000 (2021 - \$20,000) credit card facility with the Bank of Nova Scotia.

16. RELATED PARTY TRANSACTIONS

The Council is related in terms of common ownership to all GNWT-created departments, territorial corporations and public agencies. The Council enters into transactions with these entities in the normal course of operations and on normal trade terms applicable to all parties. The amounts due to and from related parties are unsecured, non-interest bearing and due on demand.

Transactions with related parties during the year and balances at year end, not disclosed elsewhere in the financial statements, are disclosed in this note.

	<u>2022</u>	<u>2021</u>
Revenue		
GNWT - Executive & Indigenous Affairs	\$ 481,067	\$ 417,456
GNWT - Department of Justice	54,200	47,067
GNWT - Health & Social Services	28,400	50,150
GNWT - Municipal & Community Affairs	19,238	-
GNWT - Infrastructure (Contributed rent)	<u>71,000</u>	<u>71,000</u>
	<u>\$ 653,905</u>	<u>\$ 585,673</u>
Expenses		
GNWT - Infrastructure (Contributed rent)	\$ 71,000	\$ 71,000
GNWT - Financial Shared Services	2,347	3,077
Northwest Territories Health and Social Services Authority	<u>1,250</u>	<u>1,250</u>
	<u>\$ 74,597</u>	<u>\$ 75,327</u>

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

STATUS OF WOMEN COUNCIL OF THE NWT

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

17. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

SCHEDULE OF CORE

Schedule 1

	<u>2022</u>	<u>2021</u>
REVENUES		
GNWT - Executive & Indigenous Affairs	\$ 444,000	\$ 393,999
GNWT - Infrastructure - Contributed Rent	71,000	71,000
Administration Recovery	49,562	46,538
Miscellaneous	<u>1,320</u>	<u>4,156</u>
	<u>565,882</u>	<u>515,693</u>
EXPENSES		
Advertising	10,280	2,970
Amortization	2,280	1,277
Contributed Rent	71,000	71,000
Equipment Rental	5,627	7,554
Honoraria	6,009	7,250
Interest & Bank Charges	104	77
Mail Service	1,852	995
Meetings	957	1,996
Professional Development - Staff	3,727	7,441
Professional/Contract Services	35,063	39,004
Resources/Subscriptions	1,092	2,198
Supplies	5,788	5,253
Technology	4,516	9,424
Telecommunications	9,414	10,051
Travel	8,412	5,500
Wages & Benefits	<u>301,417</u>	<u>311,114</u>
	<u>467,538</u>	<u>483,104</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 98,344</u>	<u>\$ 32,589</u>

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

SCHEDULE OF FAMILY VIOLENCE PREVENTION MONTH

Schedule 2

	<u>2022</u>	<u>2021</u>
REVENUES		
GNWT - Justice	\$ 29,200	\$ 27,000
GNWT - Health & Social Services	<u>28,400</u>	<u>26,000</u>
	<u>57,600</u>	<u>53,000</u>
EXPENSES		
Administration	3,196	3,169
Community Events	39,340	34,545
FV Resource Package	10,199	9,828
Marketing & Communications	2,170	2,605
Postage & printing	1,464	1,752
YK Event	<u>1,231</u>	<u>1,101</u>
	<u>57,600</u>	<u>53,000</u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

SCHEDULE OF LEADERSHIP GATHERING FOR WOMEN

Schedule 3

	<u>2022</u>	<u>2021</u>
REVENUES		
GNWT - Executive & Indigenous Affairs	\$ 27,763	\$ -
Other	2,500	-
Deferred Revenue	<u>-</u>	<u>48,468</u>
	<u>30,263</u>	<u>48,468</u>
EXPENSES		
Administration	-	5,105
Facility Rental	-	2,500
Freight	64	-
Honoraria	1,762	-
Marketing & Communications	15,055	30,640
Materials & Supplies	2,076	223
Wages & Benefits	-	10,000
Program delivery/costs	<u>11,306</u>	<u>-</u>
	<u>30,263</u>	<u>48,468</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

SCHEDULE OF NGO STABILIZATION FUND

Schedule 4

	<u>2022</u>	<u>2021</u>
REVENUE		
GNWT - Municipal & Community Affairs	\$ 19,238	\$ -
EXPENSES		
Professional Fees	<u>19,238</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

SCHEDULE OF SAFETY PLANNING

Schedule 5

	<u>2022</u>	<u>2021</u>
REVENUE		
GNWT - Justice	\$ 25,000	\$ -
De Beers Canada	<u>65,000</u>	<u>-</u>
	<u>90,000</u>	<u>-</u>
EXPENSES		
Professional fees	71,623	-
Marketing & communications	7,500	-
Print/Publication & Distribution	10,078	-
Freight/Transportation	<u>799</u>	<u>-</u>
	<u>90,000</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

SCHEDULE OF ECONOMIC ABUSE

Schedule 6

	<u>2022</u>	<u>2021</u>
REVENUE		
Canada - Women and Gender Equity	<u>\$ 81,920</u>	<u>\$ -</u>
EXPENSES		
Professional Fees	71,200	-
Catering	1,500	-
Salaries and benefits	7,100	-
Administration	<u>2,120</u>	<u>-</u>
	<u>81,920</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

SCHEDULE OF MMIWG ENGAGEMENT SESSION

Schedule 7

	<u>2022</u>	<u>2021</u>
REVENUE		
Executive & Indigenous Affairs	<u>\$ 8,500</u>	<u>\$ -</u>
EXPENSES		
Administration fees	1,864	-
Wages and benefits	69	-
Project travel	4,167	-
Honoraria	<u>2,400</u>	<u>-</u>
	<u>8,500</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

SCHEDULE OF TRAUMA AND VIOLENCE INFORMED

Schedule 8

	<u>2022</u>	<u>2021</u>
REVENUE		
Canada - Women and Gender Equity	<u>\$ 106,635</u>	<u>\$ -</u>
EXPENSES		
Materials & Supplies	700	-
Office Equipment	280	-
Program delivery/costs	407	-
Professional fees	40,609	-
Marketing & Communications	39,145	-
Print/Publication & Distribution	9,494	-
Salaries and Benefits	<u>16,000</u>	<u>-</u>
	<u>106,635</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

SCHEDULE OF VIGIL

Schedule 9

	<u>2022</u>	<u>2021</u>
REVENUE		
Sponsorship, Donations & Events	\$ <u>1,150</u>	\$ <u>2,500</u>
EXPENSES		
Catering	-	16
Facility Rental	140	-
Marketing & Communications	216	1,175
Materials & Supplies	434	1,308
Administration	<u>360</u>	<u>-</u>
	<u>1,150</u>	<u>2,499</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ 1</u>

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

SCHEDULE OF WISE WOMEN AWARDS

Schedule 10

	<u>2022</u>	<u>2021</u>
REVENUES		
Deferred Revenue	\$ 804	\$ 7,275
Grants, Sponsorships	<u>-</u>	<u>16,181</u>
	<u>804</u>	<u>23,456</u>
EXPENSES		
Awards & Recognition	25	4,372
Catering	-	9,816
Freight/Transportation	29	168
Marketing & Communications	806	6,139
Materials & Supplies	-	15
Print/Publication & Distribution	-	50
Program Delivery	(56)	1,000
Project Travel	<u>-</u>	<u>1,896</u>
	<u>804</u>	<u>23,456</u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

SCHEDULE OF WORKPLACE SEXUAL HARASSMENT

Schedule 11

	<u>2022</u>	<u>2021</u>
REVENUE		
Justice Canada	<u>\$ 310,218</u>	<u>\$ 255,530</u>
EXPENSES		
Accounting & Legal	5,105	5,000
Administration	40,463	33,330
Honoraria	6,000	3,000
Marketing & Communications	5,650	20,000
Office Equipment	-	8,820
Operating	996	5,220
Print/Publication & Distribution	15,880	1,840
Professional Fees	99,500	43,500
Program Delivery	70,950	69,000
Project Travel	130	415
Wages & Benefits	62,550	65,400
Training	<u>2,994</u>	<u>-</u>
	<u>310,218</u>	<u>255,525</u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>\$ -</u></u>	<u><u>\$ 5</u></u>

STATUS OF WOMEN COUNCIL OF THE NWT

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

SCHEDULE OF EXPENSES BY OBJECT

Schedule 12

	<u>2022</u>	<u>2021</u>
Program delivery costs	\$ 11,713	\$ -
Administration Fees	48,247	50,104
Advertising & Promotion	80,846	74,800
Amortization	2,280	1,277
Awards/Volunteer Appreciation	25	4,372
Community Events	43,168	64,974
Computer	4,516	18,324
Equipment Rental	5,627	7,554
Equipment Use	3,723	3,766
Freight/ Postage	2,743	3,345
Honoraria	16,171	10,250
Interest & Bank Charges	104	77
Office Supplies	6,244	5,476
Office and administration	996	5,220
Print/Publication & Distribution	36,916	3,642
Professional/Contract Services	409,821	208,687
Contributed Rent	71,000	71,000
Resources & Subscriptions	13,746	35,828
Staff Training	2,994	-
Telecommunications	9,414	10,051
Travel and Accommodation	12,709	7,811
Wages & Benefits	<u>390,863</u>	<u>393,955</u>
	<u>\$ 1,173,866</u>	<u>\$ 980,513</u>

Status of Women Council of the NWT

4th Floor | Northwest Tower | PO Box 1320
5201 Franklin Avenue Yellowknife | NT X1A 2L9

statusofwomen.nt.ca

March 31, 2022

Fur Marketing Service Revolving Fund

Purpose: To provide working capital for the operation of a fur advance system. Trappers receive interest free advances on fur sent to southern auction houses. Approximately 1,000 trappers take advantage of this program.

(thousands of dollars)

	2021/22 Actuals	2021/22 Revised Estimates	2021/22 Main Estimates	2020/21 Actuals
Authorized Limit	1,500	1,500	1,500	1,500
Opening Accounts Receivable	1,231	1,231	1,277	1,281
Advances to Trappers	198	70	500	488
Repayment of Fur Account Loans	(462)	(353)	(739)	(538)
Closing Accounts Receivable	967	948	1,038	1,231
Cash	(2,079)			(2,505)
Other Asset Accounts	7			3
Asset (Liability) Accounts	302			190
Clearing Accounts	64			63
Closing Balance Fund 12	(739)			(1,018)
Authorized limit	1,500			1,500

The information provided within this working paper addresses all requirements of YE Directive #51 with regards to content, format, completeness, analysis and reconciliation to SAM data, and its due date of May 12th, 2022.

Jessica St.Arnaud, DFA

May 11, 2022

**Marine Transportation Services
(Marine Transportation Services Revolving Fund)**

Financial Statements

March 31, 2022

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Financial Statements

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Management's Responsibility for Financial Reporting

To the Minister of Infrastructure

Government of the Northwest Territories

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statements, which have been prepared in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designed to provide reasonable assurance that the transactions are authorized, the assets are safeguarded, and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Marine Transportation Services revolving fund (the "Fund").

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.



Steve Hagerman, Director
Marine Transportation Services Revolving Fund
Hay River, Northwest Territories
September 12, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Marine Transportation Services Revolving Fund

Qualified Opinion

We have audited the financial statements of Marine Transportation Services Revolving Fund (the Fund), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in accumulated surplus (deficit), changes in net financial debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

Basis for Qualified Opinion

Compensation and related benefits paid to employees of the Fund are administrated by the Government of the Northwest Territories and audited as part of the Government of the Northwest Territories' audit. These balances are excluded from the scope of our audit. Accordingly, we were not able to determine whether any adjustments might be necessary to compensation and benefits expenses for the year ended March 31, 2022, and payroll liabilities, employee future benefits, net financial resources, and accumulated surplus (deficit) as at March 31, 2022, as well as the associated note disclosures.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

(continues)

Independent Auditor's Report to the Members of Marine Transportation Services Revolving Fund
(continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 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 Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Fund 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.

Hay River, Northwest Territories
September 12, 2022



Ashton Chartered Professional Accountants

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement I

Statement of Financial Position

March 31,	2022	2021
Financial Assets		
Accounts receivable (note 4)	\$ 1,298,444	\$ 8,340,313
Employee future benefits (note 5)	9,140	15,312
	1,307,584	8,355,625
Liabilities		
Bank indebtedness (note 6)	22,587,906	16,346,629
Accounts payable and accrued liabilities (note 7)	3,974,908	2,421,081
Deferred revenue	208,417	608,417
Due to Government of Northwest Territories - Revolving fund (note 8)	19,160,103	30,070,809
Due to Government of Northwest Territories - long-term loan (note 9)	10,260,438	10,260,438
Net financial debt	(54,884,188)	(51,351,749)
Non-financial assets		
Tangible capital assets (note 10)	52,062,790	50,106,852
Prepaid expenses and deposits (note 11)	1,362,833	341,254
Inventory (note 12)	1,458,565	903,643
	54,884,188	51,351,749
Surplus (deficit)	\$ -	\$ -

Contributed capital (note 13)

Contractual rights (note 14)

Subsequent event (note 20)

Approved:



Director

Marine Transportation Services



Comptroller

Marine Transportation Services

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement II

Statement of Changes in Net Financial Debt

For the year ended March 31,	2022 Budget	2022 Actual	2021 Actual
Net financial debt, beginning of year	\$ (51,351,749)	\$ (51,351,749)	\$ (36,672,033)
Deficiency of revenues over expenses	(4,317,615)	-	-
Amortization	1,878,016	2,111,431	1,473,500
(Acquisition) consumption of inventories	-	(554,922)	1,351,708
(Acquisition) use of prepaid expenses	-	(1,021,579)	119,667
Purchase of tangible capital assets	(2,109,125)	(4,067,369)	(17,624,591)
Change in net financial debt	(4,548,724)	(3,532,439)	(14,679,716)
Net financial debt, end of year	\$ (55,900,473)	\$ (54,884,188)	\$ (51,351,749)

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement III

Statement of Operations

For the year ended March 31,	2022 Budget	2022 Actual	2021 Actual
Revenues			
Cargo delivery revenue	\$ 4,665,684	\$ 6,663,695	\$ 2,567,694
Fuel delivery revenue	8,320,768	9,204,184	10,977,713
Fuel sales	4,452,500	5,951,635	3,085,334
Shipyard services	3,746,600	1,191,246	2,255,397
Charter revenue	2,628,000	3,464,835	283,895
Rental and other revenue	315,600	376,142	202,409
	24,129,152	26,851,737	19,372,442
Expenses (note 15)			
Fuel cost of sales	4,452,500	5,995,238	3,292,069
Maintenance	5,728,087	8,634,100	10,222,566
Marine operations	8,731,010	10,496,395	12,145,802
Shipyard service	2,233,800	750,661	1,742,444
Terminal operations	2,172,151	3,045,922	3,001,021
General and administrative	3,251,203	3,353,445	3,279,438
	26,568,751	32,275,761	33,683,340
Deficiency of revenue over expenses before other expenses and items	(2,439,599)	(5,424,024)	(14,310,898)
Other expenses			
Amortization	1,878,016	2,111,431	1,473,500
Finance charges (note 16)	-	1,016,842	1,057,192
	1,878,016	3,128,273	2,530,692
Deficiency of revenue over expenses before other item	(4,317,615)	(8,552,297)	(16,841,590)
Other item			
Grant contributions (note 17)	-	8,552,297	16,841,590
Deficiency of revenue over expenses	\$ (4,317,615)	\$ -	\$ -

See accompanying notes

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement IV

Statement of Accumulated Surplus (Deficit)

For the year ended March 31,	2022	2021
Accumulated surplus (deficit), beginning of year	\$ -	\$ -
Excess (deficiency) of revenue over expenses	-	-
Accumulated surplus (deficit), end of year	\$ -	\$ -

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Statement V

Statement of Cash Flows

For the year ended March 31,	2022	2021
Cash provided by (used for)		
Operating activities		
Deficiency of revenues over expenses	\$ -	\$ -
Items not affecting cash		
Amortization	2,111,431	1,473,500
Finance charges	1,016,842	1,057,193
	3,128,273	2,530,693
Changes in non-cash working capital items		
Accounts receivable	7,041,869	(5,735,450)
Accounts payable and accrued liabilities	1,553,827	(3,766,291)
Deferred revenue	(400,000)	608,417
Employee future benefits	6,172	(37,978)
Inventory	(554,922)	1,351,708
Prepaid expenses and deposits	(1,021,579)	119,667
	9,753,640	(4,929,234)
Financing activities		
(Payments) proceeds from Government of Northwest Territories	(11,927,548)	33,313
Investing activity		
Purchase of tangible capital assets	(4,067,369)	(17,624,591)
Decrease in cash	(6,241,277)	(22,520,512)
Cash (bank indebtedness), beginning of year	(16,346,629)	6,173,883
Cash (bank indebtedness), end of year	\$ (22,587,906)	\$ (16,346,629)

Marine Transportation Services (Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

1. Nature of operations

Marine Transportation Services Revolving Fund (the Fund) was established on June 2, 2017 after the closure of the Northern Transportation Company Limited (NTCL) in December 2016. The Fund was established with the main purpose of meeting the capital, operating and maintenance requirements of providing marine transportation services for the movement of cargo to communities on Great Slave Lake, the Mackenzie River and throughout the Arctic coastal region.

Under the Government of the Northwest Territories *Revolving Funds Act* (the "Act"), the Fund can receive working capital advances from the Consolidated Revenue Fund (CRF) to finance inventory, accounts receivable and operating expenses. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities, is \$35 million. There is no limit for instances where liabilities may exceed assets. The balance of the Fund is reported as due to or from the Government of the Northwest Territories (the "GNWT") on the statement of financial position.

2. Significant accounting policies

The Fund follows Canadian Public Sector Accounting Standards (PSAS) generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

(a) Revenue recognition

Revenue is recognized when it is probable that all economic benefits will flow to the Fund and delivery of service has occurred, or when the price is fixed or determinable and when collectability is reasonably assured.

Fuel sales revenue is recognized in the period in which the fuel is delivered to the customer premises. Revenue is recognized on the actual volume of fuel delivered at predetermined rates between the Fund and the customer, and when all discharge documents have been acknowledged and signed by the customer.

Cargo and fuel delivery revenue is recognized in the period when the Fund fulfills delivery requirements and when both fuel and cargo have been delivered at the customer premises and all discharge documents acknowledged and signed by the customer. Both fuel and cargo delivery rates are pre-determined.

Charter revenue is recognized when there is use of the Fund's vessels for a specified period of time under specified conditions at pre-determined prices. Revenue is recognized in the period when the Fund provides the required vessels to the customer as specified in the contract.

Shipyard services revenue is recognized in the period when the Fund performs services for any other customer outside the normal Fund's activities. Revenue is recognized in the period that the Fund completes and delivers such services to the customer.

Grant contribution revenue recognized when the funds are receivable or become receivable under the agreement signed between the Government of Canada, the Government of Northwest Territories and the Fund.

Other revenue is recognized as goods are delivered or services are provided.

Marine Transportation Services

(Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

2. Significant accounting policies (continued)

(b) Government transfers

Government transfers are the transfer of monetary assets or tangible capital assets from a government for which the government making the transfer does not:

- receive any goods or services directly in return;
- expect to be repaid in the future; or
- expect a direct financial return.

Government transfers are recognized as revenue in the period during which the transfer is authorized and eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue as the liability is settled.

(c) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities, Government departments.

Inter-entity transactions are recorded at the exchange amount when they are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length. The cost allocations are recorded on a gross basis.

(d) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(e) Financial instruments

The Fund classifies its financial instruments at cost or amortized cost. The Fund's accounting policy for this financial instrument category is as follows:

This category includes cash, bank indebtedness, accounts receivable, accounts payable and accrued liabilities, and amounts due to the Government of the Northwest Territories. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Marine Transportation Services

(Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

2. Significant accounting policies (continued)

(e) Financial instruments (continued)

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

(f) Cash and bank indebtedness

The Fund maintains an account with the Royal Bank of Canada. All funds received are recorded and banked to this account. All payments made are recorded to this account with exception of payments made directly by the Government of Northwest Territories on behalf of the Fund. Payments made by the Government of Northwest Territories are recorded on the revolving fund loan account with the Government of Northwest Territories. The balance in the financial statements reflects the Funds cash and bank indebtedness by the end of the year.

(g) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

(h) Employee future benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Pension benefits to Members of the Legislative Assembly and judges are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates or when actuarial assumptions change, the adjustments are amortized on a straight-line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognized net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for layoff.

Marine Transportation Services

(Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

2. Significant accounting policies (continued)

(h) Employee future benefits (continued)

Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

(i) Related parties

The Fund initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Fund subsequently measures related party balances in accordance with the Fund's policies for financial instruments, as set out in note (e).

The Fund is related in terms of common control to all Government of the Northwest Territories departments, boards and agencies.

The Fund enters into transactions with these entities in the normal course of business at the specified market rates for services with the exception of Fuel Services Division (FSD) which is the part of the Department of Infrastructure. FSD is charged for fuel deliveries made by the Fund at non-market rates prepared by the Fund's management and communicated to FSD management.

Departments

- Department of Education, Culture and Employment
- Department of Environment and Natural Resources
- Department of Executive and Indigenous Affairs
- Department of Finance
- Department of Health and Social Services
- Department of Industry, Tourism and Investment
- Department of Infrastructure
- Department of Justice
- Department of Lands
- Department of Municipal and Community Affairs
- Legislative Assembly

Boards and Agencies

- Arctic Energy Alliance
- Aurora College
- Education Authorities
- Health and Social Services Authority
- Inuvialuit Water Board
- Northwest Territories Heritage Fund
- Northwest Territories Power Corporation

Marine Transportation Services

(Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

2. Significant accounting policies (continued)

(i) Related parties (continued)

Boards and Agencies (continued)

NWT Business Development & Investment Corporation
NWT Environmental Studies Research Fund
NWT Housing Corporation
NWT Human Rights Commission
NWT Liquor and Cannabis Commission
NWT Liquor Licensing Board
NWT Surface Rights Board
Stanton Foundation
Status of Women Council of the NWT
Tlicho Community Services Agency
Workers' Safety and Compensation Commission

(j) Tangible capital assets

Tangible capital assets are accounted for at cost. Amortization is based on their useful life using the straight-line methods.

Machinery and equipment	15 years Straight-line
Vessels and barges	12.5 and 55 years Straight-line

Self-constructed assets: cost includes expenditure on materials, direct labour and allocated proportion of project overheads. Any gain or loss on disposal or retirement of a tangible asset is determined as the difference between proceeds from disposal and the carrying amount of the asset and is recognised in net surplus or deficit.

Major overhauls and inspections costs are capitalized and amortized over the remaining useful life of the asset. Maintenance and repair costs that do not improve productivity or extend the useful life of the assets are expensed in the period incurred.

Useful life for marine assets is determined using industry standards and professional judgment. The used assets are amortized over 12.5 years, barges acquired after 2016 are amortized over 55 years. Additions to existing assets are amortized over the remaining useful life of the assets.

(k) Capital work in progress

Capital work in progress represents capital projects under construction but not completed and are valued at cost. Capital work in progress is accumulated until ready to use.

Amortization is recorded when the asset has been put to use.

Marine Transportation Services

(Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

2. Significant accounting policies (continued)

(l) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The Fund recognises liability for remediation of contaminated sites when the following criteria have been met:

- a) an environment standard exists;
- b) contamination exceeds the environment standard;
- c) the Fund is directly responsible or accepts responsibility;
- d) it is expected that the future benefits will be given up;
- e) a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to remediation activities and reduced by the expected net recoveries based on information available. At each financial reporting date, management reviews the carrying amounts of the liability. Any revision required to the amount previously recognised is accounted for in the period revisions are made.

Government of Northwest Territories contaminated sites division of the Department of Environment and Natural Resources completed an assessment through a contractor. As of March 31, 2022, there was no liability related to contaminated sites.

(m) Budget

Budget figures are not audited and intended for information purposes only.

(n) Services provided by the Government of the Northwest Territories

The Fund does not record the following services provided without charge by the Government of Northwest Territories: the procurement of goods and services, administration of insurance and risk management, the processing of payroll, legal counsel, record storage and computer operations and internal audit services, as it is difficult to estimate them.

3. Future changes to significant accounting policies

Revenue, Section PS 3400

This section is effective for fiscal periods beginning on or after April 1, 2023. This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

The impact of the transition to this accounting standard, if any, has not yet been determined.

Marine Transportation Services (Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

3. Future changes to significant accounting policies (continued)

Asset Retirement Obligations, Section PS 3280

This section will be effective for fiscal years beginning on or after April 1, 2022 and is intended to enhance comparability of financial statements among public sector entities by establishing uniform criteria for recognition and measurement of asset retirement obligations, including obligations that may not have previously been reported. This section would require public sector entities to review existing contract, legislation, regulations, and other sources to identify retirement activities associated with its controlled tangible capital assets.

The impact of the transition to this accounting standard, if any, has not yet been determined.

Financial Instruments, Section PS 3450

This section will be effective for fiscal years beginning on or after April 1, 2022. Items within the scope of the standard are assigned to one of two measurement categories: fair value, or cost or amortized cost. Fair value measurement will apply to derivatives and portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost.

The impact of the transition to this accounting standard, if any, has not yet been determined.

4. Accounts receivable

	2022	2021
Customer receivable	\$ 566,859	\$ 308,855
Government of Canada		
Transport Canada	975,000	8,150,384
Federal excise tax	52,612	-
Fisheries and Oceans	1,234	216,008
	1,595,705	8,675,247
Less: Allowance for doubtful accounts	297,261	334,934
	\$ 1,298,444	\$ 8,340,313

Marine Transportation Services
(Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

5. Employee future benefits

In addition to pension benefits, the Government provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit liability.

Severance benefits are paid to the Government's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee is hired, the rate of pay, the number of years of continuous employment, age and if the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Benefits that accrue under compensated absence benefits, excluding maternity and parental leave, were actuarially valued using the expected utilization methodology. Non-accruing benefits include maternity and parental leave and are recognized when the leave commences.

Valuation results

The last actuarial valuation was completed as at February 11, 2022. The results were extrapolated to March 31, 2022. The effective date of the next actuarial valuation is March 31, 2025. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Marine Transportation Services Revolving Fund.

	2022	2021
Accrued benefit obligation, beginning of year	\$ 55,778	\$ 70,287
Benefits earned	4,608	4,751
Interest	1,797	1,770
Benefit paid	(4,106)	(50,887)
Actuarial loss	33,513	29,857
Plan amendment	(6,112)	-
Accrued benefit obligation, end of year	85,478	55,778
Unamortized net actuarial loss	(94,618)	(71,090)
	\$ (9,140)	\$ (15,312)

Marine Transportation Services (Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

5. Employee future benefits (continued)

	2022	2021
Benefits Expense		
Current service cost	4,608	4,751
Interest cost	1,797	1,770
Amortization of net actuarial loss	9,985	6,388
Plan amendment	(6,112)	-
	<u>\$ 10,278</u>	<u>\$ 12,909</u>

The discount rate used in the 2022 fiscal year to determine the accrued benefit obligation was an average of 4.1% (2021 - 3.3%).

The expected contributions during the next five fiscal years are as follows:

	Total
2022	\$ 14,560
2023	8,383
2024	11,221
2025	9,704
2026	10,514
Total	\$ 54,382

6. Bank indebtedness

The Funds bank account is one of numerous Government of Northwest Territories accounts included in a consolidated balance arrangement with the Royal Bank of Canada. There are no fixed repayment terms and the overdraft limits are negotiated based on the forecasted cash flows and borrowing requirements of the Government of Northwest Territories. The Government of Northwest Territories does not pay out or recover interest from the Fund.

Marine Transportation Services (Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

7. Accounts payable and accrued liabilities

	2022	2021
Trade accounts payable and accrued liabilities	\$ 3,799,855	\$ 2,144,934
Government of Canada		
Goods and service tax	94,079	188,994
Federal excise tax	-	87,153
Government of Northwest Territories		
Department of Finance - Carbon tax	15,440	-
Department of Finance - Petroleum tax	12,719	-
Department of Infrastructure - Fuel Services Division	52,815	-
	\$ 3,974,908	\$ 2,421,081

8. Due to Government of Northwest Territories – Revolving fund

As per the *Revolving Fund Act* (the "Act") there shall be an authorized fund to meet the capital, operating and maintenance requirements of the Fund. The Due to Government of Northwest Territories - Revolving fund has no specific term of repayment and bears interest at the Bank of Canada prime rate per annum plus 0.35%. During the year the Government of Northwest Territories charged financing charges of \$867,368 (2021 - \$861,729).

9. Due to Government of Northwest Territories – long-term loan

The GNWT purchased assets from NTCL at a cost of \$11,300,000 in 2017. The assets comprised tangible capital assets worth \$10,656,509 and controllable assets worth \$643,491. A repayment plan was prepared based on the loan amount of \$11,300,000. Long-term loan bears interest at an interest rate of 1.84% per annum. During the year the GNWT charged financing charges of \$149,474 (2021 - \$195,463).

Fund made \$nil (2021 - \$nil) payment against the Government of Northwest Territories long-term loan.

	2022	2021
Government of Northwest Territories long-term loan, due in December 2027	\$ 10,260,438	\$ 10,260,438
Estimated principle repayments are as follows:		
2023	\$ 4,353,079	
2024	1,138,786	
2025	1,159,740	
2026	1,181,079	
2027	1,202,811	
Subsequent year	1,224,943	
	\$ 10,260,438	

Marine Transportation Services (Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

10. Tangible capital assets

For the year ended March 31,					2022	2021
	Land	Vessels and barges	Machinery and equipment	Capital work in progress	Total	Total
Cost						
Balance, beginning of the year	\$ 2,212,843	\$ 43,128,056	\$ 1,178,261	\$ 6,996,032	\$ 53,515,192	\$ 35,890,601
Addition during the year	-	4,396,154	315,237	4,067,369	8,778,760	48,433,215
Capitalized from capital work in progress				(4,711,391)	(4,711,391)	(30,808,624)
Balance, end of year	2,212,843	47,524,210	1,493,498	6,352,010	57,582,561	53,515,192
Accumulated amortization						
Balance, beginning of the year	-	3,178,807	229,533	-	3,408,340	1,934,840
Annual amortization	-	2,016,886	94,545	-	2,111,431	1,473,500
Balance, end of year	-	5,195,693	324,078	-	5,519,771	3,408,340
Net book value	\$ 2,212,843	\$ 42,328,517	\$ 1,169,420	\$ 6,352,010	\$ 52,062,790	\$ 50,106,852

11. Prepaid expenses and deposits

	2022	2021
Insurance	\$ 299,854	\$ 237,694
Other	1,062,979	103,560
	\$ 1,362,833	\$ 341,254

Prepaid expenses other includes \$955,968 in costs related to cargo deliveries in transit that will be completed in fiscal year 2023.

12. Inventory

	2022	2021
Fuel	\$ 1,088,191	\$ 546,860
Parts and supplies	370,374	356,783
	\$ 1,458,565	\$ 903,643

13. Contributed capital

The Fund recognized grant contribution from the Government of Northwest Territories for the operating losses charged to an appropriation at the end of each fiscal year as specified in *Financial Administration Act* in Section 104(c). As of March 31, 2022 the Government of Northwest Territories made accumulated contributions of \$15,359,515 (2021 - \$8,608,287).

Marine Transportation Services (Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

14. Contractual rights

The Fund had a contract since August 27, 2019 for the use of the Nahidik II vessel for the duration of twenty (20) years with the estimated price of \$400,000 per year for the first ten years and \$500,000 per year for the next ten years.

The expected revenue over the next five fiscal years are as follows:

	Total
2023	\$ 400,000
2024	400,000
2025	400,000
2026	400,000
2027	400,000
Subsequent years	5,968,767
	\$ 7,968,767

15. Expenses

	Fuel cost of sales	Maintenance	Marine operations	Shipyard service	Terminal operations	General and administrative	2022 Actual
Wages and benefits	\$ -	\$ 7,387,610	\$ 6,342,838	\$ -	\$ 1,949,786	\$ 1,951,898	\$ 17,632,132
Fuel cost of sales	5,995,238	-	-	-	-	-	5,995,238
Insurance	-	202,535	1,276,697	-	249,090	-	1,728,322
Fuel consumption	-	151,854	1,295,186	-	93,756	-	1,540,796
Shipyard service cost of sales	-	-	-	750,661	-	-	750,661
Other	-	892,101	1,581,674	-	753,290	1,401,547	4,628,612
	\$ 5,995,238	\$ 8,634,100	\$ 10,496,395	\$ 750,661	\$ 3,045,922	\$ 3,353,445	\$ 32,275,761

16. Financing charges

	2022	2021
Interest on revolving fund - due to Government of Northwest Territories	\$ 867,368	\$ 861,729
Interest on long-term loan - due to Government of Northwest Territories	149,474	195,463
	\$ 1,016,842	\$ 1,057,192

Marine Transportation Services (Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

17. Grant contributions

	2022	2021
Government of Canada		
Low Carbon Economy Leadership Fund - capital expenditure for the refit of the Jock McNiven vessel	\$ 784,227	\$ -
Transport Canada - Ocean Protection Fund - 75% of doubled hulled barges	-	13,554,540
Government of Northwest Territories - Department of Infrastructure		
Operating losses	6,751,228	2,229,858
Finance charges	1,016,842	1,057,192
	\$ 8,552,297	\$ 16,841,590

18. Related party transactions

During the year the Fund incurred the following transactions with the related parties:

	2022	2021
Revenue		
Government of Northwest Territories		
Department of Infrastructure - Fuel Services Division	\$ 5,667,346	\$ 6,289,571
Northwest Territories Power Corporation	147,184	227,005
Department of Environmental and Natural Resources	144,293	65,856
NWT Housing Corporation	26,089	15,925
Department of Infrastructure	10,723	17,317
Northwest Territories Health and Social Services Authorities	5,401	-
Beaufort Delta Divisional Education Council	3,683	-
Ft Good Hope Renewable Resources Corp	1,494	-
Shut Divisional Education Council	700	2,390
Department of Industry, Tourism and Investment	266	1,529
Department of Infrastructure - Yellowknife Airport Revolving Fund	-	17,066
Department of Justice	-	2,041
NWT Liquor and Cannabis Commission	-	888
	\$ 6,007,179	\$ 6,639,588

Marine Transportation Services (Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

18. Related party transactions (continued)

	2022	2021
Expenses		
Government of Northwest Territories		
Department of Finance	\$ 263,893	\$ 246,801
Department of Infrastructure - Fuel Services Division	84,852	45,529
Department of Infrastructure	67,875	-
Northwest Territories Power Corporation	56,429	22,946
	\$ 473,049	\$ 315,276

Accounts receivable from related parties are disclosed in note 4.

Accounts payable and accrued liabilities to related parties are disclosed in note 7.

Finance charges are disclosed in note 16.

Grant contributions are disclosed in note 17.

19. Risk management

The Fund is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Fund's financial instruments is provided below.

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk of financial loss to the Fund if a debtor fails to make payments of interest and principal when due. The Fund is exposed to this risk relating to its accounts receivable.

Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection.

The Fund's maximum exposure to credit risk is represented by its accounts receivable for a total of \$1,298,444 (2021 - \$8,340,313). At March 31, 2022, the Fund's management has determined that \$297,261 (2021 - \$334,934) accounts receivable was impaired. Management's assessment was based on specific identification and age of receivables.

	0 to 30 Days	31 to 60 Days	61 to 90 Days	+ 90 Days	TOTAL
Accounts receivable	\$ 129,634	\$ -	\$ -	\$ 1,466,071	\$ 1,595,705
Allowance for doubtful accounts	-	-	-	(297,261)	(297,261)
	\$ 129,634	\$ -	\$ -	\$ 1,168,810	\$ 1,298,444

Marine Transportation Services (Marine Transportation Services Revolving Fund)

Notes to the Financial Statements

March 31, 2022

19. Risk management (continued)

(a) Credit risk (continued)

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the Fund in the event of a default. The Fund does have concentration risk. At March 31, 2022, receivables from one customer comprised 75% (2021 – 98%) of the total outstanding accounts receivables. The risk is considered low since the receivable is from a customer who is considered creditworthy by the Fund management. The Fund reduces this risk by monitoring overdue balances.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet all cash outflow obligations as they come due. The Fund mitigates this risk by monitoring cash activities and expected outflows and utilizing the overdraft availability on the Funds bank account to cover unexpected cash outflow should they arise.

The Fund's maximum exposure to liquidity risk is represented by the financial liabilities for a total of \$55,983,355 (2021 - \$59,098,957). Financial liabilities consist of bank indebtedness, accounts payable and accrued liabilities, employee future benefits, due to the Government of Northwest Territories - Revolving fund and due to the Government of the Northwest Territories – long-term loan. All financial liabilities with the exception of the amounts due to the Government of Northwest Territories are considered current and mature within 6 months.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(c) Interest rate risk

The Fund is exposed to interest rate risk. Interest rate risk is the risk that the Fund has interest rate exposure on its due to the Government of Northwest Territories – Revolving fund liability, which is variable based on the Bank of Canada prime rate. This exposure may have an effect on its earnings in future periods. The Fund reduces its exposure to interest rate risk by regularly monitoring published bank prime interest rates which have been relatively stable over the period presented. The Fund does not use derivative instruments to reduce its exposure to interest rate risk. In the opinion of management the interest rate risk exposure to the Fund low and is not material.

Marine Transportation Services
(Marine Transportation Services Revolving Fund)**Notes to the Financial Statements**

March 31, 2022

19. Risk management (continued)**(d) Other price risk**

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Fund is exposed to other price risks as it purchases and sells petroleum products which are sensitive to price fluctuations. The Fund reduces its exposure to this risk by purchasing and selling the petroleum products at pre-approved rates.

There have been no significant changes from the previous year in the exposure to risk.

20. Subsequent event

On May 12, 2022, the Marine Transportation Services shipyard and terminal facilities in Hay River were impacted by a flood. The flood caused minor damage to the facilities and several barges in the area and is expected to cause appropriately a month delay to the start of the sailing season.

At the date of the audit report, the financial impact of the flood is not determinable and still under assessment. A portion of the physical damages are expected to be recovered through insurance.

Northwest Territories Liquor & Cannabis Commission

Financial Statements

Year ended March 31, 2022

Northwest Territories Liquor & Cannabis Commission

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March 31, 2022

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Management's Responsibility for Financial Reporting

The preparation of the financial statements of the Northwest Territories Liquor & Cannabis Commission (Commission) is the responsibility of the Commission's management.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Where alternative accounting methods are permitted, management has chosen those that are most appropriate. Where required, management's best estimates and judgments have been applied in the preparation of these financial statements.

Management fulfills its financial reporting responsibilities by maintaining financial management and control systems and practices which are designed to provide reasonable assurance that transactions are properly authorized, proper records are maintained, accurate financial information is prepared on a timely basis, assets are safeguarded, and the Commission complies with all statutory requirements.

Our auditor performs an annual audit on the financial statements in order to express an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Commission, the results of its operations, the change in its net financial resources and its cash flows for the year. During the course of the audit, they also examine transactions that have come to their notice to ensure they are, in all significant respects, in accordance with the statutory authorities of the Commission.



Carrie Herring-Cooper
Director, Liquor & Cannabis Operations
NWT Liquor & Cannabis Commission
June 30, 2022

Northwest Territories Liquor & Cannabis Commission

Statement of Financial Position

As at March 31 (\$000)	2022	2021
Financial Assets		
Cash	\$ 6,898	\$ 5,015
Accounts receivable	72	142
Inventories for resale (note 3)	3,399	3,698
	10,369	8,855
Financial Liabilities		
Accounts payable and accrued liabilities (note 7)	2,256	2,573
Pension and other employee benefits (note 4)	48	69
Due to the NWT Liquor Licensing Board (note 5)	114	138
	2,418	2,780
Net Financial Assets	7,951	6,075
Non-Financial Assets		
Tangible capital assets (note 6)	409	553
Prepaid expenses	92	37
	501	590
Accumulated Surplus	\$ 8,452	\$ 6,665

Contractual obligations (note 8)

The accompanying notes are an integral part of the financial statements.

Approved by the Northwest Territories Liquor & Cannabis Commission:



Carrie Herring-Cooper
Director of Liquor & Cannabis Operations

Northwest Territories Liquor & Cannabis Commission

Statement of Operations

For the year ended March 31 (\$000)	2022	2022	2021
	Budget	Actual	Actual
Sales			
Beer	\$ 18,985	\$ 18,079	\$ 19,467
Spirits	23,680	24,574	27,814
Wine	8,494	7,875	8,848
Coolers and Ciders	3,867	5,213	4,736
Cannabis	8,243	7,447	5,141
	63,269	63,188	66,006
Cost of goods sold			
Beer	7,738	7,506	7,937
Spirits	7,049	7,491	8,451
Wine	3,847	3,645	4,011
Coolers and ciders	1,639	2,207	2,004
Cannabis	6,654	6,042	3,384
	26,927	26,891	25,787
Gross profit on sales	36,342	36,297	40,219
Other income			
Government contribution - services provided without charge (note 7)	-	1	13
Import fees and Income	8	5	6
	8	6	19
Expenses (notes 7)			
Commissions to agents - Liquor	6,642	6,510	6,779
Commissions to agents - Cannabis	263	275	534
Licensee Discounts	559	455	396
Salaries, wages and employee benefits	1,080	1,165	1,094
Administration - Liquor	794	759	682
Administration - Cannabis	113	150	200
Travel	30	20	21
Rent	298	255	242
Amortization of tangible capital assets (note 6)	161	175	243
	9,940	9,764	10,191
Annual surplus	\$ 26,410	\$ 26,539	\$ 30,047

The accompanying notes are an integral part of the financial statements.

Northwest Territories Liquor & Cannabis Commission

Statement of Accumulated Surplus

For the year ended March 31 (\$000)	2022	2022	2021
	Budget	Actual	Actual
Accumulated surplus, beginning of the year	\$ 6,665	\$ 6,665	\$ 5,622
Annual surplus	26,410	26,539	30,047
Amounts transferred to the Consolidated Revenue Fund	(25,660)	(24,217)	(28,496)
Amounts Transferred to the NWT Liquor Licensing Board (note 5)	(748)	(535)	(508)
Increase in accumulated surplus	2	1,787	1,043
Accumulated surplus, end of year	\$ 6,667	\$ 8,452	\$ 6,665

The accompanying notes are an integral part of the financial statements.

Northwest Territories Liquor & Cannabis Commission

Statement of Changes in Net Financial Assets

For the year ended March 31 (\$000)	2022	2022	2021
	Budget	Actual	Actual
Net financial assets, beginning of year	\$ 6,075	\$ 6,075	\$ 4,972
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	2	1,787	1,043
Net investment in tangible capital assets:			
Acquisitions	-	(30)	(170)
Amortization expense	161	174	243
Increase in prepaid expenses	-	(55)	(13)
Net financial assets, end of year	\$ 6,238	\$ 7,951	\$ 6,075

The accompanying notes are an integral part of the financial statements.

Northwest Territories Liquor & Cannabis Commission

Statement of Cash Flow

For the year ended March 31 (\$000)	2022	2021
Operating activities		
Cash received from customers	\$ 63,263	\$ 65,967
Cash paid to employees and suppliers	(36,574)	(38,210)
Cash provided by operating activities	26,689	27,757
Capital activities		
Purchase of tangible capital assets	(30)	(170)
Financing activities		
Cash transferred to the Consolidated Revenue Fund	(24,217)	(28,496)
Cash transferred to the NWT Licensing Board	(559)	(431)
Cash provided by financing activities	(24,776)	(28,927)
Change in cash	1,883	(1,340)
Cash, beginning of year	5,015	6,355
Cash, end of Year	\$ 6,898	\$ 5,015

The accompanying notes are an integral part of the financial statements.

Northwest Territories Liquor & Cannabis Commission

Notes to Financial Statements

March 31, 2022 (\$000)

1. Authority and operations

The Northwest Territories Liquor & Cannabis Commission (the "Commission") was established under the *Liquor Act* (the "Act") for the purposes of operating liquor stores and distributing liquor in the Northwest Territories (the "NWT"). The Northwest Territories Liquor Licensing Board (the "Board") was also established under the same Act for the purposes of regulating the sale of liquor in licensed premises, issuing liquor licenses and overseeing the issuing of special occasion permits and other permits in the NWT. The activities of the Board are administered by the Commission.

In accordance with the Act and the *Revolving Funds Act*:

- The operations of the Commission and the Board are accounted for through the Liquor Revolving Fund (the "Fund"). All monies received by the Commission and the Board must be deposited into the Fund and all expenditures incurred by the Commission and the Board must be paid out of the Fund. The Commission may also receive a working capital advance from the Consolidated Revenue Fund (the "CRF") of the Government of the Northwest Territories ("GNWT") to finance its operations.
- The authorized limit of the Fund, defined as the maximum amount by which the assets (cash, accounts receivable and inventories) exceed the liabilities, must not exceed \$12,000.
- The Commission must periodically transfer amounts from the Fund to the CRF to ensure that the Fund does not exceed its authorized limit. As at March 31, 2022 the Fund's assets exceeded the liabilities by \$7,951 (2021 – \$6,075).

Neither the Commission nor the Board are separate legal entities apart from the Department of Finance of the NWT and neither are subject to the requirements of the *Income Tax Act*.

2. Significant accounting policies

(a) Basis of accounting

The financial statements of the Commission are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

(b) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from those estimates. The more significant management estimates include the calculation of the liability for employee future benefits and estimation of the useful life of the tangible capital assets.

Northwest Territories Liquor & Cannabis Commission

Notes to Financial Statements

March 31, 2022 (\$000)

2. Significant accounting policies (continued)

(c) Revenue recognition

The Commission recognizes revenue on an accrual basis (i.e. when the goods are shipped, and the customer assumes all risks of ownership and the collection of any amounts receivable is considered probable).

(d) Services provided without charge

The Commission records the estimated cost of the legal services it receives without charge from the Department of Justice. The services are recorded as a government contribution – services provided without charge and included in the expenses in the statement of operations.

(e) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Cost includes invoiced cost, freight, duties and taxes.

(f) Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is determined on a straight-line basis using the following rates:

Asset	Rate
Furniture and fixtures	20%
Computer hardware and software	30%
Leasehold improvements	Over the life of the lease plus any additional renewal period

(g) Pension benefits

The employees of the Commission are covered by the public service pension plan (the “Plan”), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Commission to cover current service cost. Pursuant to legislation currently in place, the Commission has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Commission.

(h) Other employee benefits

Employees are entitled to severance benefits, reimbursement of removal costs and other compensated absences, as provided for under labour contracts and conditions of employment, based upon years of service. The cost of these benefits is accrued as the employees render the services necessary to earn them. The cost of these benefits were actuarially determined using the projected unit credit valuation methodology and expected utilization methods.

Northwest Territories Liquor & Cannabis Commission

Notes to Financial Statements

March 31, 2022 (\$000)

3. Inventories for resale

	2022	2021
Spirits	\$ 1,167	\$ 1,244
Beer	770	904
Wine	546	548
Coolers and ciders	253	230
Cannabis	663	772
	\$ 3,399	\$ 3,698

4. Pension and other employee benefits

a) Pension benefits

The employees of the Commission participate in the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.01 times (2021 - 1.01) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2021 - 1.00) the employees' contributions for all other employees. The Employers contributions and the Commission's employees' contribution for the year were as follows:

	2022	2021
Commission's contributions (recognized as expense)	\$ 87	\$ 90
Employees' contribution	87	89

The plan was amended during 2013 which raised the normal retirement age and other age-related thresholds from age 60 to age 65 for new members joining the Plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60.

Northwest Territories Liquor & Cannabis Commission

Notes to Financial Statements

March 31, 2022 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits

	2022			2021		
	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total
Accrued benefit obligation, beginning of the year	\$ 59	\$ 15	\$ 74	\$ 95	\$ 16	\$ 111
Current Service Costs	4	1	5	4	1	5
Interest Cost	2		2	2	0	2
Benefits paid during the year	(29)	(2)	(31)	-	-	-
Actuarial (gain)/loss	53		53	(42)	(2)	(44)
Accrued benefit obligation, end of the year	\$ 89	\$ 14	\$ 103	\$ 59	\$ 15	\$ 74
Unamortized net actuarial gain (loss)	(18)	(37)	(55)	38	(43)	(5)
Accrued benefit (liability)/asset	\$ 71	\$ (23)	\$ 48	\$ 97	\$ (28)	\$ 69

The Commission provides severance benefits to its employees based on years of service and final salary. The Commission also provides removal assistance to eligible employees, as provided under labour contracts. These benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Commission provides accumulating sick and special leave employee benefits. Sick leave accrues at a rate of one and a one quarter day per month and special leave accumulates at a rate of one-half day per month. These leave balances require funding in future periods when employees become sick or require special leave. Sick leave can only be used for paid time off for illness of the employee. Special leave can only be claimed in certain circumstances (e.g. sick family members, family deaths, marital leave). Sick and special leave taken is paid at the employee's normal rate of pay. Sick and special leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick and special days accumulate and there are no limits to the accumulation.

An actuarial valuation for accounting purposes was prepared at March 31, 2022 for the Commission's other employee future benefit plans using the projected benefits method prorated on services.

Northwest Territories Liquor & Cannabis Commission

Notes to Financial Statements

March 31, 2022 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits (continued)

The actuarial valuation at March 31, 2022 reflects management's best estimate based upon a number of future orientated assumptions including:

	2022	2021
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	4.1%	3.3%
Expected average remaining service life of related employee groups (EARSL)	10.3	8.3

Timing of expected payments for other employee benefits are as follows:

2023	\$	15
2024		13
2025		13
2026		17
2027		13
2028 and beyond		44
	\$	<u>115</u>

Northwest Territories Liquor & Cannabis Commission

Notes to Financial Statements

March 31, 2022 (\$000)

5. Due to/from the NWT Liquor Licensing Board

As explained in Note 1, the financial activities of the Board are administered by the Commission. The Commission receives all amounts receivable to the Board and pays all amounts payable by the Board. The Board does not keep separate cash accounts, nor does it directly own any tangible capital assets. Any amounts owing from the Board to the Commission (or vice versa) are settled through transfers to/from accumulated surplus.

The Commission provides capital assets for use by the Board and Enforcement without charge.

6. Tangible capital assets

	Furniture and fixtures	Computer hardware and software	Leasehold improvements	2022	2021
Cost:					
Opening balance	\$ 133	\$ 1,074	\$ 860	\$ 2,067	\$ 1,897
Acquisitions	12	18	-	30	170
Disposals and write- downs	-	(346)	-	(346)	-
Closing balance	145	746	860	1,751	2,067
Accumulated Amortization:					
Opening balance	(121)	(872)	(520)	(1,513)	(1,270)
Amortization	(6)	(135)	(34)	(175)	(243)
Disposals and write-downs	-	346	-	346	-
	(127)	(661)	(554)	(1,342)	(1,513)
Net book value	\$ 18	\$ 85	\$ 305	\$ 409	\$ 553

Northwest Territories Liquor & Cannabis Commission

Notes to Financial Statements

March 31, 2022 (\$000)

7. Related party transactions

The Commission is related, in terms of common ownership, to all GNWT created departments, agencies and corporations. The Commission enters into transactions with these entities in the normal course of business and these transactions are measured at the exchange amount.

The Commission incurred \$1,165 (2021 – \$1,094) related to salaries, wages, and employee benefits for the Commission's employees. The Commission reimburses the Department of Finance for these costs.

The Department of Justice provides the Commission with legal services without charge. The total cost of these services has been estimated to be \$1 (2021 – \$13). The cost of the services noted above has been recognized on the statement of operations.

Included in accounts payable and accrued liabilities is an amount of \$158 (2021 – \$168) for bottle deposits payable to the Department of Environment and Natural Resources, \$176 (2021 – \$261) for salaries, wages, and employee benefits payable to the Department of Finance, and \$0 (2021 – \$12) other various Government Departments.

8. Contractual obligations

The Commission has a five-year lease agreement ending April 30, 2026 for its office premises. The Commission also has a five-year lease agreement ending September 30, 2026 with the option of extending the lease for one further term of five years for the Hay River Liquor Store. The minimum annual lease payments for the leases over the next five year(s) are:

2022/23	\$ 248
2023/24	\$ 248
2024/25	\$ 248
2025/26	\$ 248
2026/27	\$ 88

Annual lease payments for the office premises include estimated operating costs and property taxes.

9. Financial instruments

The Commission's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, pension and other employee benefits due to the NWT Liquor Licensing Board. It is management's opinion that the Commission is not exposed to significant interest or currency risks arising from these financial instruments.

The commission is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that debtors may experience financial difficulty and be unable to fulfill their obligations. Credit risk is considered minimal as most sales are done on a cash-on-delivery basis.

The carrying value of the financial instrument approximates fair value.



**68th Annual Report
2021-2022**



June 14th, 2022

Honourable Caroline Wawzonek
Minister Responsible for the NWT Liquor Licensing Board

Dear Minister Wawzonek:

In accordance with the *Liquor Act*, I am pleased to present the Northwest Territories Liquor Licensing Board's 2021 - 2022 Annual Report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Louis Sebert".

Louis Sebert
Chairperson

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Board Overview

The Northwest Territories Liquor Licensing Board (the Board) is established under Subsection 2(1) of the Northwest Territories *Liquor Act*. The Minister of Finance appoints Board Members for a term of three years. Currently there are vacancies on the Board.

The Board is a regulatory and quasi-judicial administrative tribunal that is independent from government. The Board administers several parts of the NWT *Liquor Act* and the NWT *Liquor Regulations*.

The Liquor Licensing Board regulates:

- the issuance of Licences and Permits;
- liquor sales and service in restaurants, bars, and at special events; and
- the manufacture of liquor.

The Board also adjudicates alleged violations of liquor laws by Licence Holders.

Board Members and Staff

Louis Sebert – Chairperson (*Fort Smith*)

Adelle Guigon – Vice-Chairperson (*Yellowknife*)

Wayne Smith - Board Member (*Inuvik*)

Heather Bourassa - Board Member (*Fort Good Hope*)

Linda Martin - Board Member (*Fort Smith*)

June Tobin - Board Member (*Hay River*)

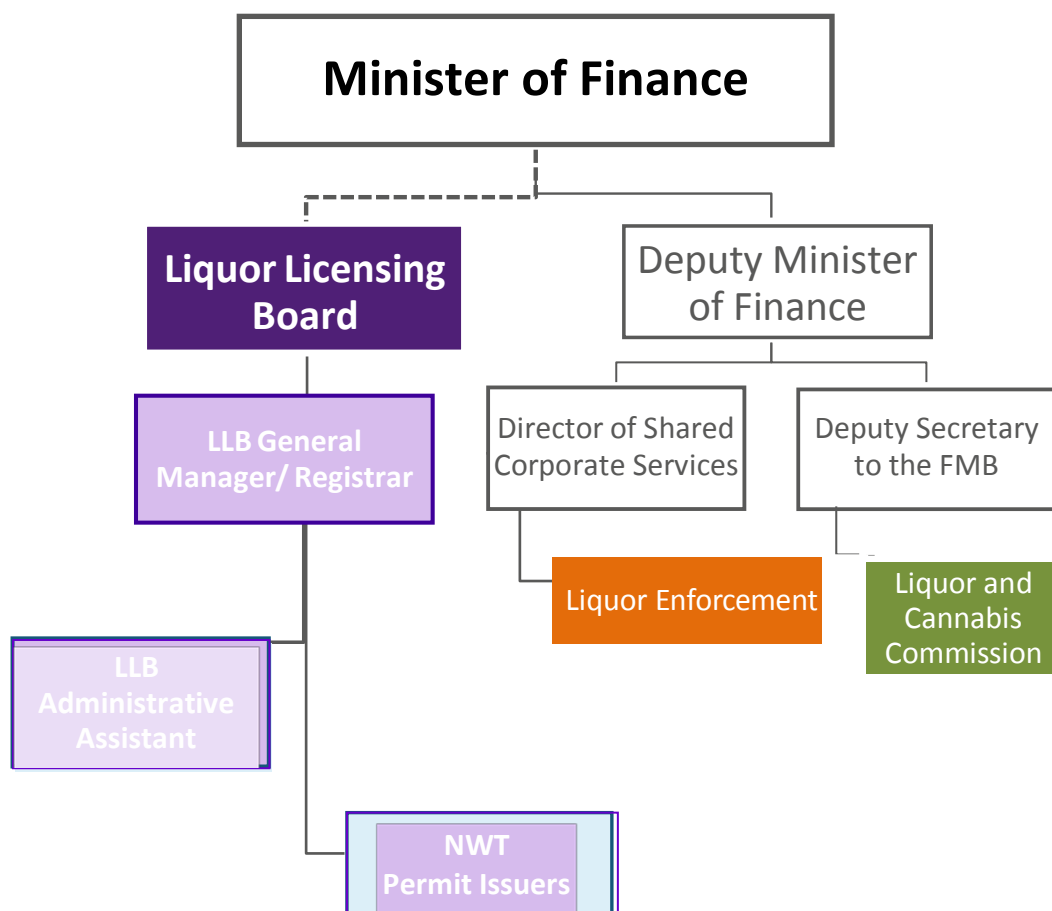
Jaimie Graham – General Manager/Registrar (*Hay River*)

Kesree Loutit – Administrative Assistant (*Hay River*)

In addition to the Liquor Licensing Board, the Northwest Territories liquor system also includes:

- Liquor Enforcement – Inspections of licensed premises, educating Licence and Permit Holders, and enforcement of liquor laws and Board conditions.
- Liquor and Cannabis Commission – Purchasing and retail sales of liquor.

Each of the three liquor entities is established by the *Liquor Act* and is **independent from each of the other two**. The Board, while at arm's length from the Liquor and Cannabis Commission and Enforcement, often interacts with them on matters of mutual interest.



Board Activity

The majority of Board activities were managed primarily by the Chairperson in collaboration with the Executive Secretary. One occasion required Board Member participation by teleconference.

Total Meetings

Board Meeting Type	2020 - 2021	2021-2022
Orientation	0	1
Administrative	0	1
Teleconferences	2	1
Public Hearings	0	0
Compliance Hearings	0	0
Total	2	3

Administration and Orientation Meetings

The Board proposed legislative amendments to the GNWT Department of Finance in order to modernize the Board-related provisions of the *Liquor Act* and its Regulations. Where possible, the Board meets by teleconference, but it also meets in person where other business such as compliance hearings are scheduled. In this reporting period there was one administrative meeting and one orientation meeting.

Licence Applications and Public Hearings

The Board must consider each application for a liquor licence and other specific requests. Most often these are conducted by teleconference, but there are times the Board must meet in person and/or conduct a public hearing of an application. During this reporting period, the Board conducted 1 teleconference to discuss and consider an application.

Compliance Hearings

Where Liquor Enforcement alleges that a Licence Holder has failed to comply with the *Liquor Act* or a condition of their liquor licence, the matter may be brought before the Board for adjudication.

As with other administrative tribunals, the Board does not operate on a cost recovery basis. Applying that requirement could impact the rights of parties to fair and unbiased decision-making. Just as there is no cost recovery requirement for policing and the Courts, the cost of administering and enforcing the *Liquor Act* and its Regulations is balanced against the requirements of procedural fairness.

One of the key requirements of administrative justice is to hear matters in a timely manner. A person accused of a statutory or regulatory infraction has the right to have the matter heard without undue delay.

Should the Board find a Licence Holder is noncompliant, a monetary penalty may be ordered. A licence may also be suspended for up to one year, or cancelled.

There were no compliance hearings conducted during this reporting period.

Liquor Licences

The Liquor Licensing Board regulates liquor sales and service in licensed premises and at special events. The Board also regulates liquor manufacturers. A person, company, or organization that holds a Liquor Licence is known as a Licence Holder. There are six types of Liquor Licences:

Class A (liquor primary) - allows a Licence Holder to sell liquor to patrons in a bar or similar business. The business must generate revenue primarily from the sale and service of liquor.

Class B (food primary) - allows a Licence Holder to sell liquor to patrons in a restaurant or similar business. The business must generate revenue primarily from the sale and service of meals.

Class C (mobile) - allows a Licence Holder to sell and serve liquor under one of three circumstances:

- Catering – where someone other than the Licence Holder hosts events at various locations, and the Licence Holder's primary source of revenue is derived from catering food.
- Ship – where the Licence Holder operates a ship that generates revenue primarily from the sale and service of food, entertainment or services related to tourism.
- Special Events – where the Licence Holder organizes special events from time to time, and revenue is primarily generated from the sale and service of entertainment.

Class D (liquor incidental) - allows a Licence Holder to sell and serve liquor under one of five circumstances:

- Canteen – The Licence Holder is an authorized organization operating a canteen for its authorized patrons. An authorized organization includes a division of the military, the RCMP, and a fire department.
- B & B, Lodge – The Licence Holder operates a bed & breakfast or a remote lodge, and the sale or use of liquor is for its authorized patrons.
- Community, Recreational, Cultural Activities – the Licence Holder operates a facility that provides benevolent, philanthropic, charitable, religious, scientific, artistic, musical, literary, social, educational, recreational, sporting or other like activities, and the sale or use of liquor is for its authorized patrons.
- Tourist Facility – The Licence Holder operates a tourist facility without a licensed premises, but has a mini-bar extension.
- Personal Services – The Licence Holder operates a business that offers to the public hair styling or barber services, nail or skin care services or therapeutic massage services, and the use of liquor is for its authorized patrons.

Manufacturing Licence - authorizes the Licence Holder to manufacture a specified type of liquor. The holder of a Manufacturing Licence may only sell its manufactured liquor to the NWT Liquor and Cannabis Commission or to a liquor commission or other similar authority outside the Northwest Territories.

Manufacturer's Retail Outlet Licence - A Manufacturer's Retail Outlet Licence may only be issued to a person who holds a Manufacturing Licence. A Manufacturer's Retail Outlet Licence authorizes the Licence Holder to operate a retail outlet within the manufacturing facility in order to sell its own liquor to the public, including Licence and Permit Holders.

Total Liquor Licences

Community	Class A	Class B	Class C	Class D	MFG.	Retail Outlet	2021-22	2020-21
Fort Providence	2	1	0	0	0	0	3	3
Fort Simpson	2	2	0	2	0	0	6	6
Fort Smith	1	0	0	2	0	0	3	4
Hay River	2	5	0	6	0	0	13	13
Inuvik	2	2	0	4	0	0	8	8
Norman Wells	2	2	0	2	0	0	6	6
Remote Lodges	-	-	-	8	-	-	8	8
Yellowknife	13	23	3	11	1	1	52	49
Total	24	34	3	34	1	1	99	97

Special Occasion Permits

There are three types of Special Occasion Permits (SOP's):

Class 1 - Anyone 19 years of age or older may apply for a Class 1 Permit. There must not be an admission charge for the event and liquor may not be directly or indirectly sold. A Class 1 permit is intended for events where liquor is given to guests such as a business "meet and greet" where wine is served, or a wedding reception with an open bar.

Class 2 (resale) - Anyone 19 years of age or older may apply for a Class 2 Permit. Liquor may be sold, but not for a profit. The Board sets the maximum amount a Permit Holder may charge for liquor, and presently, the limit is \$5.00 per drink. This class of permit is intended for events where the organizer wants to provide liquor but does not want to give it away. The per-drink limit is intended to offset some of the organizer's costs.

Class 3 (fundraising) - Class 3 Resale Permits are available to organizations only, and not to individuals. Organizations eligible for a Class 3 permit include:

- a society incorporated under the *Societies Act*;
- a body incorporated under *Part II* of the *Canada Corporations Act*;
- a service club that holds a premises licence; or
- an unincorporated group of persons that:
 - i. has been in existence for a period not less than six months before the date of application,
 - ii. has an executive elected by its members, and
 - iii. conducts a community, recreational or cultural activity, and does not carry on a trade or business for the pecuniary gain of its members.

After the event, a Class 3 Permit Holder must provide the Board with a statement of account, which reflects the profit from liquor sales and the purpose to which the proceeds will be put.

Total Special Occasion Permits

Community	Class 1	Class 2	Class 3	2021-22	2020-21
Fort Providence	0	3	0	3	0
Fort Simpson	2	1	2	5	1
Fort Smith	7	3	13	23	0
Hay River	11	0	17	28	18
Inuvik	1	1	4	6	2
Norman Wells	0	0	3	3	0
Yellowknife	17	3	35	55	18
Total	38	11	74	123	39

Special Purpose Permits

A Special Purpose Permit authorizes a Permit Holder to possess and use liquor for a medicinal, scientific or other special purpose. All applications for Special Purpose Permits require the approval of the Liquor Licensing Board.

The Liquor Licensing Board may issue a Special Purpose Permit to:

- a medical practitioner, dentist, nurse practitioner, registered midwife or veterinarian;
- a person requiring liquor for a legitimate scientific or research purpose; or
- a person in charge of a facility that provides health services pursuant to the *Hospital Insurance and Health and Social Services Administration Act*, or a person in charge of a nursing home.

There were six Special Purpose Permits in effect on March 31st, 2022.

Board Office

The Liquor Licensing Board office is located in Hay River.

NWT Liquor Licensing Board

Suite 204 - 31 Capital Drive

Hay River, NT X0E 1G2

Toll-free: 1-800-351-7770

Phone: (867) 874-8715

Email: LLBinfo@gov.nt.ca

Website: www.fin.gov.nt.ca/services/liquor/liquor-licensing-board



Government of Northwest Territories
Gouvernement des Territoires du Nord-Ouest

Northwest Territories Liquor Enforcement Annual Report 2021-2022

**Suite 204 – 31 Capital Drive
Hay River NT X0E 1G2
Ph: 867 874 8719
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Enforcement Activity

The Liquor Enforcement Division is responsible for ensuring compliance with the Northwest Territories Liquor Act, by supervising liquor inspectors, conducting liquor inspections, and administering community options on behalf of communities.

Contracted liquor inspectors monitor the activities of licensed premises by conducting liquor inspections at irregular intervals at licensed premises and at licensed special occasion permit functions where liquor is being served or sold. The inspection program strives for voluntary compliance through regular liquor inspections, training courses, newsletters, and on-site visits from the Manager of Enforcement. The inspections program targets high risk premises (those most likely to offend) for inspections more frequently than those considered to be a lower risk (e.g. Restaurants).

The RCMP also conducts walkthroughs at licensed premises and at licensed special occasion permit functions. The frequency of RCMP inspections are not reported to Enforcement, however, violations are reported to Liquor Enforcement when found.

Inspection of Licensed Premises

Community	Inspections	
	2020-2021	2021-2022
Fort Providence	9	21
Fort Simpson	9	23
Fort Smith	15	6
Hay River	164	232
Inuvik	44	141
Norman Wells	37	157
Yellowknife	224	552
TOTAL	502	1,132

Fluctuations in the number of inspections performed are affected by the availability of the inspectors and vacancies in inspector positions.

Server Training

Liquor Enforcement offers an online SafeServe Certification Program free of charge, released on March 15, 2022. SafeServe is an online certification program that provides responsible liquor service training. SafeServe is designed to ensure that liquor is sold and served in a way that keeps customers, guests, and others safe from alcohol-related harms.

Currently, the Liquor Licensing Board requires the on-site managers, bartenders, and servers to obtain training for licence renewals and some special occasion permit holders. The Liquor Commission also has the option to use the program for Vendors and their employees. SafeServe educates the license and permit holders on their responsibilities under the *Liquor Act and Regulations* and on-Board policy. The training covers recognizing intoxication, identifying minors, responsible serving, managing crowd control, providing a safe environment and liability issues.

Liquor Enforcement and the Department of Finance is working on creating policies/guidelines for the SafeServe Certification Program.

Licence holders are provided with a newsletter on a quarterly basis and provided with up-to-date information to assist them in complying with the *Liquor Act and Regulations*. Licence holders also have access to a toll-free number for assistance. Every licence holder has been provided with a licence holder handbook and a copy of the *Liquor Act and Regulations*. When a large number of persons are expected to attend an event such as a concert the permit holder is contacted and offered server training for persons working the event.

Server Training Course Participants

There have been 130 completions since the program launched March 15, 2022 and 231 registrants as of June 29, 2022.

Community Liquor Status

Communities in the Northwest Territories are able to choose whether or not they will permit alcohol to be brought into the community or if the quantity of alcohol will be restricted or unrestricted. For more information and details by community, please refer to the information below.

BACKGROUND:

Communities in the Northwest Territories are classed as either:

Unrestricted There are no restrictions beyond those that are described in the *Liquor Act and Regulations*.

Restricted The restriction may limit the quantity and/or frequency of alcohol brought into a community; limit the quantity and hours of sale at a liquor store or require individuals to seek prior approval from a community alcohol education committee to bring in a limited amount of alcohol into a community.

Prohibited There is a complete ban on alcohol being brought into the community.

CURRENT STATUS:

1. Unrestricted Communities

Aklavik	Fort Simpson*	Norman Wells*
Behchokö	Fort Smith*	Sachs Harbour
Colville Lake	Hay River*	Tsiigetchic
Enterprise	Inuvik*	Wrigley
Fort Providence	Jean Marie River	Yellowknife*
Fort Resolution	Kakisa	

*These communities have licensed premises and/or a liquor store/liquor warehouse.

2. Restricted Communities

Déline	Fort McPherson	Tuktoyuktuk
Dettah	Fort Simpson	Tulita
Fort Good Hope	Paulatuk	Uluhuktuk
Fort Liard	Saamba Ke	

There are **two** types of restrictions that can apply:

- i) Through community options; or
- ii) The Minister may impose a restriction on the operating hours of a liquor store and/or the amount of liquor to be purchased in a certain period.

Déline

No person shall bring into the restricted area, in any 24-hour period, within a radius of 25km of the Déline Government John Tetso office building, a quantity of liquor that exceeds the amounts described in any one of the following combinations:

- a) Combination 1: 1140 *ml* of spirits and 12 355 *ml* containers of beer;
- b) Combination 2: 1140 *ml* of spirits and two *litres* of wine;
- c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
- d) Combination 4: 24 355 *ml* containers of beer and one *litre* of wine.

Combinations do not apply to a person authorized by the Déline Got'ine Government to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or other special event.

Dettah

No person shall at any time have in his or her possession in, or in any month take into Dettah a quantity of liquor that is in excess of the following combinations:

- a) Twelve 355 *ml* containers of beer and one 750 *ml* container of spirits; or
- b) 4,500 *ml* of wine in sealed containers.

Fort Good Hope

No person shall bring into the restricted area, in any 24-hour period, within 25km of the Fort Good Hope Community Complex, a quantity of liquor in excess of one unit of liquor of the following types:

- a) Type 1: 1140 *ml* of spirits and one dozen 355 *ml* containers of beer;
- b) Type 2: 1140 *ml* of spirits and two *litres* of wine;
- c) Type 3: one dozen 355 *ml* containers of beer and two *litres* of wine;
- d) Type 4: two dozen 355 *ml* containers of beer and one *litre* of wine.

Fort Liard

No person shall purchase, sell or transport within a radius of 15km of the building in the Hamlet of Fort Liard commonly known as the Community Centre, more liquor in one week than any three units of the following types:

- a) Type 1: 1140 *ml* of spirits;
- b) Type 2: two dozen 355 *ml* containers of beer;
- c) Type 3: two 750 *ml* containers of wine.

The restriction does not apply to the purchase, sale or transport of liquor by the Municipal Council or Band Council where liquor shall be consumed at community dances.

Fort McPherson

No person shall bring into the restricted area, in any seven-day period, within a radius of 25km of the Tetlit Co-op Store of the Hamlet:

- a) a quantity of spirits in excess of 2280 *ml*.
- b) no person shall operate within the restricted area a vehicle having two or more occupants and transporting a quantity of spirits that exceed 4560*ml*.

The restriction does not apply to a person authorized by the Hamlet Council to bring into the restricted area a greater quantity of spirits for consumption at a wedding, community event or other special occasion.

Paulatuk

No person shall bring into the restricted area, in any seven-day period, within a radius of 2km of the Paulatuk Hamlet Office, a quantity of liquor that exceeds the amounts described in any one of the following combinations:

- a) Combination 1: 1140 *ml* of spirits and 12 355 containers *ml* of beer;
- b) Combination 2: 1140 *ml* of spirits and two *litres* of wine;
- c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
- d) Combination 4: 24 355 *ml* containers of beer and 750 *ml* of spirits;
- e) Combination 5: 1175 *ml* of spirits.

Sambaa Ke

No person shall bring into the restricted area, in any 24-hour period, within 15km of the Sambaa K'e Dene Band Administration Office, a quantity of liquor that exceeds the amount described in any one of the following combinations:

- a) Combination 1: 750 *ml* of spirits and 12 355 *ml* containers of beer;
- b) Combination 2: 750 *ml* of spirits and two *litres* of wine;
- c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
- d) Combination 4: 24 355 *ml* containers of beer and one *litre* of wine.

Tuktoyaktuk

No person shall bring into the restricted area or possess within the restricted area, at any time, within a 25 km of the Tuktoyaktuk Hamlet Office:

- a) a quantity of spirits in excess of 2280 ml
- b) within the restricted area, no person shall operate a vehicle
 - having one to three adult occupants and transporting a quantity of spirits that exceed 2280ml per adult occupant; or
 - having four or more adult occupants and transporting a quantity of spirits that exceeds 9120 ml.

The restriction does not apply to a person authorized by the Hamlet Council to bring into the restricted area a greater quantity of spirits for consumption at a wedding, community event or other special event.

Tulita

No person shall bring into the residential area, in any 24-hour period, within a radius of 25km of the Tulita Dene Band Office, a quantity of liquor that exceeds the amounts described in any one of the following combinations:

- a) Combination 1: 1140 *ml* of spirits and 12 355 *ml* containers of beer;

- b) Combination 2: 1140 *ml* of spirits and two *litres* of wine;
- c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
- d) Combination 4: 24 355 *ml* containers of beer and one *litre* of wine.

Ulukhaktok

No person shall bring into the restricted area, in any seven-day period, within a radius of 2 km from the Ulukhaktok Hamlet Office, a quantity of liquor that exceeds the amounts described in any one of the following combinations:

- a) Combination 1: 200 *ml* of spirits and 12 355 *ml* containers of beer;
- b) Combination 2: 200 *ml* of spirits and two *litres* of wine;
- c) Combination 3: 12 355 *ml* containers of beer and two *litres* of wine;
- d) Combination 4: 24 355 *ml* containers of beer and one 100 *ml* bottle of spirits;

The restriction does not apply to a person authorized by the Hamlet Council to bring into the restricted area a greater quantity of spirits for consumption at a wedding, community event or other special event.

3. Prohibited Communities

Gamètì	Nahanni Butte	Whatì
Lutselk'e	Wekweètì	K'at'l'odeeche First Nation

A prohibition may include the consumption, possession, purchase, sale or transport of liquor into a community. Any liquor being transported through a prohibited area must be sealed during the time the traveler is in the prohibited area.

Gamètì

Prohibited area lies within a 20 km of the building in Gamètì commonly known as the Gamètì School

Lutselk'e

Prohibited area lies within a radius of 25 km of the building in Lutselk'e commonly known as the Community Hall

Guests and other persons who does not reside within the Prohibited Area may sell and purchase liquor at the Frontier Fishing Lodge for consumption within the lodge or its immediate precincts. The owner/operator may transport, arrange for transport of liquor required to stock, provided that no seals on any of the liquor containers are broken

No person who is a resident of the prohibited area and who works in or is a guest of the lodge shall purchase, sell or consume any liquor in the prohibited area and in particular lodge.

Nahanni Butte

Prohibited area lies within a radius of 15km from the building in the community commonly known as the Old School.

Wekweètì

Prohibited area lies within a radius of 30 km from the Wekweètì Community Office Building.

Whatì

Prohibited area lies withing a radius of 25 km from the building in Whatì commonly known as the Mezi Community School.

K'atl'odeeche First Nation

K'atl'odeeche First Nation is prohibited under the *Indian Act* of Canada.

**Northwest Territories Liquor Licensing Board and Liquor
Enforcement**

Financial Statements

Year ended March 31, 2022

Northwest Territories Liquor Licensing Board and Liquor Enforcement

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March 31, 2022

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Management's Responsibility for Financial Reporting

The preparation of the financial statements of the Northwest Territories Liquor Licensing Board and Liquor Enforcement (Board) is the responsibility of the Board's management.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Where alternative accounting methods are permitted, management has chosen those that are most appropriate. Where required, management's best estimates and judgments have been applied in the preparation of these financial statements.

Management fulfills its financial reporting responsibilities by maintaining financial management and control systems and practices which are designed to provide reasonable assurance that transactions are properly authorized, proper records are maintained, accurate financial information is prepared on a timely basis, assets are safeguarded, and the Board complies with all statutory requirements.

Our auditor performs an annual audit on the financial statements in order to express an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Liquor Licensing Board and Liquor Enforcement, the results of its operations, the change in its net financial resources and its cash flows for the year. During the course of the audit, they also examined transactions that have come to their notice, to ensure they are, in all significant respects, in accordance with the statutory authorities of the Board.

Chairperson, NWT Liquor Licensing Board
June 30, 2022

INDEPENDENT AUDITOR'S REPORT

To the Ministers of Northwest Territories Liquor Licensing Board and Liquor Enforcement

Qualified Opinion

We have audited the financial statements of Northwest Territories Liquor Licensing Board and Liquor Enforcement (the organization), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS)

Basis for Qualified Opinion

The Government of the Northwest Territories is responsible for the calculation and distribution of the Commission's salaries, wages and employee benefits expense for public service employees, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT is properly reflected in the Commission's records. As a result, we were not able to determine whether any adjustments might be necessary to expenses, liabilities or accumulated surplus.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the organization 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.



Hay River, Northwest Territories
June 30, 2022

Ashton Chartered Professional Accountants

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Statement of Financial Position

Statement of Financial Position

As at March 31, (\$000)	2022	2021
Financial Assets		
Accounts Receivable	\$ -	\$ 5
Due from NWT Liquor & Cannabis Commission (note 3)	113	138
Pension and other employee benefits (note 4)	22	30
	135	173
Financial Liabilities		
Accounts payable (Note 6)	107	140
Deferred revenue	28	33
	135	173
Net Financial Assets (debt)	-	-
Non-financial Assets		
Prepaid Expenses	-	-
Accumulated surplus	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

Approved by the Northwest Territories Liquor Licensing Board:



Chairperson, Liquor Licensing Board

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Statement of Operations

For the year ended March 31 (\$000)	2022	2022	2021
	Budget	Actual	Actual
Revenue			
License fees and permits	\$ 62	\$ 34	\$ 28
Government contribution - services provided without charge (note 6)	-	-	1
	62	34	29
Expenses (notes 5 and 6)			
Salaries, wages and employee benefits	515	413	396
Honoraria	50	7	13
Inspector's fees	68	56	34
Rent	30	31	29
Travel	75	15	11
Professional fees	29	15	21
Administration	43	32	33
	810	569	537
Annual loss	\$ (748)	\$ (535)	\$ (508)

The accompanying notes are an integral part of the financial statements.

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Statement of Accumulated Surplus

For the year ended March 31 (\$000)	2022		2022		2021	
	Budget		Actual		Actual	
Accumulated surplus, beginning of the year	\$	-	\$	-	\$	-
Annual loss		(748)		(535)		(508)
Amounts transferred from the NWT Liquor & Cannabis Commission		748		535		508
Change in accumulated surplus		-		-		-
Accumulated surplus, end of year	\$	-	\$	-	\$	-

The accompanying notes are an integral part of the financial statements.

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Statement of Change in Net Debt

For the year ended March 31 (\$000)	2022 Budget	2022 Actual	2021 Actual
Net debt, beginning of year	\$ -	\$ -	\$ -
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	-	-
Decrease (increase) in prepaid expenses	-	-	-
Net debt, end of year	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Statement of Cash Flow

For the year ended March 31 (\$000)	2022	2021
Operating activities		
Cash received from customers	\$ 34	\$ 31
Cash paid to employees and suppliers	(593)	(462)
Cash provided by operating activities	(559)	(431)
Financing activities		
Cash transferred from the NWT Liquor & Cannabis Commission	559	431
Change in cash	-	-
Cash, beginning of year	-	-
Cash, end of Year	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Notes to Financial Statements

March 31, 2022 (\$000)

1. Authority and operations

The Northwest Territories Liquor Licensing Board (the "Board") was established under the *Liquor Act* (the "Act") for the purposes of regulating the sale of liquor in licensed premises, issuing liquor licenses and overseeing the issuing of special occasion permits and other permits in the NWT. The Minister appoints a member of the Public Service to be the Executive Secretary to the Board. Liquor Enforcement is separate from the Liquor Licensing Board and is managed by different staff. The Liquor & Cannabis Commission (the "Commission") provides financial administrative support to the Board.

In accordance with the Act and the *Revolving Funds Act*:

- The operations of the Commission and the Board are accounted for through the Liquor Revolving Fund (the "Fund"). All monies received by the Commission and the Board must be deposited into the Fund and all expenditures incurred by the Commission and the Board must be paid out of the Fund. The Commission provides for the financial administrative support to the Board and may receive a working capital advance from the Consolidated Revenue Fund (the "CRF") of the Government of the Northwest Territories ("GNWT") to finance its operations.
- The authorized limit of the Fund, defined as the maximum amount by which the assets (cash, accounts receivable and inventories) exceed the liabilities, must not exceed \$12,000.
- The Commission must periodically transfer amounts from the Fund to the CRF to ensure that the Fund does not exceed its authorized limit. As at March 31, 2022, the Fund's assets exceeded the liabilities by \$7,951 (2021 – \$6,075).

Neither the Commission nor the Board is separate legal entities apart from the Department of Finance of the NWT and neither is subject to the requirements of the *Income Tax Act*.

The operations of enforcement are managed separately from the Board. For the purpose of financial reporting the assets, liabilities, and expenses are combined in these financial statements as both are funded from the Liquor Revolving Fund. The Board is a Schedule A (Financial Administration Act) public agency and Liquor Enforcement is not.

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Notes to Financial Statements

March 31, 2022 (\$000)

2. Significant accounting policies

(a) Basis of accounting

The financial statements of the Board are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. These financial statements include the activities of the Enforcement Program which have been disclosed separately and combined with the activities of the Board in the statement of operations.

(b) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from those estimates. The more significant management estimates include the calculation of the liability for employee future benefits and deferred revenue.

(c) Revenue recognition

License fees and permits are recorded in revenue in the year that the fee or permit relates. If cash is received in advance of the fee or permit period, it is recorded in deferred revenue.

(d) Services provided without charge

Liquor Enforcement records the estimated cost of the legal services it receives without charge from the Department of Justice. The services are recorded as a government contribution – services provided without charge and included in the expenses on the statement of operations.

(e) Tangible capital assets

The Board receives the use of tangible capital assets from the Commission without charge.

(f) Pension benefits

The appointed employees of the Board are covered by the public service pension plan (the “Plan”), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Board to cover current service cost. Pursuant to legislation currently in place, the Board has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Commission.

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Notes to Financial Statements

March 31, 2022 (\$000)

2. Significant accounting policies; continued,

(g) Other employee benefits

Employees are entitled to severance benefits, reimbursement of removal costs and other compensated absences, as provided for under labour contracts and conditions of employment, based upon years of service. The cost of these benefits is accrued as the employees render the services necessary to earn them. The costs of these benefits were actuarially determined using the projected unit credit valuation methodology and expected utilization methods.

3. Due from NWT Liquor and Cannabis Commission

As explained in note 1, the Commission provides financial administrative support to the Board. The Commission receives all amounts receivable to the Board and pays all amounts payable by the Board. The Board does not keep separate cash accounts nor does it directly own any tangible capital assets. Any amounts owing from the Board to the Commission (or vice versa) are settled through transfers to/from accumulated surplus.

The Commission provides tangible capital assets for the use by the Board without charge.

4. Pension and other employee benefits

a) Pension benefits

The employees of the Board participate in the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.01 times (2021 - 1.01) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2021 - 1.0) the employees' contributions for all other employees. The Employers contributions and the Board & Enforcement's employees' contribution for the year were as follows:

	2022	2021
Commission's contributions (recognized as expense)	\$ 29	\$ 27
Employees' contribution	29	27

The plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the Plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60.

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Notes to Financial Statements

March 31, 2022 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits

	2022			2021		
	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total
Accrued benefit obligation, beginning of the year	\$ 5	\$ 4	\$ 9	\$ 6	\$ 3	\$ 9
Current Service Costs	-	-	-	-	-	-
Interest Cost	-	-	-	-	-	-
Benefits paid during the year	-	-	-	-	(3)	(3)
Actuarial (gain)/loss	(2)	(2)	(4)	(1)	3	2
Accrued benefit obligation, end of the year	\$ 3	\$ 2	\$ 5	\$ 5	\$ 3	\$ 8
Unamortized net actuarial gain (loss)	(8)	(19)	(27)	(12)	(26)	(38)
Accrued benefit (liability)/asset	\$ (5)	\$ (17)	\$ (22)	\$ (7)	\$ (23)	\$ (30)

The Board provides severance benefits to its employees based on years of service and final salary. The Board also provides removal assistance to eligible employees, as provided under labour contracts. These benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Board provides accumulating sick and special leave employee benefits. Sick leave accrues at a rate of one and a one quarter day per month and special leave accumulates at a rate of one-half day per month. These leave balances require funding in future periods when employees become sick or require special leave. Sick leave can only be used for paid time off for illness of the employee. Special leave can only be claimed in certain circumstances (e.g. sick family members, family deaths, marital leave). Sick and special leave taken is paid at the employee's normal rate of pay. Sick and special leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick and special days accumulate and there are no limits to the accumulation.

An actuarial valuation for accounting purposes was prepared at March 31, 2022 for the Board's other employee future benefit plans using the projected benefits method prorated on services.

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Notes to Financial Statements

March 31, 2022 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits (continued)

The actuarial valuation at March 31, 2022 reflects management's best estimate based upon a number of future orientated assumptions including:

	2022	2021
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	4.1%	3.3%
Expected average remaining service life of related employee groups (EARSL)	10.3	8.3

Timing of expected payments for other employee benefits are as follows:

2023	\$	0
2024		0
2025		0
2026		0
2027		0
2028 and beyond		2
	\$	<u>2</u>

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Notes to Financial Statements

March 31, 2022 (\$000)

5. Expenses

As explained in note 1, the liquor enforcement activities are included in total expenses as follows:

For the year ended March 31 (\$000)		Enforcement		
	2022 Budget	2022 Actual	2021 Actual	
Expenses (notes 5 and 6)				
Salaries, wages and employee benefits	\$ 310	\$ 197	\$ 189	
Inspector's fees	54	56	34	
Rent	19	19	17	
Travel	18	15	11	
Professional fees	5	-	0	
Administration	14	25	26	
	420	312	277	
Annual loss	\$ (420)	\$ (312)	\$ (277)	

6. Related party transactions

The Board is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Board enters into transactions with these entities in the normal course of business and these transactions are measured at the exchange amount.

The Board incurred \$413 (2021 – \$396) related to salaries, wages, and employee benefits for the Board's employees and \$7 (2021 - \$13) related to honoraria for Board members. The Board reimburses the Department of Finance for these costs.

The Department of Justice provides Liquor Enforcement with legal services without charge. The total cost of these services has been estimated to be \$0 (2021 – \$1). The cost of the services noted above has been recognized on the statement of operations.

Included in accounts payable and accrued liabilities is an amount of \$52 (2021 – \$94) for salaries, wages, board honoraria, employee benefits including Worker's Compensation and Medical Travel, payable to the Government of the NWT.

Northwest Territories Liquor Licensing Board and Liquor Enforcement

Notes to Financial Statements

March 31, 2022 (\$000)

7. Contractual obligations

The Board has a five-year lease agreement ending April 30, 2026 for its Office premises. The minimum annual lease payments for the leases over the next five year(s) are:

2022/23	\$ 31
2023/24	\$ 31
2024/25	\$ 31
2025/26	\$ 31
2026/27	\$ 3

Annual lease payments for the office premises include estimated operating costs and property taxes.

8. Financial instruments

The Board's financial instruments consist of accounts receivable, cash due from the NWT Liquor Commission, accounts payable and accrued liabilities, pension and other employee benefits. It is management's opinion that the Board is not exposed to significant interest or currency risks arising from these financial instruments.

The carrying value of the financial instrument approximates fair value.

Fuel Services Division

Financial Statements

March 31, 2022

Fuel Services Division

Financial Statements

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Management's Responsibility for Financial Reporting

To the Minister of Infrastructure Government of the Northwest Territories

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statements, which have been prepared in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designed to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Fuel Services Division revolving fund (the "Fund").

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.



Lorne Browne, Director
Fuel Services Division
Yellowknife, Northwest Territories
July 20, 2022

Independent Auditors' Report

To the Minister of Infrastructure Government of the Northwest Territories

Opinion

We have audited the financial statements of Fuel Services Division, which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net financial debt, accumulated deficit, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Fuel Services Division as at March 31, 2022, and its results of operations, changes in net financial debt, statement of accumulated deficit, and its 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 Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Fuel Services Division'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 Fuel Services Division or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Fuel Services Division's financial reporting process.

Independent Auditors' Report

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are 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 Fuel Services Division'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 Fuel Services Divisions 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 Fuel Services Division 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.

Yellowknife, Canada
July 20, 2022



Chartered Professional Accountants

Fuel Services Division

Statement of Financial Position

March 31,	2022	2021 (restated)
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Financial Assets

Accounts receivable (note 5)	\$ 8,231,219	\$ 10,072,941
Inventory for resale (note 6)	33,701,963	35,551,751
	<u>41,933,182</u>	<u>45,624,692</u>

Financial Liabilities

Accounts payable and accrued liabilities (note 7)	5,550,804	6,076,311
Salaries payable	163,566	160,398
Employee future benefits payable (note 8)	27,125	22,608
Due to the Government of the Northwest Territories (note 9)	38,915,766	40,417,556
	<u>44,657,261</u>	<u>46,676,873</u>

Net Debt	\$ (2,724,079)	\$ (1,052,181)
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Non-financial Assets

Prepaid expenses	911	52,182
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Accumulated Deficit	\$ (2,723,168)	\$ (999,999)
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Commitments (note 10)

Approved



Lorne Browne
Director
Fuel Services Division



Renalyn Pascua-Matte,
Comptroller
Fuel Services Division

Fuel Services Division

Statement of Changes in Net Financial Debt

For the year ended March 31,	2022 Budget	2022 Actual	2021 Actual
Annual deficit	\$ -	\$ (1,723,169)	\$ -
Change in prepaid expenses	-	51,271	(47,571)
Increase in net financial debt		(1,671,898)	(47,571)
Net financial debt, beginning of year	(1,052,181)	(1,052,181)	(1,004,610)
Net financial debt, end of year	\$ (1,052,181)	\$ (2,724,079)	\$ (1,052,181)

Fuel Services Division

Statement of Operations

For the year ended March 31,	2022 Budget	2022 Actual	2021 Actual (restated)
Revenues			
Sales of petroleum products (note 11)	\$ 37,500,000	\$ 38,936,427	\$ 38,021,618
Cost of sales			
Cost of goods sold	30,400,000	32,409,826	30,886,096
Loss due to evaporation	100,000	-	6,024
Commission	2,300,000	3,319,207	2,893,668
	32,800,000	35,729,033	33,785,788
Gross margin	4,700,000	3,207,394	4,235,830
Gross margin percentage	12.5 %	8.2 %	11.1 %
Expenses			
Bad debts (recovered)	200,000	(84,921)	100,635
Contracts and purchased services	700,000	617,896	700,301
Operating and maintenance costs	1,200,000	1,005,710	2,630,130
Miscellaneous	-	22,805	36,637
Salaries, wages and employee benefits	2,000,000	2,489,258	2,229,642
Travel	400,000	378,831	438,529
Utilities	200,000	493,376	507,391
	4,700,000	4,922,955	6,643,265
Annual deficit before Other items	-	(1,715,561)	(2,407,435)
Other revenue (expenses)			
Grant contribution (note 12)	-	-	1,582,066
Grant-in-kind, Government assets provided at no cost (note 13)	-	1,923,863	2,136,817
Tangible capital assets - rent expenses (note 13)	-	(1,632,093)	(1,670,887)
Financing charges (note 13)	-	(291,770)	(465,930)
Other revenues and expenses (note 16)	-	(7,608)	825,369
	-	(7,608)	2,407,435
Annual deficit	\$ -	\$ (1,723,169)	\$ -

Fuel Services Division

Statement of Accumulated Deficit

For the year ended March 31,	2022	2021
Accumulated deficit, beginning of year	\$ (999,999)	\$ (999,999)
Annual deficit	(1,723,169)	-
Accumulated deficit, end of year	\$ (2,723,168)	\$ (999,999)

Fuel Services Division

Statement of Cash Flows

For the year ended March 31,	2022	2021 (restated)
Cash provided by (used for)		
Operating activities		
Annual deficit	\$ (1,723,169)	\$ -
Change in non-cash working capital items		
Accounts receivable	1,841,722	6,593,956
Inventory for resale	1,849,788	(4,774,501)
Accounts payable and accrued liabilities	(525,507)	(173,341)
Salaries payable	3,168	19,235
Employee future benefits payable	4,517	(51,807)
Due to the Government of the Northwest Territories	(1,501,790)	(1,565,971)
Prepaid expenses	51,271	(47,571)
Cash, beginning and end of year	\$ -	\$ -

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

1. Authority and Operations

Fuel Services Division revolving fund (the "Fund") was established in 1973 for the distribution of petroleum products in the Northwest Territories. The Fund operates under the authority of the *Revolving Funds Act* (the "Act") and the Northwest Territories *Financial Administration Act*. The Fuel Services Division of the Department of Infrastructure of the Government of the Northwest Territories (the "Government") is responsible for the administration of the Fund.

Under the Act, the Fund receives working capital advances from the Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The Fund's purchases of petroleum products and operating expenses are paid from the CRF and funds received by the Fund are deposited in the CRF. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities is \$55 million. The balance of the fund is reported as a liability due to the Government of the Northwest Territories.

The prices for the Fund's petroleum products are approved by the Government. It is the expectation of the Government that the Fund's cost of goods sold and operating expenses will be recovered through the price structure to achieve a break-even operation. Under the Act, there is a special account in the CRF called the Petroleum Products Stabilization Fund to which profits of the Fund shall be credited and losses shall be charged. The debit or credit amount in the Stabilization Fund shall not exceed \$3,000,000 (2021 - \$1,000,000) at the end of the fiscal year. The balance in the Stabilization Fund at March 31, 2022 is a deficit of \$2,723,168 (2021 - deficit of \$999,999).

2. COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic. The potential economic effects within the Funds environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Fund's operations.

At the time of approval of these financial statements, in response to the COVID-19 pandemic:

- The management of the Fund has been proactive and diligent in addressing the implementation of infection prevention and other precautionary measures, guided by public health authorities, to limit the spread of COVID-19 and the impact of the pandemic and the related economic contraction on the Fund.
- The impact to operations has been minimal.
- The Fund has not received government assistance specifically related to COVID-19.

Subsequent to April 1, 2022, all restrictions in the Northwest Territories were lifted, and the Fund resumed its pre-pandemic activities.

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board of Canada. The significant accounting policies used are as follows;

(a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of inventory cost and valuation, assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(b) Tangible capital assets

Tangible capital assets are the property of the Government of the Northwest Territories and accordingly are not reported in the financial statements. Use of assets, such as fuel storage facilities and fuel delivery vehicles are accounted for as a rent offset by a grant in kind from the Government which is calculated based on the amortization of the assets as described in Note 13.

(c) Financing charges

Financing charges for the use of working capital provided by the Government of the Northwest Territories are estimated based upon a rolling monthly average prime corporate interest plus 0.35% per annum as described in Note 13.

(d) Services provided without charge

The Fund does not record the following services provided without charge by the Government: the procurement of goods and services, the processing of payroll, legal counsel, records storage and computer operations, and internal audit services, as it is difficult to estimate them.

(e) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

3. Significant accounting policies (continued)

(f) Pensions and other employee future benefits and compensated absences

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Pension benefits to Members of the Legislative Assembly and judges are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates or when actuarial assumptions change, the adjustments are amortized on a straight-line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognized net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for layoff. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

The Fund and its employees, who are deemed to be employees of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute to the cost of the plan. The Fund contributes at a rate of 1.4 times that of the employees. During the year the Fund contributed \$142,427 (2021 - \$161,890) to the plan which was recognized as an expense while employees contributed \$142,636 (2021 - \$115,636). These contributions represent the total pension obligation of the Fund and are expensed on a current year basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies, if any, to the Public Service Superannuation Account.

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

3. Significant accounting policies (continued)

(g) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

As the Government of the Northwest Territories owns the assets of the Fund, it also accepts responsibility for any contaminated sites. As a result, the Fund does not record any liabilities associated with contaminated sites or their remediation.

(h) Revenue recognition

Revenue from the sale of petroleum products is recognized when the fuel is dispensed or delivered to the customers. The customer assumes all risks of ownership and the collection of any amounts receivable is considered probable.

Grant contribution revenue is recognized when the funds are receivable or become receivable under the Government of Northwest Territories *Revolving Funds Act*.

Other revenue is recognized as goods are delivered or services are provided.

(i) Government transfers

Government transfers are the transfer of monetary assets or tangible capital assets from a government for which the government making the transfer does not:

- receive any goods or services directly in return;
- expect to be repaid in the future; or
- expect a direct financial return.

Government transfers are recognized as revenue in the period during which the transfer is authorized and eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue as the liability is settled.

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

3. Significant accounting policies (continued)

(j) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities, Government departments.

Inter-entity transactions are recorded at the exchange amount when they are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length. The cost allocations are recorded on a gross basis.

(k) Financial instruments

The Fund classifies its financial instruments at cost or amortized cost. The Fund's accounting policy for this financial instrument category is as follows:

This category includes accounts receivable, accounts payable and accrued liabilities and amounts due to the Government of the Northwest Territories. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the Statement of Operations.

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

3. Significant accounting policies (continued)

(I) Related parties

The Fund initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Fund subsequently measures related party balances in accordance with the Fund's policies for financial instruments, as set out in note (I).

The Fund is related in terms of common control to all Government of the Northwest Territories departments, boards and agencies. These include:

Departments

- Department of Education, Culture and Employment
- Department of Environment and Natural Resources
- Department of Executive and Indigenous Affairs
- Department of Finance
- Department of Health and Social Services
- Department of Industry, Tourism and Investment
- Department of Infrastructure
- Department of Justice
- Department of Lands
- Department of Municipal and Community Affairs

Boards and Agencies

- Arctic Energy Alliance
- Aurora College
- Education Authorities
- Health and Social Services Authorities
- Inuvialuit Water Board
- Marine Transportation Services - Revolving Fund
- Northwest Territories Heritage Fund
- Northwest Territories Power Corporation
- NWT Business Development & Investment Corporation
- NWT Environmental Studies Research Fund
- NWT Housing Corporation
- NWT Human Rights Commission
- NWT Liquor Commission
- NWT Liquor Licensing Board
- NWT Sports and Recreation
- NWT Surface Rights Board
- Stanton Foundation
- Status of Women Council of the NWT
- Tlicho Community Services Agency
- Workers' Safety and Compensation Commission

The Fund enters into transactions with these entities in the normal course of business, with the exception of sales to the Northwest Territories Power Corporation ("NTPC"). In accordance with an agreement with the Government of the Northwest Territories, NTPC is charged the weighted average cost of petroleum products consumed.

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

4. Future changes to significant accounting policies

Revenue, Section PS 3400

This Section is effective for fiscal periods beginning on or after April 1, 2023. This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

The impact of the transition to this accounting standard, if any, has not yet been determined.

Asset Retirement Obligations, Section PS 3280

This Section is effective for fiscal periods beginning on or after April 1, 2022 and is intended to enhance comparability of financial statements among public sector entities by establishing uniform criteria for recognition and measurement of asset retirement obligations, including obligations that may not have previously been reported. This Section would require public sector entities to review existing contract, legislation, regulations, and other sources to identify retirement activities associated with its controlled tangible capital assets.

The impact of the transition to this accounting standard, if any, has not yet been determined.

5. Accounts receivable

	Balance	Allowance	2022
Non-Government	\$ 1,295,055	\$ 45,066	\$ 1,249,989
Government of Canada	12,082	-	12,082
Government of the Northwest Territories			
Boards and Agencies			
Education Authorities	1,503	-	1,503
Health and Social Services Authorities	5,603	-	5,603
Marine Transportation Services - Revolving Fund	52,406	-	52,406
Northwest Territories Housing Corporation	1,306,303	-	1,306,303
Northwest Territories Power Corporation	4,211,329	-	4,211,329
Tlicho Community Services Agency	11,317	-	11,317
Departments			
Education, Culture and Employment	182,999	4,766	178,233
Environment and Natural Resources	7,310	-	7,310
Infrastructure	186,459	1,528	184,931
Local (Municipalities, Community Governments)	1,021,756	11,543	1,010,213
	\$ 8,294,122	\$ 62,903	\$ 8,231,219

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

5. Accounts receivable (continued)

	Balance	Allowance	2021
Non-Government	\$ 1,314,286	\$ 120,327	\$ 1,193,959
Government of Canada	10,233	-	10,233
Government of the Northwest Territories			
Boards and Agencies			
Education Authorities	6,503	-	6,503
Health and Social Services Authorities	3,508	-	3,508
Marine Transportation Services - Revolving Fund	473,248	-	473,248
Northwest Territories Housing Corporation	1,350,956	-	1,350,956
Northwest Territories Power Corporation	5,741,642	-	5,741,642
Tlicho Community Services Agency	1,527	-	1,527
Departments			
Education, Culture and Employment	170,301	2,050	168,251
Environment and Natural Resources	4,946	-	4,946
Infrastructure	235,269	-	235,269
Local (Municipalities, Community Governments)	907,471	24,572	882,899
	\$10,219,890	\$ 146,949	\$10,072,941

6. Inventory for resale

	2022	2021
Diesel	\$ 26,627,472	\$ 29,586,471
Gasoline	4,785,630	3,972,220
Jet A1	2,246,519	1,896,632
Naphtha	42,342	96,428
	\$ 33,701,963	\$ 35,551,751

An inventory write-down of \$- (2021 - \$6,024) was expensed during the year. This represents product loss primarily due to evaporation. It is a factor of inventory on hand throughout the year, the type of fuel tanks in which the inventory is held, and weather conditions throughout the year.

An additional inventory write-down of \$15,903 (2021 - \$86,445) was expensed during the year (note 16). This represents a reduction in the net realizable value for diesel in Ulukhaktok (in 2021 - diesel in Tsiigehtchic, Tuktoyaktok and Ulukhaktok).

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

7. Accounts payable and accrued liabilities

	2022	2021
Non-Government trade accounts payable	\$ 5,253,722	\$ 5,801,304
Government of Canada - Federal excise tax	52,830	43,667
Government of Canada - Goods and services tax	218,473	203,552
Government of the Northwest Territories Boards and Agencies		
Northwest Territories Power Corporation	25,779	27,788
	\$ 5,550,804	\$ 6,076,311

8. Employee future benefits payable

Other Employee Future Benefits and Compensated Absences

In addition to pension benefits, the Government provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit liability.

Severance benefits are paid to the Government's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee is hired, the rate of pay, the number of years of continuous employment, age and if the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Benefits that accrue under compensated absence benefits, excluding maternity and parental leave, were actuarially valued using the expected utilization methodology. Non-accruing benefits include maternity and parental leave and are recognized when the leave commences.

Valuation results

The last actuarial valuation was completed as at February 11, 2022. The results were extrapolated to March 31, 2022. The effective date of the next actuarial valuation is March 31, 2025. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Fund.

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

8. Employee future benefits payable (continued)

Changes in Liability	Severance and Removal	Compensated Absences	2022	2021 (restated)
Accrued benefit obligation, beginning of year	\$ 40,220	\$ 16,556	\$ 56,776	\$ 74,415
Benefits earned	3,095	1,911	5,006	5,191
Interest	1,233	530	1,763	1,844
Benefits paid	-	(4,783)	(4,783)	(11,800)
Actuarial (gains)/losses	74,995	21,222	96,217	(12,874)
Plan amendment	-	(44)	(44)	-
Accrued benefit obligation, end of year	119,543	35,392	154,935	56,776
Unamortized net actuarial loss	(93,643)	(34,167)	(127,810)	(34,168)
Accrued benefit liability	\$ 25,900	\$ 1,225	\$ 27,125	\$ 22,608

Benefits expense

	Severance and Removal	Compensated Absences	2022	2021
Current service cost	\$ 3,095	\$ 1,911	\$ 5,006	\$ 5,191
Interest cost	1,233	530	1,763	1,844
Amortization of net actuarial loss	48	2,526	2,574	4,125
Plan amendment	-	(44)	(44)	-
	\$ 4,376	\$ 4,923	\$ 9,299	\$ 11,160

The discount rate used in the 2022 fiscal year to determine the accrued benefit obligation is an average of 4.1% (2021 - 3.3%). The expected payments during the next five fiscal years are as follow:

	Severance and Removal	Compensated Absences	Total
2023	\$ 12,667	\$ 2,927	\$ 15,594
2024	20,892	4,780	25,672
2025	23,837	5,257	29,094
2026	17,335	4,323	21,658
2027	14,285	5,298	19,583
	\$ 89,016	\$ 22,585	\$ 111,601

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

9. Due to the Government of the Northwest Territories

The amount due to the Government of the Northwest Territories represents the balance in the revolving fund as follows:

	2022	2021 (restated)
Balance, beginning of year	\$ 40,417,556	\$ 41,983,527
Payments made by the Government of the Northwest Territories		
Purchases of petroleum products	30,559,991	35,094,819
Other cash disbursements	9,821,974	8,045,488
Cash paid to the Government of the Northwest Territories	8,011,320	(44,706,278)
	\$ 38,915,766	\$ 40,417,556

10. Commitments

Fuel resupply contracts

The Fund has entered into contracts with Imperial Oil Limited, E Gruben's Transport Ltd., AFD Petroleum Inc, Midnight Petroleum Ltd., Midnight Petroleum Distributors Ltd., Glencore Ltd. and Campus Energy Partners Infrastructure LP, for the supply and transportation of bulk petroleum destined for delivery to communities served by road by tanker truck; the carrier for these contracts is Bassett Petroleum Ltd. There are varying contracts with different termination dates; the earliest contract terminates in June 2022 and the last contract terminates in September 2023.

Community fuel delivery contracts

The Fund provides local fuel delivery services in 16 communities across the Northwest Territories. The contracts for sales, dispensing and delivery services are awarded based on a competitive request for proposal (RFP) process. Contracts are awarded to local residents or businesses. Under these contracts, fixed commission rates are paid.

The total value of all commitments is estimated at \$25,530,484 (2021- \$51,112,404) as follows:

2023	\$ 21,898,022
2024	3,632,462
	\$ 25,530,484

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

11. Sales of petroleum products

	2022	2021
Non-Government	\$ 9,177,604	\$ 8,288,188
Government of Canada	306,396	341,290
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	10,394	15,001
Health and Social Services Authorities	38,820	39,056
Northwest Territories Housing Corporation	2,961,805	3,181,768
Northwest Territories Power Corporation	19,987,754	19,990,699
Tlicho Community Services Agency	20,416	9,632
Departments		
Department of Education, Culture and Employment	796,236	788,160
Department of Environment and Natural Resources	24,511	19,291
Department of Infrastructure	1,687,960	1,675,066
Local (Municipalities, Community Governments)	3,924,531	3,673,467
	\$ 38,936,427	\$ 38,021,618

12. Grant contribution

The Fund recognized grant contribution revenue under the Government of Northwest Territories Revolving Funds Act Section 8(3), which states that when the deficit balance exceeds \$3,000,000 (2021 - \$1,000,000), the excess shall be charged to an appropriation.

On December 9, 2021, Bill 24 received assent amending the *Revolving Funds Act* to increase the authorized debit and credit limits of the Petroleum Products Stabilization Fund from \$1,000,000 to \$3,000,000 to ensure petroleum pricing in the Northwest Territories remains stable.

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

13. Grant in kind

Financing charges

Management estimated that the Fund required up to \$40 million (2021 - \$42 million) in working capital with an estimated annual financing cost of \$291,770 (2021 - \$465,930).

Tangible capital assets - rent expenses

Tangible capital assets, i.e. fuel storage facilities and fuel delivery vehicles, are owned by the Government of the Northwest Territories. Tangible capital assets are amortized over the estimated useful life of the assets at the following rates and the expense is recognized as rent:

Buildings	40 years straight line, no salvage
Fuel storage facilities	30 years straight line, no salvage
Fuel delivery vehicles	10 years straight line, no salvage

	Cost	Accumulated Amortization	2022	2021
Fuel storage facilities	\$ 60,235,487	\$ 31,182,948	\$ 29,052,539	\$ 30,205,871
Fuel delivery vehicles	4,724,353	3,409,587	1,314,766	1,508,943
Construction in process	2,554,325	-	2,554,325	516,838
Buildings	561,513	170,202	391,311	719,365
	\$ 68,075,678	\$ 34,762,737	\$ 33,312,941	\$ 32,951,017

Rent expense for 2022 is \$1,632,093 (2021 - \$1,670,887).

14. Budget information

The budget figures are from the 2021-2022 Main Estimate approved by the Legislative Assembly of the Northwest Territories.

15. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

16. Other revenues and expenses

Other revenues are transactions that generally occur outside of normal operations. They are generally comprised of transactions that have a flow-through effect such as direct expenses that are fully charged back to another party, as well as one-time transactions. Other transactions can include charged back revenue where the revenue is not directly related to expenses, and other miscellaneous revenue transactions such as returned cheque fees.

The transactions consist of the following:

	2022	2021
Other revenues		
Northwest Territories Power Corporation - Tank maintenance	\$ 8,295	\$ 907,565
Other recoveries	-	4,249
	8,295	911,814
Other expenses		
Write-down of inventory to net realizable value (note 6)	(15,903)	(86,445)
	\$ (7,608)	\$ 825,369

17. Related party transactions

Significant expenses incurred from related parties are as follows:

	2022	2021
Government of the Northwest Territories		
Marine Transportation Services - Revolving Fund - Cost of goods sold	\$ 5,643,606	\$ 6,289,571
Department of Infrastructure - Contracts and purchased services	6,424	12,641
Northwest Territories Power Corporation - Utilities	482,353	489,253
	\$ 6,132,383	\$ 6,791,465

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

18. Risk management

The Fund is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Fund's financial instruments is provided below.

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Fund is managed to ensure that the cost of goods sold and operating expenses are recovered through the price structure to achieve a break-even operation.

(a) Credit risk

Credit risk is the risk of financial loss to the Fund if a debtor fails to make payments of interest and principal when due. The Fund is exposed to this risk relating to its accounts receivable.

Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection.

The Fund's maximum exposure to credit risk is represented by its accounts receivable for a total of \$8,231,219 (2021-\$10,072,941).

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion of the total accounts receivable balance and thus there is a higher risk to the Fund in the event of a default. The Fund does have concentration risk. At March 31, 2022, receivables from two customers comprised 67% of the total outstanding accounts receivables (2021-78% from three customers). The Fund reduces this risk by monitoring overdue balances.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

At March 31, 2022, the following accounts receivable were past due:

	30 days	60 days	90 days	Total
Accounts receivable	\$ 3,259,895	\$ 719,434	\$ 339,481	4,318,810
Allowance for doubtful accounts	-	-	(62,903)	(62,903)
	\$ 3,259,895	\$ 719,434	\$ 276,578	4,255,907

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

18. Risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet all cash outflow obligations as they come due. The Fund mitigates this risk by monitoring cash activities and expected outflows through budgeting.

The Fund's maximum exposure to liquidity risk is represented by the financial liabilities for a total of \$44,657,261 (2021 - \$46,676,873). Financial liabilities consist of accounts payable and accrued liabilities and amounts due to the Government of the Northwest Territories. All financial liabilities are considered current and mature within 6 months.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(c) Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Fund is exposed to other price risks as it purchases and sells petroleum products which are sensitive to price fluctuations. The Fund reduces its exposure to this risk by purchasing and selling the petroleum products at pre-approved rates.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Fuel Services Division

Notes to the Financial Statements

March 31, 2022

19. Prior period adjustment

Financial statements for the year ended March 31, 2021 were restated for, grant contribution, salaries, wages and employee benefits, due to the Government of the Northwest Territories, and for employee future benefits payable. Salaries payable are disclosed separately from employee future benefits liabilities on the Statement of Financial Position.

The impact of the restatements on the financial statements for the year ended March 31, 2021 are shown on the table below.

	Previously reported	Adjustment	Restated
Statement of Operations			
Grant contribution	\$ (1,616,234)	\$ 34,168	\$ (1,582,066)
Salaries, wages and employee benefits	\$ 2,263,810	\$ (34,168)	\$ 2,229,642
Statement of Financial Position			
Due to the Government of the Northwest Territories	\$ 40,383,388	\$ (34,168)	\$ 40,417,556
Employee future benefits payable	\$ 217,174	\$ (126,230)	\$ 22,608
Salaries payable	\$ -	\$ 160,398	\$ 160,398
Note 9 Due to the Government of the Northwest Territories			
Other cash disbursements	\$ 8,011,320	\$ 34,168	\$ 8,045,488

PUBLIC STORES REVOLVING
FOR THE YEAR ENDED MARCH 31, 2022

Unaudited

**Schedule of Public Stores Revolving Fund Inventories
for the year ended March 31, 2022**

Public Stores	Balance March 31, 2021	Net Receipts	Net Issues	Board of Survey	Inventory (Write- downs) Write- ups	Balance March 31, 2022
	\$	\$	\$	\$	\$	\$
Yellowknife	177,144			0	0	177,144
		90,502	(75,860)	0	0	14,642
	177,144	90,502	(75,860)	0	0	191,786

Prepared by: Alex Mulooki



Finance and Administration Manager (NSRO)

Approved: Cameron Wilson



Regional Superintendent (NSRO)

Yellowknife Airport Revolving Fund

Financial Statements

March 31, 2022

Yellowknife Airport Revolving Fund

Financial Statements

March 31, 2022

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Management's Responsibility for Financial Reporting

**To the Minister of Infrastructure
Government of the Northwest Territories**

The accompanying financial statements are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and necessarily include estimates which are based on management's best judgements.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designed to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Yellowknife Airport Revolving Fund (the "Fund").

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.

**Randy Straker, Regional Airport Manager
Yellowknife Airport Revolving Fund
Yellowknife, Northwest Territories
July 28, 2022**

Independent Auditors' Report

To the Minister of Infrastructure Government of Northwest Territories

Qualified Opinion

We have audited the accompanying financial statements of Yellowknife Airport Revolving Fund, which comprise the statement of financial position as at March 31, 2022, and the statement of operations and accumulated surplus, the statement of changes in net financial assets, the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material aspects, the financial position of the Yellowknife Airport Revolving Fund as at March 31, 2022, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Compensation and related benefits paid to employees of the Yellowknife Airport Revolving Fund are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories' audit. Our audit scope was limited as we did not audit the components of compensation and benefits expenses and related balances. Accordingly, we were not able to determine whether any adjustments might be necessary to compensation and benefits expenses, annual surplus and cashflows from operations for the years ended March 31, 2022 and March 31, 2021 and payroll liabilities, employee future benefits, net financial assets, and accumulated surplus as at April 1 and March 31 for both the 2022 and 2021 years as well as note disclosures associated with transactions and period-end balances relating to compensation and benefits. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effect of this limitation in scope.

Tangible capital assets of the Yellowknife Airport acquired prior to the establishment of the Fund, July 1, 2017, were the property of the Government of the Northwest Territories ("the Government") Department of Infrastructure and were transferred to the Fund at their carrying amounts at July 1, 2017, excluding runways which were transferred April 1, 2018 and additional capital assets which were identified and transferred April 1, 2019. The tangible capital assets recorded were limited to those assets identified in the Government's accounting records and have not been verified. As such, the tangible capital asset amounts and related amortization expense reported may not be complete. Accordingly, we were not able to determine whether any adjustments might be necessary to tangible capital assets and accumulated surplus as at April 1 and March 31 for both the 2022 and 2021 years and amortization expense and annual surplus for the years ended March 31, 2022 and March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effect of this limitation in scope.

Independent Auditors' Report (continued)

Inventory records were not updated to reflect the quantities on hand at March 31, 2022 based on year-end inventory count procedures and obsolete inventory has been identified but the value of obsolete inventory has not been determined as such we were not able to satisfy ourselves concerning the quantity and value of inventory. Accordingly, we were not able to determine whether any adjustments might be necessary to expenses, surplus, inventory and cash flows from operations for the year ended March 31, 2022.

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 Financial Statements section of our report. We are independent of the Yellowknife Airport Revolving Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Management is responsible for the preparation and fair presentation of the 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are 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 Organization's internal control.

Independent Auditors' Report (continued)*Auditors's Responsibilities for the Audit of the Financial Statements (continued)*

- 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 Organization'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 Organization 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.

**Yellowknife, Northwest Territories
July 28, 2022**

Crowe Mackay LLP

Chartered Professional Accountants

Yellowknife Airport Revolving Fund

Statement of Financial Position

As at March 31,	2022	2021 Restated
Financial Assets		
Accounts receivable (note 5)	\$ 1,653,388	\$ 825,108
Due from the Government of the Northwest Territories (note 6)	10,427,735	12,855,990
	12,081,123	13,681,098
Liabilities		
Accounts payable and accrued liabilities	593,380	539,438
Deferred revenue (Note 8)	7,427,003	9,687,863
Employee future benefits (note 9)	39,150	34,318
Security deposits	81,769	81,769
	8,141,302	10,343,388
Net Financial Assets	3,939,821	3,337,710
Non-Financial Assets		
Inventories held for use	497,290	497,290
Tangible capital assets (note 10)	42,930,478	38,643,838
Prepaid expenses	4,721	11,390
	43,432,489	39,152,518
Accumulated Surplus	\$ 47,372,310	\$ 42,490,228
Contractual Obligations (note 14)		
Contractual Rights (note 15)		

Approved:



Yellowknife Airport Revolving Fund

Statement of Changes in Net Financial Assets

For the year ended March 31,	Budget (Unaudited)	2022	2021 Restated
Annual Surplus (Deficit)	\$ 349,000	\$ 4,882,082	\$ (2,987,772)
Change in prepaid expenses	-	(7,410)	4,969
Acquisition of tangible capital assets	-	(6,385,385)	(1,178,781)
Proceeds on disposal of tangible capital assets	-	-	125,000
Amortization of tangible capital assets	2,703,000	2,112,824	2,389,818
Increase (decrease) in Net Financial Assets	3,052,000	602,111	(1,646,766)
Net Financial Assets, beginning of year	3,337,710	3,337,710	4,984,476
Net Financial Assets, end of year	\$ 6,389,710	\$ 3,939,821	\$ 3,337,710

Yellowknife Airport Revolving Fund

Statement of Operations and Accumulated Surplus

For the year ended March 31,	Budget	2022	2021 Restated
Revenue			
Aeronautical revenue (Note 19)	\$ 4,488,000	\$ 4,355,518	\$ 1,367,941
Non-aeronautical revenue (Note 19)	3,149,000	2,630,677	878,521
	7,637,000	6,986,195	2,246,462
Government transfers (Note 11)		3,573,514	3,524,684
Airport improvement fees	3,080,000	3,855,111	415,973
	10,717,000	14,414,820	6,187,119
Expenses (Note 20)			
Airport capital	2,703,000	2,112,824	2,390,091
Finance and administration	1,325,000	1,184,364	939,683
Operations and maintenance	3,703,000	3,389,202	3,105,906
Safety and security	2,637,000	2,882,034	2,813,580
	10,368,000	9,568,424	9,249,260
Operating Surplus (Deficit) before other items	349,000	4,846,396	(3,062,141)
Other Items			
Grant-in-kind, Occupancy costs (Note 12)		1,158,753	985,043
Occupancy costs (Note 12)		(1,158,753)	(985,043)
Recovery of prior year expenses		35,687	74,369
	-	35,686	74,369
Annual Surplus (Deficit)	349,000	4,882,082	(2,987,772)
Accumulated Surplus, beginning year	42,460,504	42,490,228	45,478,000
Accumulated Surplus, end year	\$ 42,809,504	\$ 47,372,310	\$ 42,490,228

Yellowknife Airport Revolving Fund

Statement of Cash Flows

For the year ended March 31,	2022	2021 Restated
Cash provided by (used in)		
Operating activities		
Annual Surplus (Deficit)	\$ 4,882,082	\$ (2,987,772)
Items not affecting cash:		
Amortization	2,112,824	2,389,818
	6,994,906	(597,954)
Changes in non-cash assets and liabilities		
Accounts receivable	(828,280)	726,256
Accounts payable and accrued liabilities	53,942	(884,118)
Deferred revenue	(2,260,860)	675,663
Employee future benefits	4,832	(241,558)
Prepaid expenses	6,669	(4,969)
Due from the Government of the Northwest Territories	2,428,255	1,370,523
Cash from operating activities	6,399,464	1,043,843
Capital activity		
Acquisition of tangible capital assets	(6,385,385)	(1,178,781)
Disposal of capital assets	(14,079)	134,938
Cash used in capital activities	(6,399,464)	(1,043,843)
Increase in cash	-	-
Cash, beginning and end of period	\$ -	\$ -

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

1. Nature of operations

The Yellowknife Airport Revolving Fund revolving fund (the "Fund") was established July 1, 2017 for the purpose of meeting the capital, operating and maintenance requirements of the Yellowknife Airport. The Fund operates under the authority of the *Revolving Funds Act* (the "Act") and the *Northwest Territories Financial Administration Act*. The Yellowknife Airport Division of the Department of Infrastructure of the Government of the Northwest Territories (the "Government") is responsible for the administration of the Fund.

Under the Act, the Fund can receive working capital advances from the Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities is \$36 million. The balance of the fund is reported as due to or from the Government on the Statement of Financial Position, as applicable.

2. COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

At the time of approval of these financial statements, in response to the COVID-19 pandemic:

- In response to the COVID-19 outbreak the Government of the Northwest Territories imposed travel restrictions which resulted in a significant decrease in air traffic in and out of Yellowknife, Northwest Territories which has impacted the Fund's operations.
- The entity has implemented remote work arrangements for those able to do so.
- The entity has implemented stringent health and safety procedures.

Subsequent to April 1, 2022, restrictions in the Northwest Territories were lifted.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the entity's activities, results of operations and financial condition. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these development and the impact on the financial results and condition on the Fund and its operations in future periods.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board. The significant accounting policies used are as follows:

(a) Cash

The Fund does not maintain a bank account. All funds received are recorded and deposited to the Government's general bank account and are maintained by the Government's Treasury. Similarly, all payments for the Fund are made from the Government's general bank account. The balance in Treasury attributable to the Fund is reflected in the financial statements as amount due from the Government and is disclosed in note 6.

(b) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Fund and provision of services has occurred, when the price is fixed or determinable and when collectability is reasonable assured.

Landing and terminal fees, apron fees, and parking revenues are recognized when the Airport facilities are utilized.

Concession fee revenue is recognized based on the highest of the agreed upon percentage of reported concessionaire sales or the specified minimum rentals in the period in which the rentals occur. Lease revenues are recognized straight-line basis over the duration of the underlying agreements.

Recoveries are recognized when the service is performed or the goods are provided.

Airport improvement fee revenue is recognized as income in the period that eligible capital airport improvement costs are incurred.

(c) Government transfers

Government transfers are the transfer of monetary assets or tangible capital assets from a government for which the government making the transfer does not:

- receive any goods or services directly in return;
- expect to be repaid in the future; or
- expect a direct financial return.

Government transfers are recognized as revenue in the period during which the transfer is authorized and eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue as the liability is settled.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

3. Significant accounting policies (continued)

(d) Tangible capital assets

Tangible capital assets of the Yellowknife Airport acquired prior to the establishment of the Fund, July 1, 2017, were the property of the Government and were transferred to the Fund at July 1, 2017, April 1, 2018 and April 1, 2019 at their carrying amounts, accordingly the tangible capital assets are reflected in these financial statements. The Fund amortizes the tangible capital assets over their estimated useful lives at the rates established in the Financial Administration Manual over the following terms:

Buildings	40 years straight line, no salvage
Water/sewer works	15-25 years straight line, no salvage
Machinery, equipment and vehicles	5-15 years straight line, no salvage
Airstrips/Runways	10-40 years straight line, no salvage
Fuel tanks	15-40 years straight line, no salvage

Tangible capital assets acquired by the Fund after July 1, 2017 are the property of the Fund and are recorded at cost which includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset.

The cost of self-constructed assets includes expenditures on materials, direct labour, financing costs and an allocated proportion of project overheads. When the cost of replacing part of a tangible capital asset is capitalized, the carrying amount of the replaced part is derecognized. Any gain or loss on disposal or retirement of a tangible capital asset is determined as the difference between the proceeds from disposal and the carrying amount of the asset and is recognized in surplus.

Maintenance and repair expenses that do not improve or extend productive life are expensed in the period incurred.

Work in progress represents capital projects under construction but not completed and are valued at cost. Capital assets under construction are transferred to tangible capital assets when the asset is available for use and amortization will commence at that time.

(e) Inventories of supplies

Inventories of supplies are valued at the lower of cost and replacement value, with cost being determined using the weighted average cost method. Inventories of supplies include chemicals, fuel, parts and supplies.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

3. Significant accounting policies (continued)

(f) Pension and other employee future benefits and compensated absences

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Pension benefits to Members of the Legislative Assembly and judges are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates or when actuarial assumptions change, the adjustments are amortized on a straight-line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognized net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for layoff. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and recognized when the leave commences. As actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

3. Significant accounting policies (continued)

(g) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial value is adjusted for financing fees and transactions costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Fund subsequently measures all its financial assets and financial liabilities at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Financial instruments measured at amortized cost include accounts receivable, due from the Government of the Northwest Territories and accounts payable and accrued liabilities.

There are no financial instruments subsequently measured at fair value.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

(h) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities, Government departments.

Inter-entity transactions are recorded at the exchange amount when they are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length. The cost allocations are recorded on a gross basis.

The Fund does not record the estimated cost of services provided by Government departments for no charge. The Fund receives the following services provided at no charge; payroll processing, insurance and risk management, legal counsel, records storage and computer operations.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

3. Significant accounting policies (continued)

(i) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists,
- contamination exceeds the environmental standard,
- the Fund is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up, and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As the Government of the Northwest Territories controls the land used by the Fund, it also accepts responsibility for any contaminated sites. As a result, the Fund does not record any liabilities associated with contaminated sites or their remediation.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

3. Significant accounting policies (continued)

(j) Related parties

The Fund initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Fund subsequently measures related party balances in accordance with the Fund's policies for financial instruments, as set out in note (g). The Fund is related in terms of common control to all Government of the Northwest Territories departments, boards and agencies. These include:

Departments

- Department of Education, Culture and Employment
- Department of Environment and Natural Resources
- Department of Executive and Indigenous Affairs
- Department of Finance
- Department of Health and Social Services
- Department of Industry, Tourism and Investment
- Department of Infrastructure
- Department of Justice
- Department of Lands
- Department of Municipal and Community Affairs

Boards and Agencies

- Education Authorities
- Health and Social Services Authorities
- Aurora College
- NWT Business Development & Investment Corporation
- NWT Housing Corporation
- Northwest Territories Power Corporation
- Tlicho Community Services Agency
- Northwest Territories Heritage Fund
- Status of Women Council of the NWT
- NWT Human Rights Commission
- Arctic Energy Alliance
- Inuvialuit Water Board
- NWT Surface Rights Board
- NWT Environmental Fund
- NWT Liquor Commission
- NWT Liquor Licensing Board

The Fund enters into transactions with these entities in the normal course of business and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

4. Future accounting changes

(a) Asset Retirement Obligations, Section PS 3280

This section will establish the reporting of legal obligations associated with the retirement of certain tangible capital assets and solid waste landfill sites. This section applies to fiscal years beginning on or after April 1, 2022. The impact of the transition to these accounting standards has not yet been determined.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

4 Future accounting changes (continued)

(b) Revenue, Section PS 3400

This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions". This section applies to fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.

5 Accounts receivable

	Accounts Receivable	Allowance for Doubtful Accounts	Net 2022	Net 2021
Accounts receivable	\$ 1,753,701	\$ (100,313)	\$ 1,653,388	\$ 825,108

6. Due from the Government of the Northwest Territories

The amount due from the Government of the Northwest Territories represents the balance attributable to the Fund held by the Government Treasury. The changes in the Fund's balance is as follows:

	2022	2021
Balance, beginning of year	\$ 12,855,990	\$ 14,226,513
Add: Cash received by Treasury on behalf of the Fund	13,622,226	3,687,744
Less: Payments made by Treasury on the Fund's behalf	(16,050,481)	(8,358,267)
Add: Government transfers receivable from GNWT	-	3,300,000
Balance, end of year	\$ 10,427,735	\$ 12,855,990

The funds held by the Government Treasury are part of the consolidated revenue fund and are non-interest bearing with no set terms of repayment.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

7. Airport improvement fees

The GNWT, acting on behalf of the Fund, entered into a Memorandum of Agreement ("the Agreement") dated July 1, 2017 with Signatory Air Carriers operating from the Yellowknife Airport. The Agreement provides for a consultative process with air carriers regarding the improvement to and expansion of airport facilities and the collection of airport improvement fees ("AIF") by air carriers through their ticketing processes. AIF revenues can only be used for the Yellowknife Airport Capital Program.

AIF fees are charged at \$10 per departing passenger in the Northwest Territories and \$20 per departing passenger outside the Northwest Territories

Airport improvement fee summary since implementation, July 1, 2017:

	2022	2021
Cumulative AIF revenue	\$ 13,490,895	\$ 11,896,093
Cumulative AIF expenses	(7,958,084)	(4,102,973)
Surplus of revenue over expenses	\$ 5,532,811	\$ 7,793,120

The excess of AIF revenues over expenses is recorded as deferred revenue.

8. Deferred revenue

Deferred revenue is comprised of:

	2022	2021
Airport improvement fees	\$ 5,532,811	\$ 7,793,120
Government transfers - Runway Lighting Upgrade project	-	1,894,743
Government transfers - Airfield Drainage project	990,739	-
Government transfers - ACAP equipment purchases	760,750	-
Prepaid lease revenues	142,703	-
	\$ 7,427,003	\$ 9,687,863

9 Employee future benefits

Other Employee Future Benefits and Compensated Absences

In addition to pension benefits, the Government provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefits plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit liability.

Severance benefits are paid to the Government's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee is hired, the rate of pay, the number of years of continuous employment, age and if the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

9. Employee future benefits (continued)

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Benefits that accrue under compensated absence benefits, excluding maternity and parental leave, were actuarially valued using the expected utilization methodology. Non-accruing benefits include maternity and parental leave and are recognized when the leave commences.

Valuation Results

The last actuarial valuation was completed as at February 11, 2022. The results were extrapolated to March 31, 2022. The effective date of the next actuarial valuation is March 31, 2025. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Fund.

Changes in Liability	2022	2021
Accrued benefit obligation, beginning of year	\$ 64,042	\$ 75,162
Benefits earned	4,863	4,990
Interest	2,087	1,953
Benefits paid	(4,428)	(60,823)
Actuarial (gains)/losses	(13,817)	42,760
Accrued benefit obligation, end of year	52,747	64,042
Unamortized net actuarial loss	(13,597)	(29,724)
Accrued benefit liability	\$ 39,150	\$ 34,318

Benefits Expense	2022	2021
Current service cost	\$ 4,863	\$ 4,990
Interest cost	2,087	1,953
Amortization of net actuarial (gain) loss	2,310	(2,842)
	\$ 9,260	\$ 4,101

The discount rate used to determine the accrued benefit obligation is an average of 4.1% (2021 - 3.3%). The expected payments during the next five fiscal years are:

	Total
2023	\$ 3,237
2024	3,723
2025	5,132
2026	4,838
2027	4,683
	\$ 21,613

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

10. Tangible capital assets

	Cost	Accumulated Amortization	March 31, 2022	March 31, 2021
Buildings	\$ 29,938,383	\$ 4,668,222	\$ 25,270,161	\$ 26,468,518
Water/sewer works	453,919	119,979	333,940	357,936
Machinery, equipment and vehicles	9,457,168	2,042,449	7,414,719	6,387,653
Airstrips/runways	10,553,809	2,072,452	8,481,357	2,457,192
Work in progress	1,324,041	-	1,324,041	2,862,615
Fuel Tanks	109,924	3,664	106,260	109,924
	\$ 51,837,244	\$ 8,906,766	\$ 42,930,478	\$ 38,643,838

Schedule 1 provides a breakdown of tangible capital assets and work in progress.

11. Government transfers

The Fund received and recorded as revenue the following grants:

Received from	Type of transfer	Project	2022	2021
Canadian Air Transport Security Authority	Capital	Baggage Handling System	\$ -	\$ 224,684
Transport Canada	Capital	Runway Lighting Upgrades	2,064,948	-
Transport Canada	Capital	Aircraft Rescue Fire Fighting Vehicle	1,508,566	-
Government of Northwest Territories	Operating	Supplementary funding - COVID-19	-	3,300,000
			\$ 3,573,514	\$ 3,524,684

12. Grant in kind

Cost allocations recorded by the Fund relate to the utility costs associated with the Airport facilities incurred by the Department of Infrastructure, and recognized as occupancy costs and a grant in kind from the Government. The utilities are based on actual costs to the Department of Infrastructure.

13. Budget information

The budget figures are from the 2021-2022 Main Estimate approved by the Legislative Assembly of the Northwest Territories.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

14. Contractual obligation

The Fund has commitments for leases and service agreements that will require payment in future years. As at March 31, 2022 the commitments amounted to \$1,514,207. The annual payments for these commitments are as follows:

	2023	2024	2025	2026
Equipment leases	\$ 1,887	\$ -	\$ -	\$ -
Service contracts	1,341,503	165,484	5,333	-
	\$ 1,343,390	\$ 165,484	\$ 5,333	\$ -

15. Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Fund's contractual rights arise because of contracts entered into for leases and licenses. The contractual rights of the Fund are as follows:

	2023	2024	2025	2026	2027 and subsequent years
Leases	\$ 2,180,530	\$ 2,143,284	\$ 2,044,197	\$ 2,019,656	\$ 21,906,531
Licenses	343,874	285,377	231,318	126,329	225,705
	\$ 2,524,404	\$ 2,428,661	\$ 2,275,515	\$ 2,145,985	\$ 22,132,236

16. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

17. Risk management

The Fund is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Fund's financial instruments is provided below:

(a) Credit risk

Credit risk is the risk of financial loss to the Fund if a debtor fails to make payments of interest and principal when due. The Fund is exposed to this risk relating to its accounts receivable and due from the Government of the Northwest Territories.

The Fund's maximum exposure to credit risk is represented by the financial assets balance for a total of \$12,081,123 (2021 - \$13,681,098). Accounts receivable are due from various corporations. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. At March 31, 2022, the accounts receivable past due are as follows:

	30 days	60 days	90 days	Over 120 days	Total
Accounts receivable	\$ 1,197,720	\$ 237,199	\$ 14,162	\$ 103,994	\$ 1,553,075

The Fund's management has determined that a portion of accounts receivable is impaired. Management's assessment was based on specific identification and age of receivables. The portion impaired is \$100,313 (2021 - \$95,138).

Management believes the risk exposure related to amounts due from the Government of Northwest Territories is minimal given the Government's stability and strong credit worthiness

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion of the total accounts receivable balance and thus there is a higher risk to the Fund in the event of a default. The Fund does have concentration risk. At March 31, 2022, receivables from two (2021 - two) customers comprised 51% (2021 - 52%) of the total outstanding accounts receivables. The Fund reduces this risk by monitoring overdue balances. The Fund also has concentration risk related to the amount due from the Government of the Northwest Territories, which is stable and credit worthy, as stated above.

The Fund derives a substantial portion of its revenues from airlines through airfield and passenger processing fees and through airlines' collection of airport improvement fees on its behalf. The air transportation traffic that drives these revenues is from inter-territorial, domestic and cargo traffic from multiple airlines. Due to this diversification, the concentration risk is considered minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet all cash outflow obligations as they come due. The Fund mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

The Fund's maximum exposure to liquidity risk is represented by its financial liabilities for a total of \$593,380. Financial liabilities consist of accounts payable and accrued liabilities. All of the Fund's financial assets and financial liabilities as at March 31, 2022 mature within the next six months.

The Fund has disclosed future financial liabilities and commitments in Note 14.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

18. Correction of accounting error

During the year it was determined that financial reporting and note disclosure related to Employee future benefits has not been consistent with the GNWT's financial reporting policies. Annual leave and lieu time should be recognized as accounts payable and accrued liabilities and the unamortized net actuarial gain/(loss) should be recognized in employee future benefits. In prior years annual leave and lieu time was recognized as employee future benefits and the unamortized net actuarial gain/(loss) was not recognized. The comparative figures have been retroactively restated to reflect the unamortized net actuarial gain/(loss). The impact of this restatement on the financial statements is detailed below.

	As previously stated 2021	Adjustments Increase (Decrease)	Restated 2021
Statement of Financial Position			
Accounts payable and accrued liabilities	\$ 211,906	\$ 327,532	\$ 539,438
Employee future benefits	\$ 391,574	\$ (357,256)	\$ 34,318
Net Financial Assets	\$ 3,307,986	\$ 29,724	\$ 3,337,710
Accumulated Surplus	\$ 42,460,504	\$ 29,724	\$ 42,490,228
Statement of Changes in Net Financial Assets			
Annual Surplus (Deficit)	\$ (3,017,496)	\$ 29,724	\$ (2,987,772)
Net Financial Assets, end of year	\$ 3,307,986	\$ 29,724	\$ 3,337,710
Statement of Operations and Accumulated Surplus			
Expenses	\$ 9,278,984	\$ (29,724)	\$ 9,249,260
Annual surplus	\$ (3,091,865)	\$ 29,724	\$ (2,987,772)
Accumulated Surplus, end of year	\$ 42,460,504	\$ 29,724	\$ 42,490,228

19. Revenue by object

The following is a summary of aeronautical and non-aeronautical revenues by object.

For the year ended March 31	2022 Budget	2022 Actual	2021 Restated
Apron fees	\$ 144,000	\$ 43,234	\$ 33,359
Concession fees	488,000	134,818	30,217
Landing and terminal fees	4,488,000	4,050,397	1,069,306
Leases	2,477,000	2,293,509	693,001
Parking	40,000	18,145	47,756
Recoveries	-	438,802	366,811
Other	-	7,290	6,012
Total Revenue	\$ 7,637,000	\$ 6,986,195	\$ 2,246,462

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2022

20. Expenses by object

For the year ended March 31	2022 Budget	2022 Actual	2021 Restated
Amortization	\$ 2,703,000	\$ 2,112,824	\$ 2,389,818
Bad debts (recovery)	225,000	-	(128,688)
Computer hardware and software	140,000	226,874	223,361
Contract services	1,600,000	1,551,354	1,476,108
Fees and payments	10,000	21,572	46,484
Materials and supplies	750,000	516,739	586,057
Purchased Services	90,000	60,563	62,436
Travel	10,000	286	108
Utilities	140,000	159,280	104,927
Salaries and benefits	4,700,000	4,918,932	4,488,649
Total Expenses	\$ 10,368,000	\$ 9,568,424	\$ 9,249,260

Yellowknife Airport Revolving Fund

Schedule of Tangible Capital Assets

For the Year Ended March 31, 2022

	Buildings	Fuel Tanks	Machinery, equipment and vehicles	Water & sewer works	Airstrips	Work in progress	Total 2022	Total 2021
Cost								
Balance, beginning of the year	\$ 29,938,383	\$ 109,924	\$ 7,864,843	\$ 453,919	\$ 4,222,175	\$ 2,862,615	\$ 45,451,859	\$ 44,501,183
Add: contributed tangible capital assets received	-	-	-	-	-	-	-	-
Add: additions during year	-	-	1,592,325	-	3,627,536	1,165,523	6,385,384	1,179,292
Add: transfers to tangible capital assets	-	-	-	-	2,704,097	(2,704,097)	-	(8,466)
Less: disposals during the year	-	-	-	-	-	-	-	(220,150)
Balance, end of year	29,938,383	109,924	9,457,168	453,919	10,553,808	1,324,041	51,837,243	45,451,859
Accumulated Amortization								
Balance, beginning of year	3,469,864	-	1,477,190	95,983	1,764,983	-	6,808,020	4,501,370
Add: amortization	1,198,358	3,664	579,338	23,996	307,468	-	2,112,824	2,389,818
Less: adjustment	-	-	(14,079)	-	-	-	(14,079)	(83,167)
Balance, end of the year	4,668,222	3,664	2,042,449	119,979	2,072,451	-	8,906,765	6,808,021
Net Book Value	\$ 25,270,161	106,260	7,414,719	333,940	8,481,357	1,324,041	42,930,478	38,643,838
2021 Net Book Value	\$ 26,468,518	\$ 109,924	\$ 6,387,652	\$ 357,936	\$ 2,457,192	\$ 2,862,616	\$ 38,643,838	

Environment Fund

Financial Statements

March 31, 2022

Environment Fund

Financial Statements

March 31, 2022

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Management Responsibility Statement

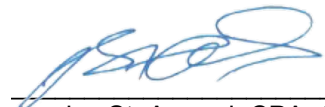
Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statement, which has been prepared in accordance with Canadian public sector accounting standards for not-for-profit organizations. Management takes responsibility for the presentation of these financial statements. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designated to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Environment Fund.

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.



Erin Kelly, PhD.
Deputy Minister
Department of Environment and Natural Resources



Jessica St. Arnaud, CPA, CA,
Director, Finance and Capital Planning
Department of Environment and Natural Resources

June 29, 2022

Independent Auditor's Report

To the Minister of the Department of Environmental and Natural Resources - Environment Fund

Qualified Opinion

We have audited the financial statements of the Environment Fund, which comprise the statement of financial position as at March 31, 2022, and the statements of operations and changes in fund balances for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of the Environment Fund as at March 31, 2022 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profits.

Basis for Qualified Opinion

The Environment Fund relies on reports prepared by distributors, processing centres and depots for the recording of beverage container program fee revenues \$6,076,740 (2021 - \$6,090,631), depot handling fees \$906,792 (2021 - \$904,229), processing fees \$653,854 (2021 - \$291,310) and refundable deposits \$2,380,022 (2021 - \$2,288,484). The reports provided by distributors, processing centres and depots are not independently verifiable, and consequently, our review of these accounts was limited to the amounts reported on the filed claims. As a result we are unable to determine if adjustments would be required to revenues or expenses for the years ended March 31, 2022 and 2021, accounts receivable, accounts payable or fund balances as at March 31, 2022 and 2021.

The Environment Fund includes a liability for unredeemed containers in the amount of \$911,511 (2021 - \$912,432) that is derived from 15% of total beverage container program fees. The 15% could not be independently verified, and consequently, our review of this liability was limited to the value provided by management. As a result, we are unable to determine if adjustments would be required to the liability for the years ended March 31, 2022 and 2021.

Wages and benefits of \$1,189,831 (2021 - \$1,167,870) were paid to employees of the Fund are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories' audit. Our audit scope was limited as we did not audit the components of wages and benefits expenses and related balances. Accordingly, we were not able to determine whether any adjustments might be necessary to wages and benefits expenses for the years ended March 31, 2022 and 2021, liabilities and fund balances as at March 31, 2022 and 2021.

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

Independent Auditor's Report (continued)

Other Matter

Management is responsible for the other information. The other information comprises the annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Management is responsible for the preparation and fair presentation of the 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 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 Fund's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report (continued)

- ♦ 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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Fund 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.

Yellowknife, Canada
June 29, 2022

Crowe Mackay LLP
Chartered Professional Accountants

Environment Fund

Statement of Operations

For the year ended March 31,	2022	2021
Revenues		
Beverage Container Program (schedule 1)	\$ 6,448,470	\$ 6,398,865
Electronic Recycling Program (schedule 2)	271,757	315,975
Other Programs and Initiatives (schedule 3)	684,105	552,862
	7,404,332	7,267,702
Expenses		
Beverage Container Program (schedule 1)	5,333,415	4,662,516
Electronic Recycling Program (schedule 2)	304,229	260,398
Other Programs and Initiatives (schedule 3)	1,045,987	730,857
	6,683,631	5,653,771
Excess of revenues over expenses	\$ 720,701	\$ 1,613,931

Environment Fund

Statement of Changes in Fund Balances

For the year ended March 31, 2022

	Unrestricted	Equipment replacement reserve	Total 2022	Total 2021
Balance, beginning of year	\$ 6,300,143	\$ 454,075	\$ 6,754,218	\$ 5,140,287
Excess of revenues over expenses	720,701	-	720,701	1,613,931
Transfer to reserve (Note 3c)	(30,396)	30,396	-	-
Balance, end of year	\$ 6,990,448	\$ 484,471	\$ 7,474,919	\$ 6,754,218

Environment Fund

Statement of Financial Position

March 31,	2022	2021
-----------	------	------

Assets

Accounts receivable	\$ 806,770	\$ 876,953
Due from Treasury (note 4)	8,317,443	7,189,347
Loan receivable (note 5)	6,122	15,250
	\$ 9,130,335	\$ 8,081,550

Liabilities

Accounts payable and accrued liabilities	\$ 743,905	\$ 414,900
Unredeemed container liability (note 6)	911,511	912,432
	1,655,416	1,327,332

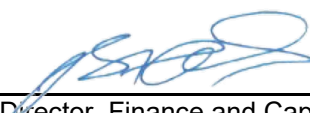
Fund balances

Unrestricted	6,990,448	6,300,143
Equipment replacement reserve	484,471	454,075
	7,474,919	6,754,218
	\$ 9,130,335	\$ 8,081,550

Approved on behalf of the board:



Deputy Minister



Director, Finance and Capital Planning

Environment Fund

Notes to the Financial Statements

March 31, 2022

1. Nature of operations

The Environment Fund ("the Fund") contains all fees and surcharges collected from programs established under the authority of the *Waste Reduction and Recovery Act* ("the Act") of the Northwest Territories. The Act was enacted in October 2003 during the 6th session of the 16th Legislative Assembly. The Act came into force in July 2005 with the establishment of the Fund.

The financial assets of the Fund may be used to pay for:

- the establishment, operation and evaluation of programs in respect of the reduction or recovery of waste
- education programs related to the reduction or recovery of waste
- research and development activities related to the reduction or recovery of waste
- the appropriate disposal of a designated or prohibited material as waste
- expenses associated with the work of the advisory committee established by the Minister to provide advice and assistance relating to the establishment of programs and operation of programs in respect of the reduction and recovery of waste
- other costs associated with programs, initiatives, or activities in respect of the reduction or recovery of waste

Environment Fund Programs

The Beverage Container Program, which came into effect November 1, 2005, is one of three established programs operating within the Environment Fund. Administration of this program rests with the Chief Environmental Protection Officer appointed under the *Environmental Protection Act*.

The Single Use Retail Bag Program, which came into effect January 15, 2010, is the second of three established programs operating within the Environment Fund. Administration of this program rests with the Chief Environmental Protection Officer appointed under the *Environmental Protection Act*.

The Electronics Recycling Program, which came into effect on February 1, 2016, is the third of three established programs operating within the Environment Fund. Administration of this program rests with the Chief Environmental Protection Officer appointed under the *Environmental Protection Act*.

The Department of Environment and Natural Resources advised it will be examining other waste reduction and recovery programs that could, in the future, become part of the Fund.

Environment Fund

Notes to the Financial Statements

March 31, 2022

2. COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic global due to an outbreak of a novel coronavirus identified as "COVID-19". 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.

The majority of the recycling depots were operational throughout the fiscal year, however a few depots had temporary closures due to community lockdowns. Safety protocols such as physical distancing and maximum occupancy limits impacted the service ability of these depots and as a result, there was a shift to many more customers utilizing the "Drop and Go" service and dropping off their bags of beverage containers at the Yellowknife and Hay River depots to be counted by staff later.

To ensure the on-going viability of recycling depots in the Northwest Territories, the Department of Environmental and Natural Resources provided a one-time retroactive payment of \$0.015 for containers collected by depots between April 1, 2020, and March 31, 2022, up to the first 1.5 million containers per year. This retroactive payment was considered a COVID-19 depot handling fee.

As at the date of these financial statements, all recycling depots have resumed operations.

3. Significant accounting policies

The financial statements are prepared by management in accordance with Canadian public sector accounting standards for government not-for-profits.

The significant accounting policies used are as follows:

(a) Revenue recognition

Beverage Container Program revenue, Single-use Retail Bag Program, and Electronics Recycling Program revenue is recognized when beverage containers, single use retail bags or electronics are sold by distributors to retailers. Recoveries and salvage revenue from recycled materials are recognized when cash is received or receivable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Statement of Operations as the stipulation liabilities are settled.

Interest revenue is recognized as it is earned.

Environment Fund

Notes to the Financial Statements

March 31, 2022

3. Significant accounting policies (continued)

(b) Capital assets

The capital assets managed by the Fund are not included in these financial statements as they are not capital assets of the Fund.

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

As the Government of the Northwest Territories owns the assets of the Fund, it also accepts responsibility for any contaminated sites. As a result, the Fund does not record any liabilities associated with contaminated sites or their remediation.

(c) Reserve funds

Restrictions have been placed on surplus to reserve funds for future operations:

This reserve was approved by the Government of the Northwest Territories to be set up for future capital equipment purchases/replacement. The Equipment replacement reserve is equal to 1/10 of the cost of capital equipment, including capital equipment purchased with start-up funds, has been reserved annually for future replacements of capital equipment. The 2022 transfer is \$30,396 (2021 - \$30,396).

(d) Contributed services

The Department of Environment and Natural Resources maintains the accounts of the Fund. The costs associated with administering and maintaining the accounts are not reflected in these financial statements as they are reported on in the consolidated financial statements of the Government of the Northwest Territories.

(e) Start-up funding

The Department of Environment and Natural Resources received \$1,143,000 in start-up funding from the Government of the Northwest Territories to cover the costs of implementing the Beverage Container Program. The start-up costs, which were incurred before the Beverage Container Program came into force on November 1, 2005, are not reflected in the financial statements as they are reported on in the consolidated financial statements of the Government of the Northwest Territories.

(f) Cash flow statement

As the Fund does not maintain a bank account, but rather receives working capital advances and finances accounts receivable and operating expenses through the Government's Consolidated Revenue Fund (the "CRF"); as a result a Statement of Cash Flows has not been presented.

Environment Fund

Notes to the Financial Statements

March 31, 2022

3. Significant accounting policies (continued)

(g) Financial instruments

The Fund classifies its financial instruments at cost or amortized cost. The Fund's accounting policy for this financial instrument category is as follows:

This category includes accounts receivable, loans receivable, due from treasury, accounts payable and accrued liabilities, and unredeemed container liability. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the Statement of Operations.

(h) Related party transactions

The transactions with related parties are carried out in the normal course of operations. Expenses and revenues were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Payables and receivables were measured at cost, determined using their undiscounted cash flows. No differences resulted from these transactions.

(i) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates

4. Due from Treasury

The Fund is a special purpose fund as defined in subsection 1(1) of the *Financial Administration Act* that forms part of the Government of the Northwest Territories Consolidated Revenue Fund.

In April 2006, the Fund joined the Government of the Northwest Territories investment pool, which consolidates and invests the cash balances for all participants. The monies for these investments flow out of the CRF and do not affect the cash balances of the participants. The investment pool revenues are prorated and allocated to the participants.

Environment Fund

Notes to the Financial Statements

March 31, 2022

5. Loan receivable

The Fund loaned one (2021 - two) bottle depot operators funds to be used to pay persons returning empty beverage containers to the depots.

	2022	2021
Loan receivable, non-interest bearing and repayable in monthly installments of \$536 starting on May 1, 2018. Final payment due on November 1, 2021.	\$ 6,122	\$ 11,250
Loan receivable #2, non-interest bearing and repayable in monthly installments of \$250, starting on June 1, 2022. Final payment is due on November 1, 2022.	-	4,000
	\$ 6,122	\$ 15,250

6. Unredeemed container liability

The unredeemed container liability is an amount that is equal to 15% (2021 - 15%) of the beverage container surcharges of the current year. It has been recognized to cover the future redemption of containers that are currently in circulation. This liability has been disclosed in accordance with the *Waste Reduction and Recovery Act*.

7. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

8. Related party transactions

The Fund is related in terms of common control of all Government of the Northwest Territories departments, agencies and Crown Corporations. The Fund receives human resource management, legal services and risk management from the Government of the Northwest Territories without charge. The Fund also receives management services from the Department of Environment and Natural Resources, as outlined in Note 3 (d).

The Fund entered into transactions with the following entities:

NWT Liquor Commission, Common control
Government of the Northwest Territories - Human Resources, Common control
Marine Transportation Services, Common control
Chief Julian Yendo School Education Authority, Common control
Chief T'Seleye School, Common control

Environment Fund

Notes to the Financial Statements

March 31, 2022

8. Related party transactions (continued)

	2022	2021
Revenue		
NWT Liquor Commission - Beverage container program fees	\$ 1,990,693	\$ 1,911,742
Expenses		
Wrigley District Education Authority - Chief Julian Yendo School - Grants and contributions	\$ -	\$ 2,063
Government of the Northwest Territories - Human Resources - Payroll	1,189,831	1,167,870
Chief T'Seleye School - Grants and contributions	10,423	-
Marine Transportation Services - Freight	37,700	52,451
	\$ 1,237,954	\$ 1,222,384
Accounts receivable		
NWT Liquor Commission	\$ 157,753	\$ 168,229

9. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

Credit risk is the risk of financial loss to the Fund if a debtor fails to make payments of interest and principal when due.

The Fund is exposed to this risk relating to its accounts receivable, loans receivable, and due from Treasury. Accounts receivable are due from government agencies and participating retailers of the Beverage Container Program. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that no accounts receivable required impairment.

The Fund's maximum exposure to credit risk is represented by the financial assets for a total of \$9,124,213 (2021 - \$8,066,300). All financial assets are considered current except for the loan receivable referenced in Note 5.

Environment Fund

Notes to the Financial Statements

March 31, 2022

9. Financial instruments (continued)

(b) Concentration of credit risk

Concentration of credit risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. The Fund does have a concentration of credit risk.

Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

At March 31, 2022, receivables from 3 (2021 - 3) customers comprised approximately 48% (2021 - 47%) of the total outstanding receivables. The Fund reduces this risk by regularly assessing the credit risk associated with these accounts.

Environment Fund

Schedules to the Financial Statements

For the year ended March 31,

Schedule of Beverage Container Program

Schedule 1

	2022	2021
Revenues		
Beverage container program fees	\$ 6,076,740	\$ 6,090,631
Salvage	312,916	254,531
Interest revenue	57,553	52,298
Recoveries	1,261	1,405
	6,448,470	6,398,865
Expenses		
Advertising and promotion	-	11,653
Contract service - satellite depot	58,855	78,950
Depot handling fees	906,792	904,229
Equipment, supplies and maintenance	206,356	107,531
Freight	374,001	254,136
Grants and contributions	86,390	91,250
Insurance	21,003	13,759
Office and software	8,508	5,027
Processing centre handling fees	653,854	291,310
Processing centre salvage	63,286	48,025
Professional fees	34,191	-
Quality control fees	41,044	35,902
Refundable deposit fees	2,380,022	2,288,484
Storage	60,200	50,000
Travel and training	1,551	7,300
Wages and benefits	437,362	474,960
	5,333,415	4,662,516
Excess of revenues over expenses	\$ 1,115,055	\$ 1,736,349

Environment Fund

Schedules to the Financial Statements

For the year ended March 31,

Schedule of Electronic Recycling Program

Schedule 2

	2022	2021
Revenues		
Electronic recycling program fees	\$ 271,757	\$ 315,975
Expenses		
Advertising and promotion	5,160	5,000
Contract service - satellite depot	2,500	13,500
Depot, processing centre and recycling fees	109,197	68,768
Equipment, supplies and maintenance	1,150	-
Freight	18,470	9,402
Professional fees	36,777	36,445
Storage	6,000	4,800
Wages and benefits	124,975	122,483
	304,229	260,398
Excess (deficiency) of revenues over expenses	\$ (32,472)	\$ 55,577

Environment Fund

Schedules to the Financial Statements

For the year ended March 31,

Schedule of Other Programs and Initiatives

Schedule 3

	2022	2021
Revenues		
Single-use retail bag program fees	\$ 684,105	\$ 552,862
Expenses		
Advertising and promotion	17,544	20,112
Grants and contributions	220,091	64,080
Contract services - satellite depot	25,699	28,368
Office	21,600	12,786
Professional fees	132,079	32,000
Travel and training	1,480	3,084
Wages and benefits - Single-use retail bag program	82,669	113,154
Wages and benefits - Policy development	498,822	419,945
Wages and benefits - Waste reduction and recycling	46,003	37,328
	1,045,987	730,857
Deficiency of revenues over expenses	\$ (361,882)	\$ (177,995)

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND
Yellowknife, NT**

FINANCIAL STATEMENTS
For the Year Ended March 31, 2022

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Board's management recognizes its responsibility for conducting the Fund's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

The Accounting firm of Ashton Chartered Accountants has provided an independent objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian accounting standards for pension plans. The auditor also considers whether the transactions that come to his notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the NWT Legislative Assembly.

Aon Hewitt, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriateness of actuarial valuations of accrued pension benefits of the board.

On behalf of the Board of Management:

Frederick Blake Jr., Speaker

Tim Mercer, Clerk

August 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Legislative Assembly Retiring Allowance Fund

Opinion

We have audited the financial statements of Legislative Assembly Retiring Allowance Fund (the Fund), which comprise the statement of financial position as at March 31, 2022, and the statements of changes in net assets available for benefits and changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2022, and the changes in its net assets available for benefits, and changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we 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 the financial statements in accordance with Canadian accounting standards for pension plans, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 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:

(continues)

Independent Auditor's Report to the Members of Legislative Assembly Retiring Allowance Fund
(continued)

- 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 Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Fund 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.



Hay River, Northwest Territories
August 31, 2022

Chartered Professional Accountants

**LEGISLATIVE ASSEMBLY RETIRING
ALLOWANCE FUND**

STATEMENT OF FINANCIAL POSITION
March 31, 2022

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT		
Accounts Receivable (Note 3)	\$ 16,643	\$ 16,500
Accrued Interest Income	<u>18,502</u>	<u>17,600</u>
	35,145	34,100
INVESTMENTS (Note 4)	<u>23,968,061</u>	<u>23,558,600</u>
	<u><u>\$ 24,003,206</u></u>	<u><u>\$ 23,592,700</u></u>
LIABILITIES		
CURRENT		
Accounts Payable	<u>\$ 37,053</u>	<u>\$ 39,880</u>
 NET ASSETS AVAILABLE FOR BENEFITS per page 2	 23,966,153	 23,552,820
 PENSION OBLIGATIONS per page 3 (Note 5)	 <u>19,948,300</u>	 <u>19,306,300</u>
 PENSION PLAN FUND SURPLUS	 <u>4,017,853</u>	 <u>4,246,520</u>

APPROVED

Fredrick Blum

Speaker

John M. Green

Clerk

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended March 31, 2022

	<u>2022</u>	<u>2021</u>
INCREASE IN ASSETS		
Contributions:		
Members	224,854	224,492
Government of the NWT	856,000	785,000
In-Kind Contributions	<u>7,500</u>	<u>7,500</u>
	<u>1,088,354</u>	<u>1,016,992</u>
Investment Income:		
Interest	325,776	271,404
Dividends	259,104	265,376
Gain on Sale of Investments	<u>1,687,947</u>	<u>1,319,373</u>
	2,272,827	1,856,153
Current Period Change in Fair Values of Investments	<u>(1,734,036)</u>	<u>2,358,481</u>
Net Investment Income	<u>538,791</u>	<u>4,214,634</u>
Total Increase in Assets	<u>1,627,145</u>	<u>5,231,626</u>
DECREASE IN ASSETS		
Benefits		
Pension Payments	1,054,627	1,029,039
Termination/Lump sum Payments	<u>22,974</u>	<u>-</u>
Total Benefits	<u>1,077,601</u>	<u>1,029,039</u>
Administrative		
Actuary Fees	24,396	50,448
Audit Fees	7,500	7,500
Investment Management Fees	78,448	85,233
Trustee Fees	<u>25,867</u>	<u>30,411</u>
Total Administrative	<u>136,211</u>	<u>173,592</u>
Total Decrease in Assets	<u>1,213,812</u>	<u>1,202,631</u>
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	\$ 413,333	\$ 4,028,995
NET ASSETS AVAILABLE FOR BENEFITS		
BEGINNING OF YEAR	<u>23,552,820</u>	<u>19,523,825</u>
END OF YEAR	<u>\$ 23,966,153</u>	<u>\$ 23,552,820</u>

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
For the Year Ended March 31, 2022

	<u>2022</u>	<u>2021</u>
INCREASE IN PENSION OBLIGATIONS		
Interest Accrued on Benefits	\$ 863,000	\$ 748,000
Benefits Accrued	849,000	813,000
Experience Loss	<u>-</u>	<u>2,174,100</u>
	<u>1,712,000</u>	<u>3,735,100</u>
 DECREASE IN PENSION OBLIGATIONS		
Benefits Paid	\$ 1,070,000	\$ 1,251,000
Experience Gains	<u>-</u>	<u>-</u>
	<u>1,070,000</u>	<u>1,251,000</u>
 INCREASE IN PENSION OBLIGATIONS	 642,000	 2,484,100
 PENSION OBLIGATIONS, BEGINNING OF YEAR	 <u>19,306,300</u>	 <u>16,822,200</u>
 PENSION OBLIGATIONS, END OF YEAR	 <u>\$ 19,948,300</u>	 <u>\$ 19,306,300</u>
 AS REPRESENTED BY		
Active Members	\$ 4,375,100	\$ 3,364,500
Pensioners & Terminated Members	<u>15,573,200</u>	<u>15,941,800</u>
	<u>\$ 19,948,300</u>	<u>\$ 19,306,300</u>

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2022

1. DESCRIPTION OF PLAN

a) General

The Fund was established pursuant to the Legislative Assembly Retiring Allowances Act (NWT) and is administered by the Board of Management. The Act provides retiring allowances on a contributory, defined benefit basis to Members of the Legislative Assembly of the Northwest Territories who have been Members at any time for six or more years prior to October 16, 1995 or four or more years after October 16, 1995, commencing March 10, 1975, the date of the first fully elected Legislative Assembly.

- b) The following description of the Legislative Assembly Retiring Allowance Plan is a summary only. For more complete information, reference should be made to the Plan agreement.

1) Funding Policy

The Legislative Assembly Retiring Allowance (NWT) Act requires that the plan sponsor, the Government of the Northwest Territories, must fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of an actuarial valuation for the fund that must be completed no less frequently than as of the day on which each general election is held.

The Legislative Assembly Retiring Allowances Act (NWT) requires Plan members to contribute 6.5% of their pensionable remuneration and earnings to the Plan. Employer contributions required are equal to the amount certified by the Actuary as being necessary to fully fund the benefits accruing under the Plan, less the amount of required employee contributions. Any surplus existing in the Plan may be used to reduce the required employer contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirements of the Pension Benefits Standards Act.

2) Normal Retirement Age

- a. Service Prior to 1992

Age 55

- b. Service After 1991

The earliest of:

- age 60
- 30 years of service
- age plus service equals 80

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2022

1. DESCRIPTION OF PLAN - cont'd

3) Retirement Pension

Two percent of the average best total earnings over four years multiplied by Credited Services as a Member

Note that prior to the amendment in 2011, the retirement pension was determined as follows:

Two percent of the average best earnings over four years as an MLA multiplied by Credited Services as an MLA.

PLUS

2% of the average best earnings over four consecutive years in that capacity of Minister, Speaker or Chairperson multiplied by Credited Service for each position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

4) Early Retirement

A member may retire at any time upon ceasing to be a member of the Assembly. A Member retiring prior to Normal Retirement Age shall receive:

a. Service prior to 1992

A pension which is actuarially equivalent to the pension calculated as if the member was 55.

b. Service after 1991.

A pension which is reduced by .25% for each month a member retires before the Normal Retirement Age.

5) Late Retirement

Up to age 71.

6) Maximum Allowance

For benefits earned after 1991, the annual retirement pension payable shall not exceed the lesser of:

a. the defined limit as prescribed under the Income Tax Act of Canada for the year in which the pension commences, times the years of credited service after 1991;

b. 2% of the average annual indexed pensionable remuneration, times the years of credited service after 1991.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2022

1. DESCRIPTION OF PLAN - cont'd

7) Form of Pension

a. Service Prior to 1992

The normal form of payment is a joint and 75% survivor pension reducing on the death of the Member.

Each dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 25% of the retirement pension (to a maximum total of 100%) will be paid to each dependent.

b. Service After 1991

The normal form of payment for service after 1991 is a joint and 66-2/3% survivor pension reducing on the death of the Member with a guarantee of 100% of the first 60 monthly payments in any event.

Each Dependent will receive a pension of 10% of the retirement pension (to a maximum total of 33-1/3%) if the spouse survives. If there is no surviving spouse, a benefit of 100% shall be divided by the number of children for the first 60 monthly payments after the Member's pension commencement and then 25% of the benefit thereafter (to a maximum total of 100%).

8) Increases in Pension

Pensions in pay and deferred pensions are increased every January 1st based on increases in the Consumer Price Index up to the preceding September 30th.

9) Pre-Retirement Death Benefits

If a Member or Former Member dies before retirement and is not eligible to receive a pension, his accumulated contributions with interest will be returned to the beneficiary. If he was eligible to receive a pension, it will be assumed that the Member retired on the day preceding his death and elected the normal form of pension.

10) Withdrawal Benefits

A Member who terminates with four or more years of service or serves at least one full term as a Member of the Assembly is entitled to a retirement pension. All other Members who terminate will receive a lump sum payment of their accumulated contributions with interest.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. The Significant policies are detailed as follows:

a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. The financial statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members. As such, participants may also need to review, amongst other things, actuarial reports, and to take into account the financial health of the sponsor.

b) Investments

Investments for the Pension Fund are measured at fair value and categorized according to the fair value hierarchy using the market approach valuation technique. The Fund determines fair value of investments based on information supplied by the Investment Manager. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Transaction costs are expensed as incurred. Investment income is recognized on an accrual basis. The current year change in fair value of investments is the difference between the fair value and the cost of investments at the beginning and end of each year, adjusted for realized gains and losses during the year.

c) Fair Value Hierarchy

The company classifies its financial assets and liabilities at fair value using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the company can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1. Derivative instruments in this category are measured using models or other standard valuation techniques using observable market data.

Level 3: The measurements in this category depend upon inputs that are less observable, not available or for which observable inputs do not justify most of the instruments' fair value

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued

d) Pension Obligations

Pension obligations of the defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Plan's assets and its liabilities, excluding the accrued pension benefits.

e) Revenue Recognition

Revenue from contributions and investment income are recognized on an accrual basis.

f) Contributed Services

The Fund recognizes in-kind contributions of materials and services in these financial statements, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Fund's operations and would otherwise have been purchased.

g) Pension Benefits

Pension benefits are shown as expenses in the year of payment.

h) Measurement Uncertainty

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 liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

Significant estimates are used in determining pension obligations. The Fund's actual experience may differ significantly from assumptions used in the calculation of the Plan's pension obligations. While best estimates have been used in the valuation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as actuarial gains or losses on Actuarial Benefit Obligations in the Statement of Changes in Pension Obligations in the year when actual results are known.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2022

3. ACCOUNTS RECEIVABLE

	<u>2022</u>	<u>2021</u>
Member Contributions	\$ 9,143	\$ 9,000
In-Kind Contributions- GNWT	<u>7,500</u>	<u>7,500</u>
	<u>\$ 16,643</u>	<u>\$ 16,500</u>

In-kind contributions arise from the payment of audit fees by GNWT on the Fund's behalf and are also included in Accounts Payable and Accrued Liabilities.

These balances, which are unsecured, non-interest bearing, and due on demand, are measured at fair value

4. INVESTMENTS

The Plan's investments are categorized according to the fair value hierarchy as follows:

	<u>Cost</u>	<u>2022 Market</u>	<u>Cost</u>	<u>2021 Market</u>
Cash & Cash Equivalents	89,132	89,132	17,267	17,267
Canadian Equity Mutual Funds	3,648,522	4,329,714	3,703,060	4,358,241
International Equity Mutual Funds	7,465,909	8,218,315	6,244,787	8,085,509
Temporary Investments	90,890	90,890	90,448	90,448
Canadian Fixed Income Funds	9,475,254	8,397,179	8,570,649	8,101,672
Government of Canada Bonds	1,957,327	2,175,035	1,957,327	2,237,129
Province of Ontario Bonds	<u>430,653</u>	<u>667,796</u>	<u>430,653</u>	<u>668,334</u>
	<u>\$ 23,157,687</u>	<u>\$ 23,968,061</u>	<u>\$ 21,014,191</u>	<u>\$ 23,558,600</u>

The above listed investments are managed by CIBC Mellon Global Securities and invested by MFS Investment Management Canada Limited and Connor, Clark & Lunn Investment Management Ltd. The investments will not be redeemed in the subsequent period.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2022

4. INVESTMENTS, continued

The fair value hierarchy as described in not 2(c) requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The total investment portfolio by fair value hierarchy is as follows:

	<u>2022</u>	<u>2021</u>
Level 1	<u>\$ 23,968,061</u>	<u>\$ 23,558,600</u>

5. OBLIGATIONS FOR PENSION BENEFITS

The actuarial present value of accrued pension benefits was determined by Aon Hewitt, a firm of consulting actuaries. Their going concern valuation results are reflected in an extrapolation that was based on their last actuarial valuation conducted as at April 1, 2020.

The data and assumptions used for the March 31, 2022 obligations are the same as those used to determine the Best Estimate going-concern valuation results in the most recent valuations at April 1, 2020.

The actuarial liability and cost of benefits accruing after the valuation date have been determined using the Projected Accrued Benefit (or Unit Credit) Actuarial Cost Method.

The following were the assumptions used in determining the actuarial value of accrued pension benefits. They were developed by reference to expected long term market conditions.

	<u>2022</u>	<u>2021</u>
Valuation Interest Rate (net of expenses)	4.40%	4.40%
Remuneration Projection Rate	2.00%	2.00%
Interest Credited on Contributions	4.40%	4.40%
Inflation Rate	2.00%	2.00%

The actuarial valuation is performed on a going concern basis to determine the funded status and the funding requirements of the pension plan.

The latest actuarial valuation was conducted for the period April 1, 2020 and the related report completed in April 2021. The next actuarial valuation will be completed for April 1, 2024.

As provided by the Actuary, the value of pension benefit obligations as at March 31, 2022 has been obtained using a measurement date of January 31, 2022 by increasing the April 1, 2020 liability by the cost of accruing benefits and interest and subtracting the estimated benefit payments.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended March 31, 2022

6. FINANCIAL INSTRUMENTS

The Fund's investments are recorded at fair value based on information provided by the investment manager. Other financial instruments consist of accounts receivable, accrued interest income and accounts payable. The fair value of these other financial instruments approximates their carrying values.

The fair values of investments are exposed to credit, liquidity, and market risks. Asset diversification and investment eligibility requirements serve as a basic risk-management tool for the investment portfolio as a whole. The Fund's investment strategy requires that investments be held in a diversified mix of asset types and also sets out investment eligibility requirements. The diversification of assets serves to lower the variations in the expected return performance of the portfolio. Eligibility requirements serve to ensure that Fund assets, to the extent possible, are not placed at undue levels of risk and can meet the obligations of the Fund as necessary. While the above policies aid in risk management, the Fund's investments and performance remain subject to risks, the extent to which is discussed below:

a) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Fund is exposed to currency risk arising from its holdings to investments denominated in foreign currencies, as well as investments that, although not denominated in foreign currencies, have underlying foreign currency exposure. This exposure lies principally within foreign equity funds. The Plan manages these risks through its investment policy, which limits the proportion of foreign assets within the portfolio.

b) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is composed of interest rate, currency, and other price risk. The extent of market risk exposure is dependent on the nature of the investment.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2022

6. FINANCIAL INSTRUMENTS, continued

c) Credit Risk

Credit risk is the risk that a counterparty to a financial contract will fail to discharge its obligations in accordance with agreed-upon terms. The Fund is exposed to credit risk through its investments in money market instruments (excluding cash), and fixed-income securities. The Fund's credit risk on money market instruments and fixed-income securities is managed by setting concentration limits on exposure to any single issuer, as well as by setting minimum credit-rating criteria for investment.

d) Concentration Risk

Concentrations of credit risk exist when a significant proportion of the portfolio is invested in securities subject to credit risk with similar characteristics or subject to similar economic, political, or other conditions. The investment portfolio as a whole is subject to maximum exposure limits and asset allocation targets that are designed to manage exposure to concentrated credit risk.

e) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Fund's financial liabilities consist of Accounts Payable. These amounts are short term in duration and are set to mature within one year. Liquidity risk is managed through ensuring that sufficient liquid assets are maintained to meet anticipated payments and investment commitments in general. With respect to the Fund's financial liabilities and the actuarial value of accrued pension benefits, management believes that the Fund is not subject to any significant liquidity risk. The actuarial value of accrued pension benefits is not considered a financial liability; however, it is the most significant liability of the Fund in the Statement of Financial Position. The government of Northwest Territories (GNWT), as Plan sponsor, is required to contribute all funds necessary to meet any funding shortfalls of the Plan should they occur.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2022

6. FINANCIAL INSTRUMENTS, continued

f) Interest Rate Risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in market interest rates. The Fund is exposed to interest rate risk through its investment holdings in interest-bearing assets. These principally include money market instruments and fixed-income securities. The Fund manages its exposure to interest rate risk through holding a diversified mix of assets, both interest-bearing and non-interest bearing. This approach lowers the impact of variations in overall portfolio performance owing to factors arising from interest rate risk. The fair value of the Fund's assets, specifically the fixed-income securities, is affected by changes in the nominal interest rate. Investments subject to interest rate risk bear fixed rates of interest. Therefore, short-term fluctuations in prevailing interest rates would not normally subject the Fund to fluctuating cash flows. In the event of a sale or redemption prior to maturity, proceeds would be affected by the impact of prevailing interest rates on the fair value of the investment. The actuarial value of accrued pension benefits is not considered a financial instrument; however, these benefits are sensitive to changes in long-term interest rates. The Fund is exposed to interest rate risk because of mismatches between the impacts of interest rates on the actuarial value of accrued pension benefits and their corresponding impact on the investment portfolio as a whole. Given the nature of pension benefits, such risks cannot be eliminated but are addressed through the funding of the Plan and through regular review of the characteristics of the Fund's investment portfolio related to the accrued pension benefit liability.

g) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Fund is exposed to other price risk through its holdings in Canadian equities. The Fund manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments in any one issuer, as outlined in the investment policies and procedures. Future cash flows relating to the sale of an investment exposed to other price risk will vary depending on market prices at the time of sale. Concentrations of other price risk exists when a significant portion of the portfolio is invested in equities with similar characteristics or subject to similar economic, market, political, or other conditions.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2022

7. CAPITAL MANAGEMENT

The purpose of the Fund is to provide benefits to plan members. As such, when managing capital, the objective is to preserve assets in a manner that provides the Fund with the ability to continue as a going concern, to have sufficient assets to meet future obligations for benefits and to have sufficient liquidity to meet all benefit and expense payments. The capital of the Fund consists of its surplus. Excluding the impact of investment income, the Fund is financed through member contributions. The surplus represents the difference between the net assets available for benefits and the actuarially determined accrued pension benefits on a going-concern basis. Actuarial valuations, which aid in the determination of the extent of the Fund's capital, are performed every four years following the general election. Surpluses, as well as other relevant aspects of the Plan, are managed in order to comply with the externally imposed requirements of the Income Tax Act and the PBSA.

As at March 31, 2022, the Plan is not in violation of any externally imposed legal or regulatory requirements.

8. AUTHORIZATION

On August 31, 2022 the Board of Management authorized the issue of the financial statements for the year ended March 31, 2022.

**THE NATURAL RESOURCES
CONSERVATION TRUST FUND**
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2022

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with the *Natural Resources Conservation Trust Act* of the Northwest Territories ("the Act"). Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Board's management recognizes its responsibility for conducting the Board's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

The accounting firm Avery Cooper & Co. Ltd. Chartered Professional Accountants provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards.

Jessica St. Arnaud, CPA, CA
Director, Financial and Capital Planning
Department of Environment and Natural Resources

June 29, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Minister of the Department of Environment and Natural Resources of
The Natural Resources Conservation Trust Fund

Opinion

We have audited the financial statements of The Natural Resources Conservation Trust Fund (the "Fund"), which comprise the Statement of Financial Position as at March 31, 2022, and the Statements of Operations and Changes in Fund Balances for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the *Natural Resources Conservation Trust Act* of the Northwest Territories (the "Act").

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we 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 the financial statements in accordance with the *Natural Resources Conservation Trust Act* of the Northwest Territories, 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 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.

INDEPENDENT AUDITOR'S REPORT, continued

- ◆ 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 Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Fund 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 presentation per the Act.

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.

Avery Cooper & Co. Ltd.

Avery Cooper & Co. Ltd.
Chartered Professional Accountants
Yellowknife, NT

June 29, 2022

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF FINANCIAL POSITION

March 31, 2022

ASSET

	<u>2022</u>	<u>2021</u>
CURRENT		
Cash	<u>\$ 239,484</u>	<u>\$ 240,583</u>

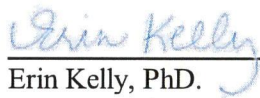
LIABILITY

CURRENT		
Accounts payable and accrued liabilities	<u>\$ 2,900</u>	<u>\$ 2,700</u>

FUND BALANCES

CAPITAL PORTION per page 3	187,828	187,828
INTEREST PORTION per page 3	<u>48,756</u>	<u>50,055</u>
	<u>236,584</u>	<u>237,883</u>
	<u>\$ 239,484</u>	<u>\$ 240,583</u>

Approved:



Erin Kelly, PhD.
Deputy Minister
Department of Environment and Natural Resources



Jessica St. Arnaud, CPA, CA,
Director, Finance and Capital Planning
Department of Environment and Natural Resources

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF OPERATIONS

For the year ended March 31, 2022

	<u>2022</u>	<u>2021</u>
REVENUE		
Interest income	\$ 1,789	\$ 2,011
EXPENSES		
Professional fees	<u>3,088</u>	<u>2,888</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (1,299)</u>	<u>\$ (877)</u>

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2022

	<u>2022</u>		
	<u>Capital Portion</u>	<u>Interest Portion</u>	<u>Total</u>
BALANCE, opening	\$ 187,828	\$ 50,055	\$ 237,883
Deficiency of revenue over expenses	<u>-</u>	<u>(1,299)</u>	<u>(1,299)</u>
BALANCE, closing	<u>\$ 187,828</u>	<u>\$ 48,756</u>	<u>\$ 236,584</u>
	<u>2021</u>		
	<u>Capital Portion</u>	<u>Interest Portion</u>	<u>Total</u>
BALANCE, opening	\$ 187,828	\$ 50,932	\$ 238,760
Deficiency of revenue over expenses	<u>-</u>	<u>(877)</u>	<u>(877)</u>
BALANCE, closing	<u>\$ 187,828</u>	<u>\$ 50,055</u>	<u>\$ 237,883</u>

THE NATURAL RESOURCES CONSERVATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

1. NATURE OF OPERATIONS

The Natural Resources Conservation Trust Fund (the "Fund") was established under the *Natural Resources Conservation Trust Act* of the Northwest Territories (the "Act"). The purpose of the Fund is to promote, through education, research and demonstration, the:

- (a) wise use of renewable resources;
- (b) awareness, enhancement and protection of the environment; and
- (c) use of the most efficient and most effective methods of trapping wildlife.

A Board of Trustees (the "Board") was appointed by the Minister of Resources, Wildlife and Economic Development, Government of the Northwest Territories ("GNWT"). Commencing April 1, 2005, the responsibilities were transferred to the Minister of Environmental and Natural Resources to administer the Fund.

The Fund is established as a Special Purpose Fund as defined under subsection 1 (1) of the *Financial Administration Act* of the Northwest Territories. As such, the Fund is a part of the Consolidated Revenue Fund of the GNWT.

2. BASIS OF ACCOUNTING

The Fund follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

(a) Fund accounting

In accordance with the Act, the Fund is administered into two portions, the Capital portion, and the Interest portion.

Capital portion

The Capital portion consists of donations, bequests and other payments for deposit accepted by the Board. The Board may not make payments from the capital portion without prior approval of the Minister; unless the payment is for designated purpose that has been specified by the benefactor. There are no designated funds in the capital portion of the Fund.

Interest portion

The Interest portion consists of interest earned by the Fund. The Financial Management Board fixes the rate of interest earned by the Fund. The Board of Trustees may make payments from the Interest portion of the Fund to persons, groups and programs.

THE NATURAL RESOURCES CONSERVATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

2. BASIS OF ACCOUNTING, continued

(b) Revenue recognition

The Fund follows the deferral method of accounting for contributions. Contributions subject to conditions are recognized as revenue in the year in which the related expenses are incurred. The Board of Trustees may accept donations, bequests or payments that are subject to conditions if the conditions are, in the opinion of the Board, appropriate to the purposes of the Fund. Where the Board accepts such items that are subject to conditions, the Board is bound to comply with those conditions.

Contributions not subject to conditions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as revenue when earned.

(c) Contributed materials and services

The Department of Environment and Natural Resources maintains the Fund's accounts. The cost of administering the Fund are borne by the Department. The Fund has elected not to recognize contributed materials and services in these financial statements.

(d) Expenses

Payments from the Interest portion and the Capital portion of the Fund are recognized as expenses in the period in which the events giving rise to the payment occurred, as long as the payment is authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made. All other expenses are recognized on an accrual basis.

3. FINANCIAL INSTRUMENTS

(a) Fair value

The Fund's financial instruments consist of cash, and accounts payable and accrued liabilities. In the opinion of the Board, the Fund is not exposed to significant interest rate, market, currency, liquidity or credit risks from these financial instruments. The carrying value of these instruments approximates their fair value.

4. FUND PAYMENTS

In accordance with subsection 101 of the Act, the recipient and amount of each payment made from the Fund during the year is as follows:

Not Applicable - No payments in current or prior year.

**Report to the Commissioner of the
Northwest Territories
on the examination of the accounts
and financial statements of the**

**PUBLIC TRUSTEE FOR THE
NORTHWEST TERRITORIES**

For the year ended March 31, 2022

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Public Trustee for the Northwest Territories (the "Public Trustee") is responsible for the preparation, integrity and objectivity of the financial statements. The financial statements have been prepared in accordance with the *Public Trustee Act* of the Northwest Territories (the "Act"). Where appropriate, the preparation of financial information contained in this report includes estimates and judgements based on careful consideration of information available to management.

The Public Trustee has developed and maintained books of account, records, financial and management controls and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the Act.

The accounting firm of Avery Cooper & Co. Ltd. Chartered Professional Accountants, annually provide an independent, objective audit for the purpose of expressing their opinion on the financial statements in accordance with Canadian generally accepted auditing standards.

Public Trustee for the Northwest Territories

Brian J. Asmundson
Public Trustee

April 30, 2022

INDEPENDENT AUDITOR'S REPORT

To the Commissioner

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Office of the Public Trustee for the Northwest Territories ("Public Trustee"), which comprise the balance sheet as at March 31, 2022, and the statement of operations, and the statement changes in estate and trust fund balance for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Public Trustee for the year ended March 31, 2022, are prepared, in all material respects, in accordance with the *Public Trustee Act* of the Northwest Territories (the "Act").

Basis of Opinion

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Public Trustee to meet the requirements of the Act. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Emphasis of Matter – COVID 19

Without modifying our opinion, we draw attention to note 8 to the financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 with uncertainty of events subsequent to year-end and its effect on the global economy. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the Act 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 Public Trustee's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Public Trustee or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT, continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 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 judgement and maintain professional scepticism 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 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 Public Trustee's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting used, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Public Trustee's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Public Trustee to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

Report on Other Legal and Regulatory Requirements

We further report that in our opinion, proper books of account have been kept by the Public Trustee, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Public Trustee.

Avery Cooper & Co. Ltd.

Avery Cooper & Co. Ltd.
Chartered Professional Accountants

Yellowknife, NT
April 30, 2022

STATEMENT I

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND**

BALANCE SHEET

March 31, 2022

ASSETS

	<u>2022</u>	<u>2021</u>
Cash (Note 3)	\$8,345,649	\$7,851,627
Other assets at nominal value (Note 2b)	<u>1</u>	<u>1</u>
	<u>\$8,345,650</u>	<u>\$7,851,628</u>

NET ASSETS

Undistributed Common Fund earnings per Statement II (Note 4)	\$ 32,379	\$ 27,916
Public Trustee Management Fund (Note 6)	13,430	24,115
Estate & Trust Fund per Statement III (Note 5)	<u>8,299,841</u>	<u>7,799,597</u>
	<u>\$8,345,650</u>	<u>\$7,851,628</u>

Approved:



Public Trustee for the Northwest Territories

See the accompanying notes.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND**

STATEMENT OF OPERATIONS

For the year ended March 31, 2022

	<u>2022</u>	<u>2021</u>
Undistributed Common Fund earnings, opening	<u>\$ 27,916</u>	<u>\$ 66,855</u>
Add:		
Common Fund earnings	<u>49,011</u>	<u>65,883</u>
Less:		
Interest paid to estates and trusts (Statement III)	44,233	98,448
Excess interest paid to the Government of the Northwest Territories	-	-
Transfers to Public Trustee Management Fund (Note 6)	<u>315</u>	<u>6,374</u>
	<u>44,548</u>	<u>104,822</u>
Increase (decrease) in Undistributed Common Fund earnings balance	<u>4,463</u>	<u>(38,939)</u>
Undistributed Common Fund earnings, closing (Note 4)	<u><u>\$ 32,379</u></u>	<u><u>\$ 27,916</u></u>

See the accompanying notes.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND**

STATEMENT OF CHANGES IN ESTATE & TRUST FUND BALANCE

For the year ended March 31, 2022

	<u>2022</u>	<u>2021</u>
Estate & trust funds provided:		
Estate and trust assets received	\$ 2,075,510	\$ 1,583,936
Common Fund interest paid to estates and trusts (Statement II)	<u>44,233</u>	<u>98,448</u>
	<u>2,119,743</u>	<u>1,682,384</u>
Estate & trust funds applied:		
Payments to beneficiaries	622,875	652,000
Disbursements made on behalf of estates and trusts	842,015	854,318
Administration fees (Note 2c)	146,925	57,843
GST on Administration fees	7,346	2,889
Court fees	<u>338</u>	<u>676</u>
	<u>1,619,499</u>	<u>1,567,726</u>
Increase in Estate & Trust Fund balance	500,244	114,658
Estate & Trust Fund balance, opening	<u>7,799,597</u>	<u>7,684,939</u>
Estate & Trust Fund balance, closing (Note 5)	<u>\$ 8,299,841</u>	<u>\$ 7,799,597</u>

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

NOTE 1 AUTHORITY

The Office of the Public Trustee for the Northwest Territories (the “Public Trustee”), for the Department of Justice, Government of the Northwest Territories (GNWT), operates under the authority of the *Public Trustee Act*, Revised Statutes of the Northwest Territories 1988, Chapter P-19 as amended.

NOTE 2 BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the *Public Trustee Act* of the Northwest Territories. The basis of accounting used in these financial statements materially differs from Canadian public sector accounting standards because estate and trust funds provided and applied, and Common Fund earnings distributions otherwise accrued at year-end, are not included until paid. Estate & Trust Fund assets other than cash have been recorded at nominal value. Significant accounting policies are as follows:

- a) These financial statements have been prepared on the cash basis of accounting except as otherwise stated.
- b) All Estate & Trust Fund assets other than cash, which include business interests, mortgages, stocks, bonds, term deposits, real estate and other assets, are carried at a nominal value of one dollar (\$1).
- c) Expenditures for the operation of the Public Trustee are paid from the Consolidated Revenue Fund of the Government of the Northwest Territories (“GNWT”) and, except for \$146,925 (2021 - \$57,843) paid to the Consolidated Revenue Fund as administration fees and the transfer of interest earned, are not reflected in these financial statements. Management fees paid to the Public Trustee out of the excess interest earned by the Common Fund are credited to the Public Trustee Management Fund. The costs incurred in respect of the annual audit may be deducted from the management fees.

NOTE 3 CASH IN BANK

The Public Trustee is a member of the GNWT investment pool.

The GNWT consolidates and invests the cash balances of all investment pool participants in money market securities. The money for these investments flows out of the GNWT main revenue account and, accordingly, does not affect the participants’ cash balances. Investment pool revenues are prorated and paid to participants monthly.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2022

NOTE 4 UNDISTRIBUTED COMMON FUND EARNINGS

Common Fund earnings are distributed half-yearly, on April 30th and October 31st each year, as interest paid to estates and trusts, and excess interest paid to the GNWT.

Interest earned on the Common Fund is utilized to pay prescribed interest on estates and trusts and any deficiency between the aggregate amounts of sums invested in the Common Fund and the actual value of the Common Fund's investments. Where the interest earned on the investment of the Common Fund exceeds the amount required to make these payments and management fees paid to the Public Trustee, the excess is paid to the Consolidated Revenue Fund of the GNWT.

The balance of Undistributed Common Fund earnings represents the Common Fund's cumulative earnings between November 1st and March 31st, which will be distributed on April 30th of the next fiscal year.

NOTE 5 ESTATE & TRUST FUND

The Estate & Trust Fund reflects all known assets of the estates and trusts administered by the Public Trustee. The Estate & Trust Fund is comprised of the following amounts:

	<u>2022</u>	<u>2021</u>
Common Fund	\$8,299,840	\$7,799,597
Other assets at nominal value	<u>1</u>	<u>1</u>
	<u>\$8,299,841</u>	<u>\$7,799,598</u>

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2021

NOTE 6 PUBLIC TRUSTEE MANAGEMENT FUND

The change during the year in the Public Trustee Management Fund is as follows:

	<u>2022</u>	<u>2021</u>
Public Trustee Management Fund balance, opening	\$24,115	\$28,741
Add:		
Management fees transferred to the Public Trustee out of the excess interest earned (Statement II)	315	6,374
Less:		
Costs incurred in respect of the annual audit	<u>(11,000)</u>	<u>(11,000)</u>
Public Trustee Management Fund balance, closing	<u>\$13,430</u>	<u>\$24,115</u>

NOTE 7 FINANCIAL INSTRUMENTS

The financial instruments of the Fund consist of cash, undistributed Common Fund earnings, and the Common Fund. It is management's opinion that the Public Trustee is not exposed to significant interest rate, currency, market, credit or liquidity risks and that the fair value of these financial instruments approximates their carrying value.

NOTE 8 COVID-19

On March 11, 2020, there was a global outbreak of a novel coronavirus known as COVID-19, which has had a significant impact on organizations through the restrictions put in place by the Canadian and international governments regarding travel, business operations and isolation/quarantine orders. The extent of the impact the COVID-19 outbreak may have on the Organization will depend on future developments that are highly uncertain, and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, the duration of the outbreak, including the length of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are, or may, be put in place by Canada or other countries to fight the virus. The Organization's activities have not been significantly impacted thus far; however, the Organization continues to assess the impact COVID-19 will have on its operations.

Government of the Northwest Territories
Students Loan Fund
Statement of Operations
for the year ended March 31, 2022

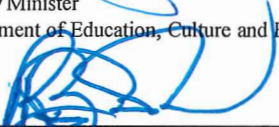
	2022	2021
Loans Receivable, opening balance	41,925	40,799
Loans granted during the year	<u>4,872</u>	<u>5,682</u>
	46,797	46,481
Less:		
Principal amount of loans repaid	(3,196)	(2,181)
Principal amount of loan forgiveness	(37)	-
Principal amount of loan remissions	(1,958)	(1,933)
Principal Amount of Northern Bonus	<u>(312)</u>	<u>(444)</u>
Loans Receivable, closing balance	41,294	41,925
Less:		
Allowance for remissible and doubtful loans	<u>(17,266)</u>	<u>(17,655)</u>
Net Loans Receivable, closing balance	<u><u>24,028</u></u>	<u><u>24,269</u></u>

Effect of Students Loan Fund on Government Operations

Interest earned and credited to general revenues	331	148
Reduction to allowance for doubtful accounts credited to Recovery of Prior Year Expenses		
Less:		
Collection agency fees	(3)	(2)
Estimated provision for remission and doubtful accounts	<u>(2,087)</u>	<u>(2,913)</u>
Operating deficiency for the year	<u><u>(1,759)</u></u>	<u><u>(2,768)</u></u>

Approved:


John MacDonald
Deputy Minister
Department of Education, Culture and Employment


Richard Borkowski
Director, Finance and Capital Planning
Department of Education, Culture and Employment

Students Loan Fund

Notes to the Financial Statement

(in thousands)

March 31, 2022

1. Authority

In accordance with the *Student Financial Assistance Act* (the Act) and the *Student Financial Assistance Regulations* (the Regulations), financial assistance is provided by the Department of Education, Culture and Employment (ECE) to eligible students to assist with the cost of obtaining a post-secondary education. Student Financial Assistance (SFA) provides assistance through a combination of grants and loans (remissible and repayable), subject to eligibility criteria as prescribed in the Regulations.

2. Description of the Program

The Government of Canada introduced the Canada Student Loan Program (CSLP) in 1964. Prior to July 31, 1988, the NWT participated in the CSLP. In 1988, the NWT opted out of the CSLP and now receives an Alternative Payment, in accordance with section 14(4) of the *Canada Student Financial Assistance Act*.

At that time, a Students Loan Fund (SLF) was established in the Consolidated Revenue Fund to enable disbursements and payments specific to loans made under the Act. In accordance with the Act, the following shall be credited to the SLF according to Provision 9:

- a. all repayments of principal on loans made under the Act;
- b. the amount of all loans remitted under the Act. Remissible loans function much like repayable loans; however, students may be eligible to have part to all of their loan forgiven (meaning they do not have to pay the loan back) provided certain criteria are met (i.e. having met the academic and residency criteria);
- c. in addition Northern Bonus Grants are provided to students if the criteria are met (i.e. having met the academic, and residency criteria and provided the loan is up to date); and
- d. the principal amounts of all loans made under the Act that are written off under the *Financial Administration Act* (FAA).

The SLF currently has a maximum revolving limit of \$45 million.

3. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian public sector accounting standards. The following accounting policies are considered significant.

a) Student Loans Receivable

Student loans receivable are stated at the lower of cost and net recoverable value. Valuation allowances, determined on an individual basis, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements and are adjusted

annually to reflect the current circumstances of recording write downs or recoveries, as appropriate. Write-offs are recognized when the loans have been deemed unrealizable and or uncollectable. Recoveries are recorded when loans previously written off are subsequently collected. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

Simple interest is charged on loans following the interest-free in school period. Payments on loans are applied first to interest and then to outstanding principal.

Loans are granted to students and recorded as expenditures as eligibility criteria are met by students over their period of study.

b) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

The more significant management estimate relates to the valuation allowances for loans receivable.

4. Allowance for Remission and Doubtful Accounts

The Allowance is allocated as follows:

	<u>2022</u>	<u>2021</u>
Allowance for Forgiveness – Remissible Loans	\$ 6,252	\$ 6,591
Allowance for Doubtful Accounts – Repayable Loans	11,014	11,064
Total Allowance	\$17,266	\$17,655

5. Related Party Transactions

In accordance with established government practice, all administrative and occupancy costs are paid by ECE. Accordingly, no provision for these costs is reflected in these financial statements. Costs paid to other agencies for loan collection services are paid by the SLF and reflected in the financial statement.

6. Financial Instruments and Risk Management

Through its financial assets and liabilities, the SLF is exposed to various risks.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge their responsibilities with respect to the financial instrument, and in doing so, cause a loss for the other party. For the Fund, credit risk is significant with respect to potential non-payment of student loans.

Mitigation processes aimed at minimizing credit losses begin with procedures that support the granting of loans and ongoing throughout the loan life cycle such as conducting credit checks, providing repayment support to low-income borrowers, and undertaking well defined procedures for addressing loan delinquencies.

Loans are interest-free during periods of study and become repayable in the seventh month after graduation or discontinuation of study. The SLF's maximum risk is represented by the Loans Receivable, Closing Balance.

b) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is related to payment terms. Changes in interest rates will affect interest revenue.

Interest rates are set during the week of January 1st for students whose loan becomes repayable during the course of that calendar year. Interest rates are set based upon the Bank of Canada Prime Business Rate (less one percentage point). This will be the student's interest rate for the duration of their repayment, except students who return to the NWT. Effective September 2015, students who return to the NWT they will be granted zero percent interest for the duration of their stay, with the original interest rate being reinstated if they leave the NWT. The interest rate is not adjusted in any other circumstances.

c) Liquidity Risk

Liquidity risk is the risk the SLF will encounter difficulty in meeting financial obligations as they fall due. The SLF's liquidity risk is minimal as the SLF's bank accounts are supported by the Government of the Northwest Territories.

7. Budget

The budget has been approved by the Legislative Assembly.

Territorial Court Judges Registered Pension Plan Fund
Financial Statements
January 1, 2022

Territorial Court Judges Registered Pension Plan Fund

Financial Statements

January 1, 2022

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Statement of Changes in Net Assets Available for Benefits	6
Statement of Changes in Pension Obligations	7
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Management's Responsibility Statement

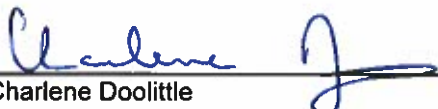
The accompanying financial statements have been prepared by the Government of the Northwest Territories, Department of Justice's management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Government of the Northwest Territories, Department of Justice's management recognizes its responsibility for conducting the Fund's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

The financial statements have been reported on by Crowe MacKay LLP, Chartered Professional Accountants, the Pension Plan auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

Aon Hewitt, an independent firm of consulting actuaries, has been engaged to provide actuarial valuations of the present value of the accrued pension benefits to be provided from the Territorial Court Judges' Registered Pension Plan Fund.

On behalf of the Territorial Court Judges' Registered Pension Plan Fund



Charlene Doolittle
Deputy Minister, Department of Justice
Government of the Northwest Territories,

MAY 26 2022

Date

Independent Auditors' Report

To the Members of Territorial Court Judges Registered Pension Plan Fund

Opinion

We have audited the accompanying financial statements of the Territorial Court Judges Registered Pension Plan Fund ("the Plan"), which comprise the statement of financial position as at January 1, 2022 and the statements of changes in net assets available for benefits, and changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Territorial Court Judges Registered Pension Plan Fund as at January 1, 2022, and the changes in net assets available for benefits, and changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

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 Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Plan for the year ended January 1, 2021 were audited by another practitioner who expressed an unmodified audit opinion on those financial statements on May 22, 2021.

Responsibilities of Management

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

Independent Auditors' Report Continued

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are 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 Plan'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 Plan'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 Plan 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.

Crowe Mackay LLP

Yellowknife, Northwest Territories
May 25, 2022

Chartered Professional Accountants

Territorial Court Judges Registered Pension Plan Fund

Statement of Financial Position

As at January 1, 2022	2022	2021
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Assets

Contributions receivable - Members	\$ -	\$ 6,937
Contributions receivable - Sponsor (note 4)	7,418	4,828
Investments (note 5)	8,048,464	7,400,982

Total Assets	8,055,882	7,412,747
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Liabilities

Accounts payable and accrued liabilities	21,661	18,126
--	--------	--------

Total Liabilities	21,661	18,126
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Net Assets Available for Benefits	8,034,221	7,394,621
--	------------------	------------------

Pension obligations (Note 5)	7,655,839	7,426,200
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Surplus (Deficiency)

Pension Plan Fund Surplus (Deficit)	\$ 378,382	\$ (31,579)
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Approved by:


Deputy Minister, Department of Justice,
Government of the Northwest Territories

Territorial Court Judges Registered Pension Plan Fund

Statement of Changes in Net Assets Available for Benefits

For the year ended January 1, 2022	2022	2021
Increase in assets:		
Contributions - members	\$ 69,023	\$ 74,950
Contributions - sponsor (current service cost)	95,350	88,250
Current year change in fair value of investments	199,745	517,979
In-kind contributions - sponsor	7,418	9,482
Investment income	591,509	323,522
Net realized capital gains income	133,599	94,238
	1,096,644	1,108,421
Decrease in assets:		
Administrative expenses (Note 8)	84,683	71,315
Benefit payments - regular	372,361	351,878
	457,044	423,193
Increase in net assets available for benefits	639,600	685,228
Net assets available for benefits, beginning of year	7,394,621	6,709,393
Net assets available for benefits, end of year	\$ 8,034,221	\$ 7,394,621

Changes in pension plan fund surplus (deficit):

Beginning of year	\$ (31,579)	\$ (557,007)
Increase in net assets available for benefits	639,600	685,228
Decrease in pension obligation	(229,639)	(159,800)
Net change	409,961	525,428
End of year	\$ 378,382	\$ (31,579)

Territorial Court Judges Registered Pension Plan Fund**Statement of Changes in Pension Obligations**

For the year ended January 1, 2022	2022	2021
Increase in pension obligations:		
Interest accrued on benefits	\$ 335,500	\$ 344,400
Benefits accrued	227,700	238,600
	563,200	583,000
Decrease in pension obligations:		
Benefits paid	372,361	423,200
Increase in pension obligation	190,839	159,800
Pension obligation, beginning of year	7,426,200	7,266,400
Pension obligation, end of year	\$ 7,617,039	\$ 7,426,200

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2022

1. Description of plan

The following description of the Territorial Court Judges' Registered Pension Plan Fund ("Plan") is a summary only.

(a) General

The Plan is a contributory defined benefit pension plan which provides pension benefits for all Territorial Court Judges of the Northwest Territories. The Plan was established by the Judges' Registered Pension Plan Regulations under Section 32 of the *Territorial Court Act*. The Plan came into effect on February 1, 1994 and was a non-contributory plan until April 1, 1999 when it became contributory. A Territorial Judge appointed after the effective date participates in the Plan, unless the Judge objects on the basis of religious belief.

The Plan is a registered plan as defined in the *Income Tax Act* (Canada) (ITA) and, consequently, is not subject to income taxes. The Plan's registration number for income tax purposes is 995761.

(b) Funding policy

The *Territorial Court Act* requires that the plan sponsor, the Government of the Northwest Territories ("GNWT") and the Plan members, fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of a triennial actuarial valuation for the fund.

Member contributions are 6% of pensionable earnings. In accordance with the Trust agreement, sponsor required contributions are equal to the amount determined by the Actuary as being necessary to fund the benefits accruing under the Plan less member contributions. Any surplus existing in the Plan may be used to reduce the required contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirement of section 8 of the Judges' Pension Plan Regulations.

(c) Normal retirement age

A Judge may retire on or after attainment of age 60 without reduction in pension.

(d) Early retirement

A Judge may retire anytime after age 50 and prior to age 60 with a pension that is reduced by a quarter of one percent for each month that retirement precedes age 60. However, there is no reduction if the Judge has attained 80 years of combined judicial service and age at the date of pension commencement.

(e) Late retirement

A Judge who attains 69 years of age shall receive a retirement pension commencing on the first day of the month immediately following the month in which the judge attains that age.

(f) Benefits paid on resignation

A Judge who resigns from the bench prior to attainment of age 60, and who is not entitled to an immediate unreduced pension, may elect to receive either a monthly deferred pension (commencing between the ages of 50 and 69) or a lump sum payment of the commuted value of the deferred pension.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2022

1. Description of Plan (continued)

(g) Benefits on death

When a Judge or former Judge dies, the Judge's surviving spouse is entitled to receive a pension for life equal to 60% (50% in respect of pre 1992 pensionable service) of the pension that the Judge was receiving immediately before death, or, if the Judge was not yet retired, 60% (50% in respect of pre 1992 pensionable service) of the pension that the Judge had earned up to the date of death. If the deceased Judge was not receiving a pension prior to his/her death, the spouse has the option of transferring the commuted value of the spouse's pension to a Registered Retirement Savings Plan or receiving the commuted value as a cash payment.

(h) Credited pension

The benefit payable from the Plan for each year of pensionable service for periods after January 1, 1992 is equal to the maximum permitted under the *Income Tax Act*. The limit increases annually to reflect increases in average Canadian wages.

The annual pension at retirement for each year of pensionable service credited in respect of periods before 1992 is calculated as 2% of average annual earnings in the six consecutive years before retirement in which such average was the highest, reducing at age 65 by an amount equal to 0.7% of the averages Year's Maximum Pensionable Earnings (as defined in the Canada Pension Plan) determined over 3 years at the time of retirement. The *Income Tax Act* maximum pension does not affect the pre 1992 entitlement.

(i) Cost of living increases

All retirement, spousal and deferred pensions receive cost of living increases equal to the full rate of increase in the Consumer Price Index for Canada. Increases are applied at each January 1st; with the first such increase being prorated to reflect the portion of the prior year since the date of retirement/termination/death. Commuted values are calculated to reflect future cost of living increase.

2. Basis of presentation and summary of significant accounting policies

These financial statements are prepared in accordance with Part IV of the CPA Canada Handbook, Canadian accounting standards for pension plans. The significant policies are detailed as follows:

(a) Basis of presentation

These financial statements are prepared on the going concern basis and present the information of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared for regulatory purposes and to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of the individual plan members. As such, participants may also need to review, amongst other things, actuarial reports, and to take into account the financial health of the sponsor.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Canadian accounting standards for pension plans require the Plan to comply on a consistent basis with either International Financial Reporting Standards ("IFRS"), or Canadian accounting standards for private enterprises ("ASPE"). The Plan has chosen to comply on a consistent basis with ASPE.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2022

2. Basis of presentation and summary of significant accounting policies (continued)

(b) Investments

Investments are recorded and measured at market value (fair value). Any adjustments to investments due to the fluctuation in market prices from date of purchase or the last valuation adjustment are reflected in the statement of changes in net assets available for benefits as a current year change in fair value of investments. Market value is determined by the Net Asset Value Per Unit as at December 31.

Investment transactions are recorded on the trade date.

Investment income includes interest and dividend income and are recorded on an accrual basis.

Current period change in fair market value of investments includes all net unrealized capital gains. Gains or losses on sale or maturity of investments, based on the difference between average cost and proceeds, net of any selling expenses, are recorded at the time of disposition of the investment, as net realized capital gains income.

(c) Member and sponsor contributions

Contributions are recognized on an accrual basis during the period in which the members wages and salaries are earned. Sponsor contributions consist of current service contributions and special payments required to fund the deficiency based on the most recent actuarial valuation report. Member contributions for past service are recorded in the year received.

(d) Administrative expenses and benefit payments

Administrative expenses represent fees incurred by the plan for Trustee and management fees, actuarial and audit fees. They are recognized in the period in which the service is provided.

Benefit payments represent pension payments to retired members and are recognized on monthly basis when they become due.

(e) Contributed services

The Fund recognizes in-kind contributions of services in these financial statements, but only when a fair value can be reasonably estimated and when the services are used in the normal course of the Fund's operations and would otherwise have been purchased.

(f) Financial instruments

Initial measurement

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2022

2. Basis of presentation and summary of significant accounting policies (continued)

(f) Financial instruments (continued)

Financial assets or liabilities originated or exchanged in related party transactions are initially measured at cost. The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If the instrument does, the cost is determined using the instruments undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise cost is determined using the consideration transferred or received by the Company in the transaction.

Transactions, with parties whose sole relationship with the Plan is in the capacity of management, are accounted for as arm's length transactions.

Subsequent measurement

The Plan subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value without any adjustment for transaction costs.

Financial assets measured at cost include contributions receivable - members and contributions receivable - sponsor.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Plan initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

Impairment

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(g) Pension obligations

Pension obligations of the defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Plan's assets and its liabilities, excluding the accrued pension benefits.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2022

2. Basis of presentation and summary of significant accounting policies (continued)

(h) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of 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, changes in estimates are recorded in the accounting period in which they are determined.

Significant estimates are used in determining pension obligations. The Plan's actual experience may differ significantly from assumptions used in the calculation of the Plan's pension obligations.

While best estimates have been used in the valuation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as actuarial gains or losses on Actuarial Benefit Obligations in the Statement of Changes in Pension Obligations in the year when actual results are known.

3. Impact of the change in the basis of accounting

On January 1, 2021, the Plan adopted the amendments to Financial Instruments, Section 3856. The change affects how the entity accounts for financial instruments originated or exchanged in a related party transaction.

Initial Measurement

Under the new requirements, a related party financial instrument is initially measured at cost, which is determined depending on whether the instrument has repayment terms. If the instrument does have repayment terms, cost is determined using the instrument's undiscounted cash flows, excluding interest and dividend payments, less any impairment losses. Otherwise, the cost of the instrument is determined using the consideration transferred or received by the Plan.

Subsequent Measurement

Subsequent measurement is based on how the financial instrument is initially measured. A related party financial instrument initially measured at cost is subsequently measured at cost less any reduction for impairment.

Transitional Provision

The adoption of the new requirements has no impact on the Plan's financial statements.

4. Contribution receivable - GNWT

	2022	2021
In-Kind Contribution	\$ 7,418	\$ 4,778
Current Services Contributions	-	50
Current service contributions	\$ 7,418	\$ 4,828

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2022

5. Investments

The Plan is fully invested in the RBC Phillips, Hager & North Balanced Pension Trust ("PH&N BPT") fund. The PH&N BPT fund held the following asset mix:

	2022	2021
Cash and cash equivalents	\$ 104,630	\$ 14,803
Canadian equities	1,674,081	1,532,003
Global equities	3,324,016	3,212,026
Fixed income funds	2,688,187	2,427,522
Real estate	257,550	214,628
Total market value of the investment portfolio	\$ 8,048,464	\$ 7,400,982

The book value of the investments for the year ended January 1, 2022 is \$5,294,718 (2021 - \$5,477,180).

All investments are valued based on information provided by the investment manager. In particular, the market value for the portfolio is determined by the Net Asset Value Per Unit (NAVPU or unit price) for the RBC Phillips, Hager & North Investment Counsel Inc. Balanced Pension Trust (BPT) on the last day of each quarter. This price is derived by end-of-day prices for each of the securities that make up the BPT.

The prices of each security are taken from relevant exchanges or third party providers for each security (TSX for Canadian stocks, NYSE for US stocks, PC Bond Analytics for Bonds) and are compiled by the BPT's custodian, RBC Investor Services Trust.

6. Obligation for pension benefits

The actuarial present value of accrued pension benefits was estimated by Aon Hewitt Associates, a firm of consulting actuaries. The going concern valuation results is determined based on their last actuarial valuation conducted as at April 1, 2019. The data and assumptions used for January 1, 2022 are the same as that used in the actuarial valuation as at April 1, 2019. The going concern results were prepared using the projected benefit actuarial cost method (also known as the projected unit credit method).

The following assumptions used in determining the actuarial value of accrued pension benefits. They were developed by reference to expected long term market conditions.

	2022	2021
Discount rate	4.80 %	4.80 %
Salary projection rate	3.00 %	3.00 %
Price inflation	2.00 %	2.00 %
Real rate of return	2.50 %	2.50 %

An actuarial valuation is performed on a going concern basis to determine the funded status and the funding requirements of the pension plan. The latest actuarial valuation report conducted for the period April 1, 2019 was completed in August 2019. The next actuarial valuation must be performed no later than April 1, 2022.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2022

6. Obligation for pension benefits (continued)

As provided by the Actuary, the value of pension benefit obligations as at January 1 of each year is not available. Instead, the value as at April 1 is being used to compare with the net assets available for benefits as at January 1. The pension obligation presented on the Statement of Financial Position is as at April 1, 2022.

7. Management of capital

Management of the Plan defines its capital as the funded status as determined annually based on the fair value of the investment assets less the pension obligations as determined by an actuarial valuation prepared by an independent actuary. The funding surplus or deficit is used to measure the long-term health of the Plan to meet its obligations to its members and their survivors.

Per the actuarial funding valuation as at April 1, 2019, the Plan had a going concern unfunded liability in the amount of \$583,400 and excess assets of \$803,900 under the maximum funding valuation. Per the actuarial valuation, the rule for determining the sponsor's current service cost and special payments is based on the maximum funding valuation as the going concern valuation produces a higher total sponsor contribution and unfunded liability. Per the Plan Regulations, unfunded liabilities are required to be funded over a period of not more than 15 years from the valuation date. Since the plan had excess assets at April 1, 2019, special funding payments are not required.

The GNWT made quarterly contributions to the Fund based on the most recent actuarial valuation which was as at April 1, 2019. Contribution values are based on the assumption of an annual expected return on Fund assets. The GNWT may reduce contributions to the Fund by the amount of any surplus existing within the Fund on the last actuarial valuation date.

Management's objective, when managing the Plan's capital, is to ensure the Plan is fully funded to meet its benefit obligations over the long term through the management of investments, contribution rates and benefits.

Management has adopted a Statement of Investment Policies and Procedures ("SIPP") for the Plan, which sets investment objectives, guidelines and benchmarks used in investing the Plan's assets, permitted categories of investments, asset mix diversification and rate of return expectations. The Plan's SIPP was approved September 30, 2014. The Plan's management is responsible for ensuring that the Plan assets are managed in accordance with the SIPP and the objectives and goals outlined therein.

The SIPP established asset allocation ranges as follows:

Category	Permitted Range	
Canadian equities	20%	40%
Global equities	15%	35%
Emerging Market equities	0%	10%
Fixed Income	25%	55%
Cash and cash equivalents	0%	10%

The investments as at January 1, 2022 fell within the permitted ranges as specified by the SIPP.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2022

8. Administrative expense

Administrative expenses include fees charged by the investment manager, trustee, auditor and actuary. Administration costs of the Fund may be paid directly by the GNWT or by the trustee from Fund assets. Payments made directly by the GNWT to the fund are recognized as a corresponding increase to in-kind contributions.

	2022	2021
Audit	\$ 7,468	\$ 4,778
Investment management	51,352	40,694
Trustee and custodial fees	25,863	25,843
	\$ 84,683	\$ 71,315

9. Risk management

The Plan's investments consist predominantly of assets whose values are exposed to fluctuations in interest rates, foreign exchange rates and financial markets. Other financial instruments are not exposed to significant interest or currency risks.

The fair values of investments are exposed to credit, liquidity, and market risks. Asset diversification and investment eligibility requirements serve as basic risk-management tools for the investment portfolio as a whole. The Plan's investment strategy requires that investments be held in a diversified mix of asset types and also sets out investment eligibility requirements. The diversification of assets serves to lower the variations in the expected return performance of the portfolio. Eligibility requirements serve to ensure that Plan assets, to the extent possible, are not placed at undue levels of risk and can meet the obligations of the Plan as necessary. While the above policies aid in risk management, the Plan's investments and performance remain subject to risks, the extent of which is discussed below:

Credit risk

Credit risk is the risk that counterparty to a financial contract will fail to discharge its obligations in accordance with agree-upon terms. The Plan is exposed to credit risk through its investments in fixed-income securities.

The Plan's credit risk on fixed-income securities is managed by setting concentration limits on exposure to any single issuer, as well as by setting minimum credit-rating criteria for investments.

Concentrations of credit risk exist when a significant proportion of the portfolio is invested in securities subject to credit risk with similar characteristics or subject to similar economic, political, or other conditions. The investment portfolio as a whole is subject to maximum exposure limits and assets allocation targets that are designed to manage exposure to concentrated credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Plan is exposed to interest rate risk through its investment holdings in interest-bearing, or fixed-income assets. These principally include fixed-income securities. The Plan manages its exposure to interest rate risk through holding a diversified mix of assets, both interest-bearing and non-interest bearing. This approach lowers the impact of variations in overall portfolio performance owing to factors arising from interest rate risk. The fair value of the Plan's assets, specifically the fixed-income securities, is affected by changes in the nominal interest rate.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2022

9. Risk Management (continued)

The actuarial value of accrued pension benefits is not considered a financial instrument; however, these benefits are sensitive to changes in long-term interest rates.

The Plan is exposed to interest rate risk because of mismatches between the impacts of interest rates on the actuarial value of accrued pension benefits and their corresponding impact on the investment portfolio as a whole.

Given the nature of pension benefits, such risks cannot be eliminated but are addressed through the funding of the Plan and through regular review of the characteristics of the Plan's investment portfolio related to the accrued pension benefit liability.

As of January 1, 2022 had market interest rates increased or decreased by 1% with all other variables held constant, the impact on the Plan's net assets available for benefits would have been an increase or decrease of 2.8% (2021 - 2.6%). In practice, actual results may differ from this sensitivity analysis and the difference could be significant.

Currency risk

Currency risk is the risk that the value of a foreign currency denominated investment will fluctuate due to changes in foreign exchange rates. The Plan is exposed to currency risk arising from its holdings of investments denominated in foreign currencies, as well as investments that, although not denominated in foreign currencies have underlying foreign currency exposure.

The Plan manages these risks through its investment policy, which limits the proportion of foreign assets within the portfolio.

Based on the Plan's net exposure as at January 1, 2022 if the Canadian dollar strengthened or weakened by 5% in relation to the United States Dollar, with all other factors remaining constant, net assets available for benefits would have decreased or increased by approximately 2.1% (2021 - 2.2%). In practice, actual results may differ from this sensitivity analysis and the difference could be significant.

Market risk

Market risk is the risk that the fair value of an investment will fluctuate as a result of change in market price.

Price risk

Price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices (other than those arising from foreign currency or interest rate risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The Plan is exposed to other price risk through its holdings in equities.

As of January 1, 2022 had the S&P TSX Capped Composite Index increased or decreased by 10% with all other variables held constant, the impact on the Plan's net assets available for benefits would have been an increase or decrease of 5.1% (2021 - 5.4%). In practice, actual results may differ from this sensitivity analysis and the difference could be significant.

Liquidity risk

Liquidity risk is the risk that the Plan will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Plan's financial liabilities consist of Accounts Payable and Accrued Liabilities. These amounts are short term in duration and are set to mature within one year.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2022

9. Risk Management (continued)

Liquidity risk is managed through ensuring that sufficient liquid assets are maintained to meet anticipated payments and investment commitments in general. With respect to the Plan's financial liabilities and the actuarial value of accrued pension benefits, management believes that the Plan is not subject to any significant liquidity risk. The actuarial value of accrued pension benefits is not considered a financial liability; however, it is the most significant liability of the Plan in the Statement of Financial Position. The GNWT, as Plan sponsor, is required to contribute all funds necessary to meet any funding shortfalls of the Plan as they may arise from time to time.

The Plan manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments with any one issuer, as outlined in the investment policies and procedures. Future cash flows relating to the sale of an investment exposed to other price risk will vary depending on market prices at the time of sale. Concentration of other price risk exists when a significant portion of the portfolio is invested in equities with similar characteristics or subject to similar economic, market, political, or other conditions.

10. Fair value measurement

Fair values

Canadian accounting standards for pension plans require disclosure of a three-level hierarchy for fair value measurements based on transparency of inputs to the evaluation of an asset or liability as of the financial statement date. The three levels are defined as follows:

Level 1: Fair value is based on quoted market prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include equity securities traded in an active exchange market.

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose values are determined using a pricing model with inputs that are observable market data. This category generally includes mutual and pooled funds, hedge funds, Government of Canada, provincial and other government bodies, Canadian corporate bonds, and certain derivative contracts.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This category generally includes private equity investments and securities that have liquidity restrictions.

All of the Plan's investments are measured subsequent to initial recognition at fair value, based on quoted market prices, and are Level 1 financial instruments.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2022

11.Related party transactions

The Plan receives certain administrative services from the GNWT Departments of Justice and Finance at no charge.

The payment of audit and actuary fees by the GNWT on the Plan's behalf are recognized as in-kind contributions.

12.Impact of COVID-19

On March 11, 2020, the World Health Organization declared a global pandemic of a novel coronavirus identified as "COVID-19". 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.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. At the time of approval of these financial statements, in response to the COVID-19 pandemic, the Plans management continues to assess the impact COVID-19 will have on its operations. The fair value of investments may be negatively impacted as the pandemic continues, however the extent is undeterminable.

Northwest Territories and Nunavut Lotteries
Physical Activity, Sport and Recreation Fund Report
For the year ended March 31, 2022

Physical Activity, Sport and Recreation Fund Balance
Schedule 1 - Schedule of Lottery Revenue, Net
Schedule 2 - Contributions to Organizations
Schedule 3 - Contributions Multisport Games
Notes

Northwest Territories and Nunavut Lotteries
Physical Activity, Sport and Recreation Fund Balance
For the year ended March 31, 2022

	2022 Activity Unaudited	
Opening Balance, April 1, 2021		\$ 671,151
Revenue (Statement of Operations)	\$ 6,121,844	
Less: Contributions to Organizations (Schedule 2)	(4,336,254)	
Less: Contributions to Multisport Games (Schedule 3)	(25,000)	
Less: Administration Expenses (Statement of Operations)	(920,664)	
		<u>839,926</u>
Balance as at March 31, 2022 - Note 6		<u><u>\$ 1,511,077</u></u>

Northwest Territories and Nunavut Lotteries
Physical Activity, Sport and Recreation Statement of Operation
For the year ended March 31, 2022

	March 31, 2022 Unaudited	March 31, 2021 Unaudited
Opening Fund balance, Note 1	671,151	(751,595)
Revenue		
Other Grants - MACA	-	650,000
Lottery Revenue	6,612,277	6,115,869
Program Recipient Recoveries	(624,506)	
Nunavut Government Recoveries	124,901	332,611
Fees	500	5,000
Recoveries of Prior Year Expenses	8,672	658,672
	<u>6,121,844</u>	<u>7,762,152</u>
Expenses		
Compensation and Benefits	425,952	393,024
Grants, Contributions and Transfers	4,315,790	4,617,680
Travel	-	-
Material and Supplies	109,354	97,407
Purchased Services	72,504	93,538
Utilities	-	-
Contract Services	308,586	280,244
Fees & Payments	46,731	841,032
Interest Expense	-	-
Chargeback Expense	-	-
Controllable Assets	2,196	8,993
Computer Hardware/Software	805	7,489
	<u>5,281,918</u>	<u>6,339,406</u>
Net Income	<u>\$ 839,926</u>	<u>\$ 1,422,746</u>
Year End Fund balance	<u>\$ 1,511,077</u>	<u>671,151</u>

Northwest Territories and Nunavut Lotteries
Schedule 1 - Schedule of Lottery Revenue, Net
(amounts derived from Western Canada Lottery Corporation financial statements)
For the year ended March 31, 2022

	March 31, 2022 Unaudited	March 31, 2021 Unaudited
SALES		
Lottery Ticket Sales	\$ 21,885,915	\$ 22,890,528
Interest and other income	<u>16,216</u>	<u>16,925</u>
	<u>21,902,131</u>	<u>22,907,453</u>
DIRECT EXPENSES		
Free Tickets	1,198,605	1,164,870
Prizes	11,365,291	12,196,407
Retailer Commissions	1,173,845	1,235,309
Ticket Printing	<u>317,475</u>	<u>310,068</u>
	<u>14,055,216</u>	<u>14,906,654</u>
OPERATING INCOME	<u>7,846,915</u>	<u>8,000,799</u>
EXPENSES		
Amortization	145,178	139,762
Communications	100,911	138,630
Cost of premises	16,887	17,230
Draws and winning numbers publication	3,757	4,225
Employee development	4,200	3,016
Equipment	69,219	57,590
Federal Government	210,787	216,076
Freight and product transport	3,798	3,616
Goods and services tax	93,894	106,716
I. L. C. expense	21,948	10,405
Insurance and bank charges	18,741	13,021
Media & advertising	167,588	136,745
Overhead allocation	(287)	(291)
Presentations, publications and miscellaneous	7,495	1,173
Professional fees	91,716	71,596
Promotion	7,040	8,776
Supplies	1,663	2,224
Travel	312	380
Wages and Benefits	<u>278,971</u>	<u>302,269</u>
	<u>1,243,818</u>	<u>1,233,159</u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>\$ 6,603,097</u></u>	<u><u>\$ 6,767,640</u></u>

Northwest Territories and Nunavut Lotteries
Schedule 2 - Contributions to Organizations
For the year ended March 31, 2022

	March 31, 2022 Unaudited	March 31, 2021 Unaudited
REVENUE		
Lottery Contribution	\$ -	\$ -
MACA Contribution	-	-
	<u>-</u>	<u>-</u>
EXPENSES		
Aboriginal Sports Circle of the NWT	800,000	800,000
Inuvik and Sahtu Sport and Recreation	45,464	53,483
Mackenzie Recreation Association	360,000	360,000
NWT Recreation and Parks Association	800,000	800,000
Sport North Federation	800,000	800,000
Territorial Sport Organizations	1,530,790	1,508,040
	<u>4,336,254</u>	<u>4,321,523</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (4,336,254)</u>	<u>\$ (4,321,523)</u>

	March 31, 2021 Unaudited	March 31, 2021 Unaudited
Territorial Sport Organizations		
Archery - Note 6	\$ 20,000	\$ 20,000
Arctic Sports/Dene Games - Note 6	40,000	40,000
Athletics	65,790	65,790
Basketball	100,000	100,000
Biathlon	20,000	10,000
Bowling	20,000	20,000
Boxing	20,000	20,000
Broomball	20,000	20,000
Cross Country Skiing	100,000	100,000
Curling	82,500	82,500
Dog Sledding	47,500	47,500
Figure Skating	20,000	20,000
Gymnastics	47,500	23,750
Hockey	100,000	100,000
Judo	100,000	100,000
Karate	20,000	20,000
Kayak	20,000	-
Shooting	-	31,000
Snowboarding	47,500	47,500
Soccer	100,000	100,000
Softball	82,500	82,500
Special Olympics	20,000	20,000
Speed Skating	82,500	82,500
Squash	65,000	65,000
Swimming	100,000	100,000
Table Tennis	20,000	20,000
Taekwondo	20,000	20,000
Tennis	47,500	47,500
Volleyball	82,500	82,500
Wrestling	20,000	20,000
	<u>\$ 1,530,790</u>	<u>\$ 1,508,040</u>

Northwest Territories and Nunavut Lotteries
Schedule 3 - Contributions Multisport Games
For the year ended March 31, 2022

	March 31, 2022 Unaudited	March 31, 2021 Unaudited
REVENUE		
MACA Contribution	\$ -	\$ 650,000
	<u>-</u>	<u>650,000</u>
EXPENSES		
Sport North Federation	-	68,610
Aboriginal Sports Circle of the NWT	-	-
NWT 55+ Games Association	25,000	25,000
	<u>25,000</u>	<u>93,610</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (25,000)</u>	<u>\$ 556,390</u>

Northwest Territories and Nunavut Lotteries

Notes

For the year ended March 31, 2022

1. Basis of Presentation

The financial information in these reports for the year ended March 31, 2022 is prepared by the NWT and Nunavut Lotteries and internally verified by MACA Finance Staff. This information has not been subject to an audit, review or compilation engagement by a professional accountant.

2. Nature of Operations

NWT and Nunavut Lotteries has agreements with the Western Canada Lottery Corporation (WCLC) and the Government of Nunavut for the purpose of conducting and managing the sale of Western Canada Lottery products pursuant to the *Western Canada Lottery Act* and regulations in both the NWT and Nunavut.

For managing lottery operations on behalf of the Nunavut Government NWT and Nunavut Lotteries receives a management fee based on the Net Income of Nunavut Lottery Operations.

3. Net Sales for the period ended March 31, 2022

	\$	%
Eastern Arctic / Nunavut	2,377,693	11.8%
Western Arctic / NWT	17,814,457	88.2%
	20,192,150	100.0%

4. Number of Terminals as at March 31, 2022

	#	% of Total Sales
Eastern Arctic / Nunavut	4	10.5%
Western Arctic / NWT	34	89.5%
Total Number of Terminals	38	100.0%

5. Fund Operating Parameters

Due to the variable nature of lottery ticket sales and funding to support programs like multisport games, the Fund has been authorized to accumulate a maximum deficit of up to \$3.5 million. If the Fund is projected to exceed this limit, the Minister must present recommendations to the Financial Management Board to address the shortfall. The Fund has also been authorized to accumulate a maximum surplus of \$1.5 million. If the Fund is projected to exceed that limit, the Minister must submit recommendations to the Financial Management Board to utilize the funds above \$1.5 million in accordance with the Act.

6. Archery, Arctic Sports and Dene Games

Funding for these sports was provided to the Aboriginal Sports Circle of the NWT.